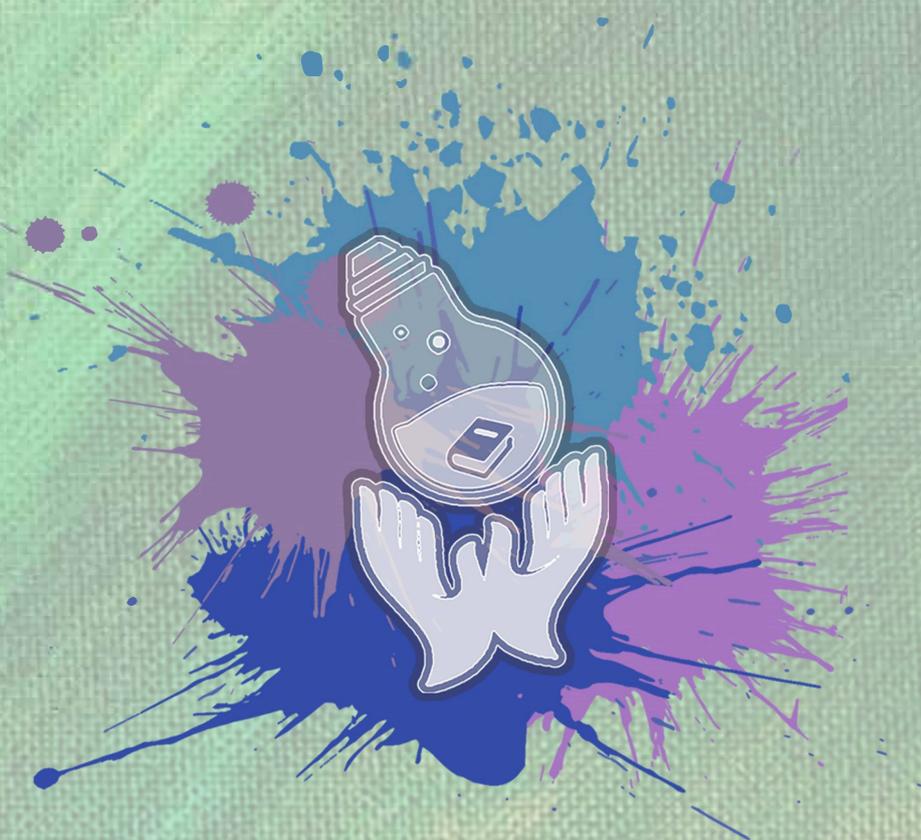




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TENANT SELECTION FACTOR: PROPERTY MANAGER'S PERSPECTIVE

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Abstract:

Shopping malls are becoming new places that consumers visit where the shopping itself has changed meaning and focus. Shopping malls should focus on planning the appropriate retail tenant mix that will contribute their image and attract more visitors and shoppers. Although tenant mix selection has been a concern for shopping mall managers, no best way or strategy is offered as solving this problem. So, the objectives of this research are to identify the criteria of tenant mix selection in a shopping mall and the most important criteria of tenant mix selection in a shopping mall. In research methodology, systematically solving the research problem and issue are very important because it may be understood as a science of studying how research is done scientifically. Based on the objectives and problem statements of this research, qualitative method is the best method to be used because this study requires experience, skills, expertise and opinion by some property managers or party who responsible for managing shopping malls to help researcher to find answers of the objectives of this study. The findings of this research showed that respondents ranked each of their responses within each category of factors, at the conclusion of each interview. So the finding shows target consumers' needs and wants are the most important criteria under target market factors, while tenant's credit record as the most vital criteria in financial factors. Moreover, tenant's variety as the most critical criteria under retailer factors and contributing to the shopping mall image is the most significant criteria under shopping mall factors.

Keywords:

Tenant mix; shopping mall; tenant location; property management; retail property

1.0 INTRODUCTION

The shopping mall has become an important part of the contemporary lifestyle for all people nowadays. Thus, the creation of the shopping mall is to create a better shopping environment and better operational performance for the shopping mall itself. Furthermore, by creating the shopping mall environment, any negative agglomeration effects can be reduced besides it is also can reinforcing favorable interactions among tenants and retailers of the shopping mall. However, there are no satisfactory suggestions that have been made for the best strategy for tenant mix even owners merely followed certain rules of thumb or their experience, said Brown (1991) and Greenspan (1987). Although shopping malls' tenant mixes had been successful in the past, there was no way of knowing if they could be improved and the concept of an optimal and ideal tenant mix had not been formulated.

2.0 LITERATURE REVIEW

Tenant mix is more important for a retail property than for any other type of commercial in real estate. Also, cluster of retail and service providers in shopping malls is termed the "tenant mix" explained Bruwer (1996) and Kirkup and Rafiq (1994). Thus, the multiplicity of retail and service categories and brands is the effect of this various tenant mix within the shopping mall. Moreover, previous research suggested that tenant mix is one of the most crucial factors in the success of a shopping mall (Abratt et al., 1985). This is because it is one of the most important elements in building the image of a shopping mall. Not only that, some managers and researchers still treat tenant mix as a "puzzle" in shopping mall management, Bruwer, (1996) and Greenspan (1987). This is because tenant mix seems to be an art, performed by the shopping mall management team. Generally, a regional shopping mall contains more than 100 retail units. So that, the possible tenant mix arrangements and placement of retail, service categories and brands are almost limitless as well as each tenants mix makes a different influence to the image of the shopping mall. Shopping mall is a retail property with special quality compared to other

property investments (Gerbich, 1998). Moreover, a shopping mall is a collection of retail stores. It appears the forces driving retail development in the world that have departed from definite consumer demand. The large shopping mall containing cinemas, entertainment areas, restaurant areas, and parking areas called malls combine many small shopping stores under one roof and include various activities and facilities. Moreover, Brueckner (1993), noted that the allocation of all the space to certain tenant types would likely cause externalities and result in undesirable sale performances for retailers in the shopping mall. One of the success factors for developers and tenants is the arrangement and variety of stores in the shopping mall. Several studies have proved the significance of tenant mix to the success of a shopping mall. However, all the authors agreed that optimum tenant mix is still a mirage and not be formulated yet, but it can be observed through shopper survey (Greenspan, 1987).

3.0 METHODOLOGY

Based on the objective and problem statements of this research, the qualitative method is the best method for this research because this study requires experience, skills, expertise and opinion by some property managers or people who responsible for managing shopping malls to help the researcher to find answers to the objectives. Qualitative analysis uses social theory to decontextualise the raw data in segments and recontextualise them in codes, so second level constructs may be generated, relationships uncovered, and hypotheses formulated. Qualitative analysis may be conducted inductively by identifying conceptual categories directly in the data, or deductively by applying predefined theoretical notions onto the material. In this study, the respondents for the interview were four (4) respondents. Those respondents are Assistant Manager of Tenancy and Promotion Department, Maintenance Manager of Operation Department from Angsana Mall and Leasing Manager and Leasing Admin from Avenue K. All the respondents have had more than five (3) years' experience in managing the shopping malls. They were asked three semi structured questions. The questions were asked are divided into two sections which are Section A and B. Section A questions are about the criteria of tenant mix selection in the shopping mall based on the target market factors, financial factors, retailer factors, and shopping mall factors. While for Section B, the question is about the most important criteria of tenant mix selection in a shopping mall. Researcher also provide guidance using the published work from researchers of past study to the respondents to assist and provide guidance for them to formulate and provide comprehensive and appropriate answers to the questions.

4.0 ANALYSIS AND FINDINGS

The question is divided into three parts and each question is subdivided into categories highlighted in previous analyzes to create a comprehensive and relevant list of factors. The respondents interviewed were participated in a single 40-minute interview. The research instrument included open-ended questions, which provided for the participants with the latitude to speak freely. Besides manually copies the important information during the interview session, researcher also used an audio recording during the interview. The data from each interview was reduced using the template analysis method, with the questions split into categories based on factors highlighted in the work from researchers of past study which are target market, financial, retailer and shopping mall factors.

The findings show the factor that property professional need to consider in selecting tenant mix of a shopping mall which is in term of target market factors that are satisfying target consumers' needs and wants and creating variety in shopping mall with its goods and services offer. Furthermore, in term financial factors, the criteria that is significant to be considered are tenant's credit record and tenant's rent affordability. Moreover, for retailer factors, the criteria that is important to be taken into account are tenant's variety, retailer categories and retailer strategy while for shopping mall factors are contributing to the shopping mall image, being an anchor store for the shopping mall and tenant synergy.

Table 1: The finding of the criteria of tenant mix selection in shopping mall

A. Target Market Factors
Factor 1: Satisfying target consumers' needs and wants.
Factor 2: Creating variety in shopping mall with its goods and services offer
B. Financial Factors
Factor 1: Tenant's credit record

Factor 2: Tenant’s rent affordability
C. Retailer Factors
Factor 1: Tenant’s variety
Factor 2: Retailor Categories
Factor 3: Retailor Strategy
D. Shopping Mall Factors
Factor 1: Contributing to the shopping mall image
Factor 2: Being an anchor store for the shopping mall.
Factor 3: Tenant Synergy

5.0 CONCLUSION

The research concluded that retail professionals are reliant on rules of thumb and professional experience so decision support created in this research within a local context will prove valuable to professionals with limited knowledge and experience as well as experienced professionals. This is particularly true for new entrants into the profession, who will undoubtedly have no past experience from which to leverage such decisions. The findings of this research showed that respondents ranked each of their responses, within each category of factors, at the conclusion of each interview. In conjunction with the findings reported in the preceding section, a list of factors and subsequent ranking is tabulated below in order to answer this research question. For clarity, all the respondents were ranking target consumers' needs and wants as the most important criteria under target market factors, while tenant’s credit record as the most vital criteria in financial factors. Moreover, the respondents also were voting tenant’s variety as the most critical criteria under retailor factors and contributing to the shopping mall image is the most significant criteria under shopping mall factors. The ranking of those criteria are more important than subsequent rankings within the category. The categories themselves were not ranked. All these decision support allow property professionals to make rational and comprehensive decision in selecting tenant mix if a shopping mall.

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