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Selecting location for a retail business

Comparing shopping mall and down-town commercial district in Jönköping

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Abstract

In every market, competition is a vital ingredient for any working market economy. Large stores like IKEA, OnOff and El-Giganten are often positioned in locations near each other. Shopping areas like Gekås have proven to have large attraction power towards the customers. In down-town shopping areas it is common that large stores take advantage of each other's capabilities to invoke customers' interest. By doing so, businesses work together to create a large customer base.

The purpose of this paper is to determine how owners and managers of medium sized retail stores should choose location for their shop.

Both a qualitative and quantitative approach were used in this thesis; the qualitative approach was used for conducting interviews with 6 people involved in running the stores and municipality. This was done to collect information from actors that had the experience and knowledge about the subject of the thesis. The quantitative approach involved a survey done upon shopping habits of consumers in the same area. The reason for conducting both these researches was to diminish the biased answers that we would have got from conducting the research from one group only. By asking the store managers/owner and customers, as well as a representative of the municipality, we were able to provide a complete perspective on the situation.

Our findings showed that there were some major differences between a down-town shopping area and a shopping mall. It also became clear that the preferences and capabilities of the stores were important for selecting locations. Consumer preference on where to go shop was showed to be almost the same for A6 and down-town with a slight advantage towards A6. Still, the requirements on opening a store in a shopping mall oppose down-town was different.

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1 Introduction

In this section we will introduce the reader to the background of the problem chosen. We will also state our purpose and meaning of our report. The reader should after this introduction have a clear idea about this paper and what one can expect from it.

1.1 Background

Competition is the basis of any market economy. In a free market economy, competition works to ensure efficient and effective operation of business. It also implies that a firm survives only if serving its customers well. So it is important for the society that its businesses perform well.

There are thousands of small stores, retail chains and shopping centers in Sweden. They support the economy by providing sources of both income and spending for households. It is definitely a good thing for a community and the country in general when even more stores open. This creates even more personal income, tax contributions, work places as well as attracts new visitors to the area and generally increases consumer satisfaction. Therefore it is important that new businesses have favorable conditions for establishing themselves. As Ehlers and Nieman (2000) say, small business management is essential for the overall economic performance of a country.

When deciding to set up business one of crucial factors to consider is the location. As Larimo and Rumpunen (2004) state, the location of a business influences not only its internal resources, but also greatly determines its access to external resources and business opportunities.

Different types of locations are available for a start-up. According to Salvaneschi (1996), there are three main locations to consider: shopping centers, malls and down-towns. Other possible options include individual suburban stores, such as grocery shops or residential-based businesses.

Big shopping centers and malls are very common in Sweden. People travel from far to do all their shopping in just one day and one place. Companies like Gekås receive bus-loads of consumers, sometimes arriving even from other countries. At Gekås there is a special trailer park just outside the store for the long distance traveling visitors (http://www.ullared.se/index.asp retrieved 2007-05-22). Phenomena such as this prove the customers' willingness to sacrifice time to be able to shop at these big stores.

Large stores also often attract each other. For example, if one looks at an IKEA outlet, there are bound to be other stores in that area. Shops like El-Giganten, SIBA, OnOff and Coop and others are often situated at a short distance from each other. They create a synergy effect for one another: each big store attracts its own customers who could then visit the other chains' outlets.

One can see an increase in customer volume in areas such as these. Customers have an opportunity to get everything they want in just one place. Although it is a good solution for the customers and the larger stores, it may not have the same effect on the smaller businesses already operating in the area or just planning to open up.

1.2 Problem Discussion

Big businesses have an advantage of being able to advertise themselves to a larger extent than smaller businesses, which gives them an even larger competitive advantage. Big chains have the monetary, storage and capacity advantage over smaller stores. They also already have a certain standing with customers, for example, a new IKEA outlet will already enjoy the public image of the IKEA Company. An individual store needs to establish its reputation all on its own. These are just a few examples of different kinds of advantages that large firms have over smaller ones.

This puts smaller business in a far less favorable position. To compensate for this, local authorities often try to support small businesses. However, the responsibility still lies on the owner himself. They must be especially careful about their early strategic decisions which to a large extent determine the future of the business. As stated by Teece et al. (1997) the current position of a firm is greatly determined by the path it has traveled.

One of the first decisions the owner will take is the place their business will be situated. How to go about making this choice? Relevant literature offers various approaches. For instance, van Noort and Reijmer (1999) argue that location is mostly determined by the traits of the business, the environment and the current trends. Therefore, they state, the choice does not really exist for the owner: it is predefined by his own business concept and the market. But even if there is only one appropriate location for each individual store, the entrepreneur still has to find it.

In Jönköping there are actually just two locations to go if one wants to shop. The competition between Jönköping down-town commercial district and the shopping centre called A6 is something that can help us study the problem in detail. At A6 the big stores and chain outlets such as IKEA, El-Giganten, SIBA, OnOff and Coop are located. According to the municipality of Jönköping A6 is one of the biggest attractions in the town with approximately 8 million visitors per year (Jönköping Kommuns hemsida, retrieved February 2007).

New start-ups in the retail sector face tough competition from already existing stores and the A6 mall. They need to use all their resources to the fullest and try to acquire access to more internal and external resources. One of the key factors for this is choosing the appropriate business location. However it is unclear exactly how such should be found. Previous studies provide various general guidelines as to how to enhance one's competitive position. Yet it is important to consider specific cases. When a town has two distinctly different options, such as Jonkoping, choosing one or the other can easily determine the later fate of the business.

1.3 Purpose

The purpose of this paper is to determine how owners and managers of medium sized retail stores should choose location for their shop.

The alternatives to be compared are opening on the premises of a shopping mall or on one's own in the city commercial district. The report will focus on Jönköping to make conclusions.

1.4 Research Questions

- What were the options available for entrepreneurs and managers when selecting the site?
- How was the location chosen? Was it based on intuition or some specific methods?
- What was seen as the main factors? Has the owner's opinion changed after start-up?
- Does there exist a uniform opinion among medium-sized business owners and managers as to which location is the best?
- What kind of advice/consultation is available when choosing? Do they use it or is the decision made on their own?
- Is this issue managed by the municipality?
- What are the customer preferences? What are the shopping decisions based upon?

2 Frame of reference

In this section of the paper some theoretical background will be provided. It will be used for enhancing understanding of the problem as well as for designing the investigation in the most appropriate fashion for fulfilling the purpose.

2.1 Location choice process

When covering this question, we strived to provide a broad scope of approaches, each adding to the overall perspective. Choosing a location is based not only on the wishes of the owner or on the immediate surroundings of the store, it is a complex process depending on many factors. Besides, there are different ways to carry out this process and different starting points to choose from. This is why we looked both at the macro and micro environments of a company, as well as its own internal environment.

2.1.1 Macro-environment analysis

One of the ways to create a business concept is to use an outside-in approach, such as Porter's Five Competitive Forces model. This model studies the competitive environment of a market in terms of possibility of new entries, bargaining power of suppliers, bargaining power of buyers, availability of substitutes and existing rivalry. According do this theory an entrepreneur should base their business decisions on the conditions of the environment (Porter, 1985).

Even though the primary information for this paper is assembled on a more micro-level, the authors still consider macro-analysis to be important. Firstly, it is included into most of the literature on the topic and therefore should not de discarded. Secondly, it adds perspective to the choosing of location and is quite important for choosing an appropriate industry to enter.

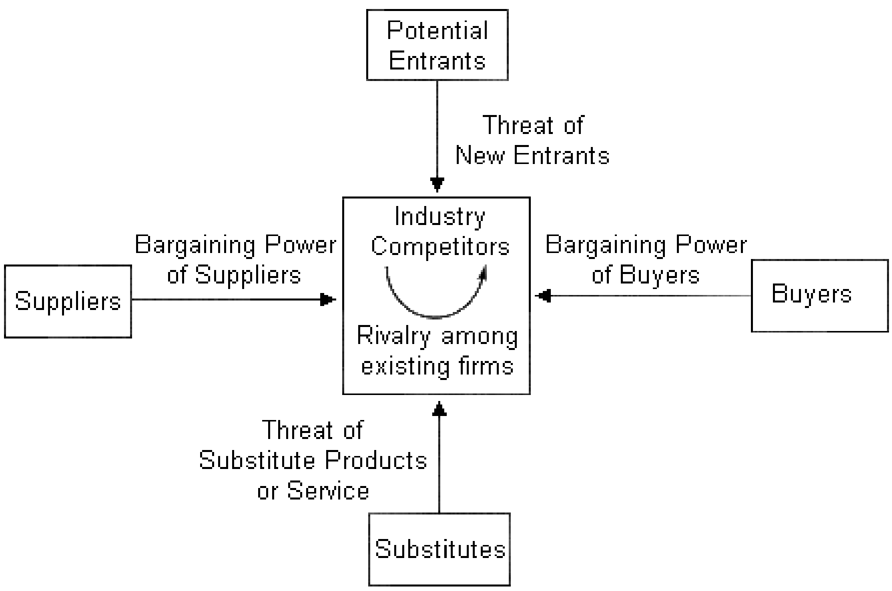

Figure 2.1 Porters five forces (Porter 1985, page 5).

- Potential Entrants – If entry costs are high then the risk of new entries is low, but if entry costs are low and exit costs are high then the risk of competitors exiting are less. Things that can affect this are government creating barriers, patents and proprietary rights; asset specificity inhibits entry to an industry and organizational economies of scale.
- Suppliers – Suppliers' power has a variation depending on the industry. If there are a lot of suppliers in an industry then businesses have different alternatives to choose from. But if there are few actors on the market the power of suppliers increases.
- Buyers – this influences the price that businesses can charge. If an industry or product is attractive to customers with few actors then the price can be higher. Still, buyer power can also influence the cost and investment, powerful buyers demand costly service.
- Substitutes - products or services that can be a substitution for the one offered, they compete for the same buyers. Changes in price for a substitute affect demand for the product in question. Their availability this also gives customers more alternatives and in that way increases the competition.
- Rivalry – the competition within the industry among existing businesses is not always a bad thing. Businesses need to take action to keep a competitive advantage within their industry. The intensity of rivalry is determined by the following factors: the number of firms, speed of market growth, size of fixed costs, storage costs for highly perishable products, switching costs, levels of product differentiation, strategic stakes, exit barriers, diversity of rivals and industry shakeouts (Porter, 1985).

Even though it is quite difficult and often costly to correctly estimate the abovementioned factors, this measure might prove to be a worthy investment in the long-term. Basing on the results, the potential entrepreneur can decide whether the studied industry fits his aims and abilities. If so, the analysis can further show which traits of the business can provide for a sustainable competitive advantage, which areas of operation will be most risky, how the business should be positioned regarding the competitors, etc. It is important to keep in mind that all the elements should be viewed together as only then an objective picture of the market may be obtained. That way even if some of the factors may deem the industry unfavourable to enter, others may provide a lucrative business opportunity.

This model provides a preliminary basis for the business; it is useful to apply while contemplating the business idea. However for further security it should be complemented by use of other models which focus on the ore concrete surroundings of the firm. These approaches may be referred to as inside-out ones, such as the Resource Based View, Four Ps, Dynamic Capabilities or Core Competences methods. They focus on the resources and skills present inside the organization, which can be used for creating a sustainable competitive advantage. These methods will be described in more detail in the following sections.

2.1.2 Micro-environment analysis

Hernández and Bennison (2000) discuss the different decision making processes that are available for retail stores. The authors argue that despite the fact that there are many different ways when it comes to location decision making, a lot of retailing managers use their intuition and experience which is referred to as "common sense" by Hernández and Bennison. Furthermore, the authors argue that the increase in information, data and the fact that costs for IT are declining; there will be a shift where the increase of usage of such tools will become more sophisticated (Hernández and Bennison, 2000). It is important to see whether this assumption is true, so we address the issue of rationality vs. intuitiveness of the decision process in the interviews.

Other authors, like Salvaneschi (1996), argue that the location decision should be based on quite specific criteria to meet all the consumer requirements. He also says that this decision is of topmost importance and therefore should not be approach light-heartedly, since a poor location will cross out all other benefits. Firstly, he classifies all shopping locations into four general groups, i.e. downtown, urban, suburban and rural. As the locations compared in this paper are only downtown and urban, these two types will be further described. It must be kept in mind, however, that this decision applies only to our report and for the present moment. Naturally, a person may decide to open store in a suburban or rural area if they wish so. Furthermore, a new trading centre by the name of Atollen will soon be opened in Jönköping. This will undoubtedly provide a new location option for the stores as well as affect the competitive profile of different areas of the city. However, at the moment the majority of retail activity in Jönköping is carried out either in A6 or down-town, so we leave the latter two options out of our research.

2.1.2.1 Choosing between downtown and urban area

As described by Salvaneschi (1996), down-town, also referred to as a central business district, is the historical heart of a city, where most of social and commercial activity has always been carried out. The city centers are attracting people due to many characteristics, namely culture, government, history, retail shopping, work, hotels, conventions, entertainment and tourism.

Speaking of the people present in this area, they are either residents or transients. The residents in down-town are usually upper-class, well-educated, socially active and mobile. The transients are people coming for work, entertainment or travel. These consumer groups often have different tastes and preferences.

Peak sales hours in down-town are mainly dependent on the people working in the area. Those hours are usually pre-work, lunch and after work. Due to Swedish labor laws, most stores are closed when people are going to work and to a certain extent the same applies to after work, which is definitely a drawback for consumers.

When choosing a location down-town, it is important to seek customer traffic generators and locate oneself alongside this traffic. Such generators include transportation hubs, retailing hubs, government and other community buildings, entertainment centers, high-density residential areas and workplaces.

Another location this paper considers is an urban zone. According to Salvaneschi (1996), it is the part of a city or town that surrounds its center. A6 belongs to the urban zone, since it is only about 5 minutes driving distance from the downtown. One of the location options in this area is a shopping mall, which fits the topic of our paper. Malls can be divided into three categories basing on their profile of activity and size. The A6 in Jönköping belongs to the group called supermall which is larger than a regional mall, and not discounter-oriented as opposed to an outlet mall. This kind of mall provides an extensive choice of general good, clothes, furniture, as well as some services and recreational facilities. It is built around three or four major stores of not less than 8000 m^2 each. In the case of A6 such stores are IKEA, Coop and OnOff.

The architectural design of a mall is usually aimed at equalizing the customer pull of different areas of the shopping center and also to direct the movement of people along certain routes. As a tenant of a mall, the store's success severely depends both on its position within the mall and its overall operations.

Salvaneschi (1996) points out that when choosing a mall location, it is important to study the following information: gross leasable area, the amount of area per a retailer, whether the mall is being to or is planned to be expanded in the future, average sales per m^2, regulations regarding placing of store signs, yearly business hours. The reason for seeking such detailed data is that the operations of tenants are usually quite strictly controlled and less freedom allowed as in downtown areas. On the other hand, malls are often open later than city centre locations, since consumer traffic is not so dependent upon working hours. Malls also generally operate during weekends which are of their busiest times, due to the amount of family visitors.

2.1.2.2 Universal location criteria

Whether a downtown district or a centralized mall is chosen, several universal requirements have to be met in order to make the business successful. All of them are based on those described by Salvaneschi (1996). All the requirements are crucial and complementary in their nature, since one cannot be substituted for the other

Visibility

This condition refers to how visible and noticeable a store is to the customer. This includes both the position of the place as well as its size and decorations. Good visibility both attracts people to visit the store and creates overall awareness of it. According to the source, best visibility is achieved by locating one's shop along a main road, on the far corner of an intersection. Such a position allows both drivers and pedestrians to see the store front from afar and decide to visit it. It is important that both roads of the crossing are clear of median strips, i.e. barriers which divide the road in two. The presence of such strips significantly lowers visibility.

Salvaneschi (1996) also recommends not to locate on secondary streets and moreover inside residential parcels, as in such case only a small amount of people would know of the store's existence.

Accessibility

The easiness of getting to the store is as important as the ability to notice it. Even upon registering a desire to visit the location, most people will change their mind if it requires turning back, going around the block or engaging in dangerous manoeuvring. Due to this reason it is unadvisable to locate on a near corner of an intersection or a one way road, since then there is a high probability that a person would already pass the store by the time they decide to go there and would have to turn back. Locations on a slope or inside a curve are also poor options as they present additional challenges for a driver, as well as potential danger, and also ask for effort from pedestrians.

Regional exposure

This notion implies that the store is visible and accessible not only to the immediate residents and daily transients of the area, but also attracts traffic from other districts and even towns. Regional roads can be spotted by the following characteristics: wide, carry a lot of traffic, more or less constant traffic throughout all hours, well lit at night, allow for more efficient travelling, carry more work and travel traffic than residential, has expensive real estate prices.

Even though it may seem that not all types of business need such kind of exposure, additional potential customers are always a benefit for a shop. However, regional traffic should not interfere with local traffic. Too large and speedy highways are often avoided by residents who choose safer roads instead. It is also important not to choose an in-between area on a regional road. This notion implies such a part of the road which has little interest for drivers, and they try to pass it as quickly as possible.

High density

Salvaneschi (1996) argues that high density of population promises potential high demand level regardless of the type of business. It ensures high traffic through the area as well as population's overall high need for goods and services. Such types of businesses as cafes, food stores and beauty parlours often choose their location basing on density.

Both horizontal and vertical densities exist, the former referring to compact one-storey houses and the latter to multi-level apartment blocks.

Growth

This is an essential factor for ensuring a sound future for the business. Economic development and population growth in the area mean that as time passes there will be more potential customers with more money to spend.

When searching this parameter, Salvaneschi (1996) warns not to confuse actual development with potential, since the latter may never be realized. Actual growth can be assessed through acquiring official statistics on population size, composition and income, which is available free of charge from official governmental sources. One might also perform such an exercise as counting the quantity of buildings in construction or recently opened sports centers in the area. However, one should not be misled into putting future growth before present customer demographics. There should already be enough people with a suitable consumer profile to allow the store to start operation.

Operational convenience

Customers value convenience to the same extent as the prices and quality of goods or services offered. Often, depending on the circumstances, they are willing to accept very high prices if the store is conveniently located and serves them fast. An example of this phenomenon may be observed at most traveling hubs, such as airports and train stations. Food and printed media there are often up to 50% more expensive than in regular shopping locations, and yet these places enjoy a high level of demand.

As advised by Salvaneschi (1996) some of the measures for ensuring client convenience include clear indication of where certain goods can be found, wide enough aisles to walk in, adequate amount of store assistants, cash registers and dressing rooms, if the business in question is a clothes store.

The notion of convenience addresses not only the consumers but also the staff and managers of the business. The operations of the shop should be organized in such a way that reduces time and cost of supplying the goods, allows for best opening hours and does not interfere with the store activity throughout the day.

Safety and security

Salvaneschi (1996) argues that accessing and leaving a location safely is a big concern for many customers, especially those living in big cities or, on the contrary, in sparsely populated locations. This especially concerns dark times of the day, which are abundant in Sweden in autumn and winter. Security is especially important to family oriented businesses and places attracting young women, as those groups of the population are usually the ones at highest risk.

Actions a shop manager can take include first of all choosing a location in a generally safe and well-off district. Narrow secondary streets and dead-ends are not advisable. In this sense it is good to locate the store near businesses which have the same working hours and even same peak traffic hours. This way there will always be people in the vicinity of the shop when customers come.

Illumination is another way of keeping the crime away as well as creating a pleasant and safe appearance of the store. This notion concerns both outside lighting in the form of street lamps and interior lighting. Even though electricity is quite expensive, it should be viewed as an investment rather than a cost. It not only ensures security, but also attracts attention and improves the clients' mood, especially in case of bad weather. It is recommended to use white lights instead of yellow, as the latter create a perception of darkness and lack of color despite providing enough light. (Salvaneschi, 1996)

Besides crime the other main source of danger is car traffic. The store entrance should not be too close to the road or in any way intercept a driveway. Accessing the store for a pedestrian should require as few road crossings as possible.

Parking

Even though some customers are not conscious about this factor, it still plays an important role in their decision of visiting the shop next time. Salvaneschi (1996) explains that a poor parking experience can easily diminish or even cancel out a good shopping trip, although a good parking will never make up for bad shopping.

To be satisfactory to clients, parking should answer several requirements. Firstly, it needs to be large enough to accommodate all cars during the store's peak hours. Helpful information on this subject can be received from the city hall which usually knows how many parking places are enough for how big a store. The parking lot should also somewhat exceed this approximation, since the business is meant to grow and attract even more people in the future.
It should be safe and convenient to park the car. Therefore, the space in between the lot lanes should be wide enough for two cars to pass, so that one of the drivers does not have to wait for the other. The lots are best situated at a 90° angle to the driveway. Slanted parking requires a narrow driveway, yet it proposes more opportunities for small accidents, which causes concern to consumers. Especially in countries with a wet climate and cold winters, such as Sweden, any kind of ramps or descents should be avoided, as they present an unnecessary inconvenience for clients (Salvaneschi, 1996).

The parking lot should be located at a proper place in relation to the store itself. If the shop has its own lot, which is most desirable, it is best placed in front of the shop. This way the clients will see the front door from the moment they enter the drive way and will not need to waste any unnecessary time on walking there. An acceptable position is on the side of the store, even though it is less favorable than the first option. Highly unadvisable is it to put the parking behind the building. That way clients will be reluctant to walk around and behind the building and might even change their mind and go to a shop closest to the parking.

According to Salvaneschi (1996) the situation with parking is usually quite tough in down-town areas. When they were initially constructed, intense car traffic was not taken into consideration. Therefore a significant lack of places to leave the car is usually present. Special buildings for accommodating all the visitors' cars have to be raised. This is quite an inconvenient solution, as it is both costly and time consuming, as well as takes a while to walk from to the shopping area. Another option is to leave the car by the sidewalk, which is both inconvenient and sometimes unsafe.
In this aspect most shopping malls usually benefit over central shopping districts, as parking is generally included into their design and is also free of charge.

2.1.3 Internal environment analysis

Internal, or inside-out, approach implies developing the business concept from within the organizations rather than basing on the outer surroundings. This involves checking what key resources the organization has, what are its employees' skills, etc. There are several different theories of carrying out the inside-out approach, yet it is best combined with outside-in approach, thus providing a full perspective on the situation in the market and the firm's potential.

These theories are considered important for our report as they are directly relevant for developing a business concept. Even though the notion of location is not explicitly addressed, it can still be explained by these approaches. According to the Resource-based view, for example, the location of the store may be viewed as a valuable resource. Moreover, the ability to move to the most lucrative locations as market changes can be seen as a dynamic capability by the theory by the same name.

2.1.3.1 Resource-based view

This scientific view was introduced by Wernerfelt (1984) and Rumelt (1984). This is one of the theories stating that the basis for a competitive advantage should be sought from within the company. The theory proposes certain criteria for evaluating whether the resources possessed by the organization can provide it with a sustainable competitive advantage. These are referred to as the VRIN criteria, namely valuable, rare, imperfectly imitable and no substitutes available. In order to assess the next criterion, all the previous have to be satisfied, i.e. it does not matter whether a resource is rare if it is not valuable.

The notion of value implies that the resource can be used to produce economic value, help the company perform better than its competitors or reduce its disadvantage. This property can be both tangible and intangible, such as raw materials or trade marks.

Rareness means that the resource is not common and therefore hard to obtain. This usually also implies that the price for getting it will be rather high. Rareness can be of natural origin and artificial, such as fossil fuels or patent licensing agreement.

Imperfectly imitable resource is such which cannot be perfectly copied by the competitors if they cannot obtain it in the original form. This notion applies most of all to intangible resources, such as knowledge and experience. Therefore many companies use their time on the market and organizational culture in advertisements, thus trying to prove that they are exceptional and better than their rivals.

Imperfect substitutability of a resource means that nothing else can replace it and be used to provide the same result. This is one of the problems many companies in the cosmetics industry face. Even though they constantly create and patent new ingredients, other players on the market produce different ingredients with the same properties.

We decided to find out whether the store managers see their location as a strategic resource that contributes to their competitive advantage. It was also investigated whether they think that some other resources are more important. However, it should not be expected that the location can be fully viewed as imperfectly imitable or having no substitutes.

In comparison to the following theories this one is the most basic one. It considers resources satisfying the VRIN criteria to be sufficient for providing the firm with a sustainable competitive advantage. However, it is important not only which resources an organization has but also how it uses them.

2.1.3.2 Core Competences

The Core Competences approach enhances the notions introduced in the Resource-based View. A core competency, something that the company is capable of doing well, should meet the conditions described by Hamel and Prahalad (1990): it provides customer benefits, is hard for other firms to imitate and can be applied widely to many of the company's products and markets. It is vital to mention that this is not a skill of a particular employee, but rather an aggregation of knowledge and skills that are possessed throughout the organization.

Core competences can be of many kinds, they include operational processes, special skills, relations with people, culture, etc.

In other words, if a resource is an object, whether tangible or not, then a core competence is a process. Core competences of a firm are often based on its VRIN-approved resources. When core competences can be used long-term to provide the company with a benefit over its rivals, then a sustainable competitive advantage is achieved.

This theory has given additional perspective when the question of keeping the competitive advantage was raised in the interviews. It allowed us to see whether store managers assign more value to their skills than material resources.

2.1.3.3 Dynamic capabilities

Dynamic capability is defined as 'the ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments' by Teece et al. (1997). This approach dwells on the concept of Core Competences similarly to how the Core Competences complement the Resource-based View. If a core competence is a process, then the dynamic capability is the skill to change and adapt that competence to the developments in the environments.

It was argued that possessing resources and competences was not enough to have a sustainable competitive advantage, since the situation in the market would shift in time and the advantage would be lost.

This notion is especially true in today's fast evolving markets where many companies are forced to adapt to new conditions and use new tools, especially of the technological nature. In order for a company to possess a true sustainable competitive advantage, it should have VRIN-approved resources which support its core competences, which in turn provide for dynamic capabilities.

2.1.3.4 The Four Ps

Kotler, Wong, Saunders and Armstrong have been cited in most of the marketing literature and articles that has been written. Kotler et al. (2005) talk about the four Ps in marketing, namely product, price, place and promotion. They argue that these are four basic steps to sell and promote a product or service to a targeted customer.

Product denotes the offer that a business has to the market. Price is the amount that is being charged for the service or product being offered. Place describes where the business has its store, warehouse or retail outlet. As for promotion, businesses tend to use some kind of marketing techniques to make the potential buyer aware of the product or service being offered to that they will reach a purchasing decision.

According to Kotler et al. (2005) companies use the four Ps which can be referred to as a marketing mix, as a toolkit for reaching their target customer and achieving the company's marketing objectives. These four Ps are viewed from the companies' side of marketing mix, but according to Kotler et al. (2005) it is also needed to view this marketing mix from the customers' point of view. Since it is all about delivering value to the customers Kotler et al. (2005) stress out what they refer to as the four Cs.

Product is interpreted as the customer needs and wants. For the customer, the product becomes a question of need and want, which can be summarized as demand. What a customer demands should match the product or service that the companies are offering. Price is the cost to the customer. Place denotes convenience. The place to go and get the product or service being offered should be convenient and reachable for the customer. Promotion is transformed into communication. (Kotler et al. (2005) p. 35.)

Booms and Bitner (1981) added 3 additional P´s to the marketing mix these are people, process and physical evidence. Concerning people the researchers say that employees, management, knowledge workers and consumers are adding value to the offered product or service. Process is the activities based on procedures, mechanisms and flows concerning services for consumption. Physical evidence is shown through customer satisfaction and the ability to attract new customers, the environment where the product/service is delivered and the ability are important aspects for success.

2.1.3.5 Customer relations

Wong and Sohal (2002) discuss the importance of trust, commitment and relationship quality. In their article they are trying this assumption on the level of salespersons as well as the store level. According to Wong and Sohal (2002), it is very important for customers to be able to trust salespersons in a retail store. They state that it is important for stores to build commitment towards the customers. Wong and Sohal (2002) discuss the fact that customers who are committed feel that they receive a higher value along with purchases. Accordingly, these customers are more likely to have a long relationship with the business (Wong and Sohal, 2002).

Kotler, Wong, Saunders and Armstrong (2005) also stress out that it is important for businesses to deliver value and satisfaction to their customers. It is an essential part of being able to keep customers and attract new ones. This is another reason why a consumer survey is included in this paper.

2.2 Theories on consumer behavior

Among the research questions addressed in this report there is one regarding consumer shopping decisions and habits. We consider this matter to be of high importance for our purpose since in the end it is the consumers who make a store successful or not through their actions. Therefore established theories about the patterns of customer behavior are also discussed in this chapter.

The worldwide shopping conditions, along with technology and communication systems, have undergone a major change in the last hundred years. Before the Industrial Revolution one almost always did their shopping at the nearest available location. When cars became widely available in the 1920s, consumers gained mobility and things became more complicated.

Ever since then massive research has been done to understand consumer behavior patterns and thus evaluate advantages of various shopping location alternatives. Several major theories exist considering this topic. They mainly study shopping districts in comparison to organized trade malls in terms of satisfying consumer needs. That is, stand alone stores situated outside major shopping locations are not even considered due to being obviously less advantageous. This fact goes in line with the purpose of this paper, as only a down-town shopping district and a major trade center are being compared.

2.2.1 Central Place Theory

The earliest and most developed theory in the field is the Central Place Theory, first proposed by Christaller in 1930. It uses two main criteria to evaluate a store's location characteristics: range and threshold. Range being the maximum distance a customer would go in pursuit of a specific good, and threshold signifying the minimum customer demand needed for the store to stay in business. These two parameters determine the market area of the store. According to this theory consumers are highly inclined to choose the closest existing alternative on their single-purpose shopping trips. The notion of a single-purpose shopping trip implies that a person intends to buy only one specific thing.

As the transportation time and cost were much higher than they are now, the Central Place Theory has to be viewed with a certain care. It must also be mentioned that when this theory was proposed, the market composition was quite different from what it is today. For example, there were a lot of specialized food stores, such as meat, bread and dairy stores. Besides, many durables, such as clothes and furniture, were tailor-made and not browsed for in according shops. Moreover, many types of today's businesses simply did not exist, for example, electronics stores and video rentals. Therefore, people had fewer possible goods to look for when they went shopping. It might also be mentioned that when this theory was proposed, many people did not have cars or refrigerators, which led them to buy small amounts of goods, especially food, at a time; whereas today families often stock up groceries for a week ahead. So it makes sense to assume that they were more likely to set out on single-purpose shopping trips than today's customers.

According to this theory, we might expect that people searching for just one item would be more prone to choose the location basing on the nearest distance. However, if more items are sought for or there are some other purposes (for example to spend time with family), then this theory might not be sufficient to explain the location choice.

2.2.2 Retail Agglomeration

Retail Agglomeration supporters, on the other hand, consider a multi-purpose shopping behavior. It is hard to argue that people set on a shopping trip to buy only one item. On the contrary, numerous products of very different categories can be sought after on the same shopping trip. Nowadays most shopping locations offer very different types of goods at once to suit this trend.

Retail agglomeration can be of two kinds: heterogeneous and homogeneous. In the former case shops selling different kinds of goods are located together, and in the latter similar products are being offered. Heterogeneous agglomeration makes sense even in terms of the Central Place Theory, as the stores do not compete directly with each other. But homogeneous agglomeration seems to be pointless as the consumers would simply choose the cheapest alternative available, thus prompting the stores to start a price war and eventually go out of business.

However, Hotelling (1929) argues that homogeneous agglomeration is perfectly possible and actually maximizes consumer utility. He points out that a small degree of differentiation between the stores will keep consumers from basing their decision solely on the price. Non-price factors such as service, interior and product characteristics are also important. According to this theory people engage in comparison shopping, where they do not simply go to the closest location but visit several nearby ones to compare the offers and only then make a choice. Although this theory was already proposed in 1929, only in 1966 the term "principle of minimum differentiation" was officially introduced by Boulding. According to him, the maximization of customer utility lies at the heart of homogeneous retail agglomeration.

Empirical research shows that consumers are willing to travel to significantly more distant locations if they provide a good comparison shopping opportunity, such as planned shopping malls. This reduces the search costs and overall risk of not finding the desired price-quality balance. Pursuing this line of research Stokvis and Cloar (1991) arrive at a conclusion that most down-town retailing is likely to remain unsuccessful in comparison to planned shopping centers due to such reasons as lack of centralized management, limited parking and high rents.

In order to compare these two theories and find out which of the two better describes consumer behavior in Jönköping, consumer surveys were be conducted. We asked customers whether it was important for them that several stores selling similar merchandize were present at a location. It was also asked whether they go to shopping centers in order to browse through available offers, i.e. engage in comparison shopping.

Regardless of the trends in consumer behavior, a business must have a sustainable competitive advantage in order to prosper in conditions of today's tough competition.

Shopping centers often have a very strong advantage: they sport anchor stores. These are large and popular stores mainly responsible for attracting consumers to the location. After visiting the anchor, consumers are also likely to drop in the other stores present, even though they might not have initially planned on going there. In the case of A6 anchor stores are such as IKEA, Coop and OnOff. Previous research shows that both the anchors and the secondary stores benefit from being located near each other.

Another big benefit of planned centers is the ability to ensure a high assortment among stores, i.e. a high degree of differentiation. Hise, Kelly, Gable and McDonald (1983) show how the quantity of stores positively influences the profitability of a mall. Empirical evidence proves that consumers will travel a greater distance to comparison shop at a location with higher assortment.

The abovementioned theories imply that planned shopping centers are generally far more beneficial for both the stores and consumers than non-centralized shopping locations. However, these non-centralized locations continue to exist and bring profit to their participants. Therefore there must be more to this situation; the decision of location choosing is not so straightforward.

2.3 Summary

The Frame of Reference addresses both the pattern of consumer behavior and location decisions for entrepreneurs and managers. Even though managers cannot always make the decision themselves, they can still influence the opinion of the owners. Besides, by working at a specific location, the managers acquire experience and knowledge as to what aspects of a location are important.

The process of choosing a store concept and the according location is described by many different theories from different angles. The classic approach is to study this question on three different environment levels: macro, micro and internal. The macro-level analysis gauges a whole industry in a specific area and helps the potential business owner to determine whether the type of business and place are suitable for them. The model used in this paper is the Porter's Five Forces, namely the possibility of new entries, bargaining power of suppliers, bargaining power of buyers, availability of substitutes and existing rivalry. In our opinion this model is too broad for choosing between locations in a given city. It might be useful when deciding on an industry to enter and which city to establish in. However, some of the forces it describes, such as the power of suppliers or existing rivalry, does not vary so much in between specific locations in a city. Besides, its elements take on different degrees of importance depending on the industry in question. For example, if one speaks about the energy industry, it has few suppliers with high bargaining power and a low customer power. In clothes business, on the other hand, suppliers are numerous and have to adapt to consumers' wishes.

From studying the micro-environment of a company, it is possible to select a suitable concept, location and strategy. There are several popular approaches to doing so. They are the Resource Based View, the Core Competences and Dynamic Capabilities. They stress the importance of the following factors: resources an organization possesses, its key processes and skills, and its ability to adjust to change respectively. Other concepts, such as the Four Ps and the matter of customer relations, present additional factors which may provide a store with a competitive advantage. This paper will draw a conclusion on how important the abovementioned tools are deemed by the representatives of stores in Jönköping.

Finally, Salvaneschi (1996) has compared down-town locations to shopping malls and proposed a list of specific criteria to measure when looking for a particular location. These criteria are as follows: visibility, accessibility, operational convenience, high density, growth, safety and security, parking conditions and regional exposure. From the information collected through this research, it will be derived which of these criteria are to be considered when choosing a location. It will be also checked how important they are to the customers.

Regarding customer behavior, two main theories were presented, the Central Place theory and the Retail Agglomeration theory. Both of them describe the process of providing customers with maximum possible utility of shopping. The first theory states that people engage in single-purpose shopping trips and choose the closest available store. Therefore, according to this view, placement of several similar stores near each other is profoundly useless. The Retail Agglomeration theory introduces the concept of assembling both heterogeneous and homogeneous retailers in one location. It is argued that clients would engage in comparison shopping and thus receive more utility through having more alternatives to choose from. The principle of minimum differentiation explains that slightly different stores benefit from proximity to one another and provide a benefit for the consumers as well.

Since our research questions include that of consumer preferences, this paper will, among its other aims, find out which of the two theories better describes the behavior of people in Jönköping.

3 Method

In the method section we will explain how we have gathered the information used in our report and why we chose to use that specific method.

Since the task is to investigate a phenomenon quite deeply, a qualitative method will be used to really be able to pinpoint it. This will be done in the form of interviews. The interviews will be to some extent structured; the reason for this is that there are some questions that need to be answered and if the interview lacks a structure the interviews will become meaningless. Kvale (1996) argues that leading questions may be important when researching a specific topic. By doing this the interviewer will increase the credibility of the person interviewed. Leading questions is something that Kvale (1996) considers being used less than it should be when conducting interviews.

3.1 Qualitative approach

According to Quinn (2002) there are three types of qualitative data: interviews, observations and documents. Interviews are based upon "open-ended" questions. By doing interviews Quinn states that one can get answers based on people's experience, opinions and knowledge among others. The data gathered from interviews, according to Quinn, need to be such that it can be interpreted.

Observations are done by field work; one may observe different situations, activities, behaviors, actions, conversations and organizational or community processes. For an observation to be meaningful it needs to be rich in context according to Quinn (2002), observations that are not rich or detailed are of no use for the one observing.

Qualitative data can also be found in documents, Quinn (2002) stated that documents gathered from organization, clinic or program can be of use when doing a qualitative approach. Quinn (2002) continues to say that surveys done in an open-ended written manner can be used as qualitative data.

3.2 Quantitative approach

According to Punch (1998), quantitative data is about using data gathered and transforming them into numbers that can be of use in a research. For example, by conducting a survey one can apply a quantitative approach to interpret it to relevant information for the purpose. The interpretation of quantitative data is according to Punch (1998) called statistics, by using these statistics one can draw conclusions from surveys that are a part of the research.

As mentioned before surveys will be used as our source for collecting quantitative data. The surveys will be directed towards the consumers on the market.

3.3 Data Collection

According to Ghuari and Grønhaug (2005) one uses primary data when there is a lack in secondary data. Primary data is used to fulfill the purpose where the secondary is not enough. Our primary data collection comes from conducting interviews and a survey with various actors on the market, the primary data is the groundwork of our empirical findings. Secondary data is data that has already been collected by researcher from previous studies for another purpose.

3.3.1 Interviews

We have also spoken to representatives of the market (local stores). How do they describe their competitive position? Does the question of location play a big role in this?

County officials were interviewed to see which criteria they investigate when they receive a request from stores that intend to establish in the area. By doing this we received information on the impact that the companies have on the market.

According to Kvale (1996), there is no direction on how many interviews one should undertake. We have conducted a number of 6 interviews, 5 of them with different businesses owners and managers in the community of Jönköping. These five were divided between our research area, namely 1 in A6, 1 both in down-town and A6 and 3 down-town of Jönköping. The last one was done with the manager of På Stan.

For conducting a semi-structured interview, it requires from the interviewee that the person is willing to speak. Kvale (1996) argues that some are better than others at this, people that are more willing to talk are preferable to interview. Kvale (1996) argues that the person doing the interview needs to be prepared, while the one conducting the interview needs to be aware of the possible lack of willingness and therefore be prepared to ask follow up questions to keep the interview going.

During the interviews we used a tape recorder, thus minimizing the risk of missing any vital information that was given. Before the interview the respondents were asked for their approval to be recorded. The interviews were made in Swedish; this means that we had to translate the interviews afterwards into English. With the translation it could be possible that some of the information that was given to us by the interviewee could be changed or wrongfully translated into another meaning than the original form. The tapes prevented this from happening. First the interviews were written in Swedish and then translated into English, so that we have transcripts both of the original interview and the translated one.

The length of the interviews was various in terms of time, the reason for this was some of the interviewees being more open and more willing to talk. There was also a noticeable difference when it came to experience, the interviewees that had a lot of experience showed a greater willingness to talk and therefore those interviews took longer time, in the opposite the less experienced interviewees were shorter in terms of time.

The interviewees gave their permission to use their names in the thesis.

This report focuses its research on businesses of medium size. The main reason for this is that trading areas both downtown and in A6 consist mainly of shops of this type. Besides, large companies and very small ones face different challenges and enjoy different benefits than medium ones. Such enterprises are usually defined in business literature as those employing between 100 and 499 people (Henrekson and Johansson,1999). However, the amount of employees was not our main criterion, as we were estimating the size of particular shops, not the overall business. This situation is complicated by the fact that some of the companies we interviewed possess many locations countrywide, and therefore do not fall in the category of medium businesses. Yet at a particular outlet they might have less than 50 workers. Therefore the criteria used to assess whether the store fits our purpose involved its physical size, scale of operations and possible other outlets rather than amount of staff.

The reasons why retail businesses were chosen for the study are that they constitute the major part of commercial activity both down-town and in A6, as well as the fact that they differ from other types of business and therefore should be analyzed on their own.

3.3.2 Survey

In order to get the publics notion and insight we used a quantitative form of analysis. This was handled as a questionnaire. The reason for doing a survey with answers from the public point of view is so that some of the biased answers that we got from the business community concerning shopping habits would be removed. We have chosen to conduct surveys to take the public opinion into consideration because they are the customers of the investigated stores.

By conducting a survey we reduced some of the biased answers that the businesses managers and owners might have given us. Since we had the insights from both the owners of the stores and their customers, as well as a third party, it can be said that the market situation was studied in a most objective and just way.

The following paragraph describes how the population sample was constructed. We used proportional stratified random sampling, basing the strata on age. Stratified sampling was chosen to assure better representation of population subgroups in the sample. Proportional sampling was chosen for the same reason. Stratified sampling is such that divides all the population into mutually exclusive groups, or *strata*, and then makes independent selections from each stratum. In our case, we had approximated what number of respondents from each age group should be questioned. Then once this limit was reached for a group, people of the according age were not given surveys to anymore. This way we have assured that an adequate representation of the population was taken.

Table 3.1 Population composition of Jönköping by sex and age 31-12-2006

Total	Women	Men	0-6	7-17	18-24	25-44	45-64	65-79	80+
122,194	62,173	60,021	9,507 (7,7%)	16,729 (13,7%)	12,443 (10,1%)	32,547 (26,7%)	29,666 (24,2%)	14,518 (11,8%)	6,784 (5,5%)

http://www.scb.se/templates/tableOrChart____159278.asphttp://www.scb.se/templates/tableOrChart____159278.asp (retrieved 14-05-2007)

The first and last two age groups in the table above were excluded. The people aged 0-17 did not participate in the survey for several reasons. First of all, they mostly do not represent the target audience of the stores interviewed, though the upper limit of the 7-17 group could be interested in some of the stores' merchandise. Secondly, their decision making patterns regarding location and shopping habits largely if not entirely depend on the family decision and also on their allowance. Thirdly, they would not be concerned with driving and parking conditions as one is only allowed to drive after 18 years of age. Finally, interviewing this age group in English would be difficult and therefore biased due to language differences.

The people aged 65-80+ were not included in the questionnaire either. They are also not included into the target audience of the majority of the shops interviewed. Besides, the shopping activity of very elderly people is quite low by nature. The retired citizens are bound to have different shopping patterns as well due to the differences in free time and disposable income they have in comparison to the working population. As in the case with the first two groups, the elderly experienced problems communicating in English and were unwilling to participate. From the remaining age groups of 18-64 the following representation in the survey sample should be shown.

From the remaining age groups of 18-64, which constitute 61% of the overall population, the following representation in the survey sample should be shown.

Table 3.2 Approximate sample proportions

Total	18-24	25-44	45-64
74656	16,7%	43,5%	39,7%

The actual sample proportions in this survey were somewhat different to the ones implied above. This fact may be explained by several reasons, such as respondents' willingness to answer, which was noticeably higher among younger people. The same applies to the population's unequal language skills. Besides, the target audience profiles of the stores interviewed also required a certain skewness towards younger generations. Moreover, this paper aims at proposing certain criteria for future shop owners and managers. This fact justifies including more of the younger, future potential customers, into the survey.

The surveys were handed out both in A6 and down-town, as well as in places not related to commercial districts, such as residential areas. This was done to minimize the level of bias, as one could expect people present in A6 to value A6 more, etc. A total of 52 surveys was conducted.

3.4 Induction and deduction

Through the induction process one makes general conclusions from empirical findings, according to Ghuari and Grønhaug (2005). The findings in inductive approach are later used to contribute to already existing knowledge, for example to improve theories (Ghuari and Grønhaug, 2005). By deductive reasoning conclusions are drawn from logical reckoning and it does not need to be true in reality. Research is based upon hypotheses from existing literature which can be tested and therefore accepted or rejected; this method is more suitable for an entirely quantitative approach (Ghuari and Grønhaug, 2005).

Since the purpose of this thesis is evaluative and also aims to make a theoretical contribution, an inductive approach is more suitable. This means that we will gather up some empirical data and will from that build up some new knowledge.

Elements of deductive thinking can also be found in this paper. We have studied various articles to see what other researchers have come up with in regards of this phenomenon. Articles and theories written in the field of research of this report will assist in reaching a conclusion when dealing with empirical findings from the survey.

3.5 Reliability and Validity

Under this heading we will discuss and explain reliability and validity, it will also be discussed what we did to assure this.

3.5.1 In a Quantitative approach

According to Patel and Davidson (2003) the reliability of a questionnaire is impossible to anticipate until the answers are received. By viewing the answered questions and the participation of the questionnaire, which questions were answered and which were not. Patel and Davidson (2003) argue that reasons for not being reliable could be that relevant answer options were omitted or, on the contrary, too many alternatives were given.

To minimize the risk of not having a reliable survey one could test the questionnaire beforehand on friends or relatives so that one can make sure that the questions are interpreted as they are meant to be from by authors (Patel and Davidson, 2003).

We have showed the survey to relatives and friends to make sure that the questions were understandable and interpreted in accordance to our intent. In this way we have minimized the risk of including irrelevant or useless questions. The persons asked to look through the questions were asked to come up with comments and critique concerning both the questions and alternative answers. The questions included in the survey were also tested for satisfying the purpose of the study and general research questions.

We strived to reach highest reliability and validity of the survey not only through assuring the survey was correctly done, but also by checking that enough people were asked. Through questioning a total of 52 people we have satisfied criteria for further data analysis, as most statistical indicators require the sample to be of at least 30. Objective measure of diversity in the types of respondents and their answers was achieved through carrying out the survey in different locations. Both people in A6 and in town were asked, as well as in unrelated locations. We asked people of both genders and different age groups.

3.5.2 In a Qualitative approach

When discussing reliability and validity in a qualitative research the words have a different meaning in contrast to quantitative research, according to Patel and Davidson (2003). When addressing quantitative research, validity characterizes that we are studying the correct phenomenon, and this can be confirmed with a strong theory, good instruments and accurate measurements (Patel and Davidson, 2003). In qualitative research the ambition is to discover the phenomenon, interpret and understand the meaning and to describe opinions or a culture.

Even though two separate interviews with the same person give two different answers this does not mean that the reliability of the interview is low. Patel and Davidson (2003) instead state that this can be a result of rethinking and evaluating from previous answers by the interviewee. The reliability should instead be evaluated basing on the circumstances of the interview.

Ghuari and Grønhaug (2005) mention four types of validity important in qualitative research:

- Descriptive
- Interpretative
- Theoretical
- Generalizable

Descriptive validity – to what extent is the actual description true?

Interpretative validity - how good is the interpretation? One may ask if the interpretation is the correct one or if there is some other interpretation.

Theoretical validity – how well does the suggested theory support the explanation?

Generalizable validity – here the question is on how well, to what extent, the findings from a study can be generalized to other settings. If one makes an observation of firms in one industry can it be applied to other industries for example?

We assured the reliability and validity of our qualitative data by writing transcripts of the interviews that were conducted, after the transcripts were completed we compared the answers to our frame of reference to see what was useful and what we could disregarded. We matched our interviews with participants that we considered to be relevant for the purpose of the thesis.

3.6 Data Analysis

Under this heading we will discuss and explain how our data that we have collected will be analyzed and processed foe our empirical findings.

3.6.1 Qualitative data

Analyzing qualitative data is done for two reasons according to Ghuari and Grønhaug (2005), one needs to understand and gain insight from the collected data. There are three major steps in analyzing qualitative data. According to Ghuari and Grønhaug (2005) there are no agreed approaches to analyzing qualitative data. However there exists advice on how to go about it. Miles and Huberman (1994) (from, Ghuari and Grønhaug, 2005) state that there are three steps in analyzing qualitative data:

- Data reduction
- Data display
- Conclusion drawing/verification

Data reduction denotes that the researchers should go through the process of selecting, focusing, simplifying, abstracting and transforming data that has been collected. The researcher creates categories and identifies themes and patterns. By doing this an understanding of the studied phenomenon can be achieved. Still, the researcher needs to be careful so that the right explanations are given.

Data display, here is where the information is organized and compressed so that drawing conclusions and taking action is possible. The authors divide this section into different activities; categorization, abstraction, comparison, dimensionalization, integration, iteration and refutation.

Conclusion drawing/verification stage implies the authors using the information that had been processed and coming to conclusions upon it (Ghuari and Grønhaug, 2005).

With the information in hand a lot of the analysis depends on the researchers, so one can say that the tools for analyzing the qualitative data are the researchers themselves. The data collected through our interviews need to be processed so that the vital and useful information is extracted and used. This is a vital aspect for being able to draw a conclusion that is as accurate and valid as possible.

3.6.2 Quantitative data

To interpret the data collected through surveys measures of central tendency were used, namely mean, mode and standard deviation, as well as constructing graphical representations of the data. Coefficients of correlation were also found and independent t-tests carried out.

When analyzing the data, we used statistical formulae to analyze the whole sample at once. We did not apply special formulae to each specific stratum since it is not in our purpose to analyze the behavior of different age groups of customers. Only for t-tests the sample was divided. Stratified sampling was chosen purely for the purpose of ensuring that the sample justly represented 'Jönköping's population.

The means of the sample were found when addressing questions of popularity of down-town versus A6, reasons for choosing a specific shopping location, importance of shop diversity and closeness, as well as importance of availability and satisfaction with parking and public transport. We found correlations between parking and public transportation conditions to people's preferences of A6 and down-town. We found whether the respondents' gender and employment status influenced their shopping habits. We have asked whether their choice of location depends on who they go with and what they buy to see whether they are loyal to their preferences or the shopping location decision depends more on the current situation.

The weighted arithmetic mean (see Appendix 5 for exact formula) shows the average answer of the respondents. In the scale questions where the answers were represented by words, each answer alternative was assigned a numerical value for convenience of mathematical calculations. The resulting mean was then translated into verbal equivalent and explained. The x_i is each response gathered, and w_i is its weight, namely how many times that response was received.

The mode is an answer, or value, that appears most often among others. This measure was used alongside the mean to see whether the latter represented the majority of the answers or only an average of two extremes.

Standard deviation is the measure of how different, on average, each particular response is different from the mean. Similarly to the mode, it is applied in this study to complement the mean and conclude whether the mean represents the opinion of the majority.

The standard deviation shows whether there is and how strong is the correlation between two independent variables. However, it does not explain whether there is causation and which of the two drives the relationship. Determining this is up to the researchers.

The independent sample t-test is a test of the null hypothesis that the means of two normally distributed populations are equal. Once the t-value is calculated, together with the significance level and degrees of freedom it is looked up in a standard table of significance to determine whether the resulting difference is significant. In this case there were 50 degrees of freedom as the overall quantity of interviewees was 52. The significance level was chosen at 5% as is done in the majority of socially oriented statistical research.

This test was carried out to see whether people of different genders and employment status differed in their overall shopping preferences.

All the data processing and calculations were carried out in Microsoft Excel. Please see appendix 5 for exact formulae used.

4 Empirical Findings

In this section of the thesis we will present to the reader our empirical findings gathered from interviews and our conducted survey.

Our empirical findings are based upon 6 interviews, 5 of them done with store managers in Jönköping, 2 in Dressmann, Bagelle, DinSko and Guldfynd. 1 interview was done with the organization På Stan that deals with the marketing aspects of down-town Jönköping. We have also conducted a survey of consumers' shopping habits. Through this we have covered the grounds for making an as unbiased research as we can.

4.1 Bagelle

The business was started by Åsa Ingvarsson and her father 20 years ago, the store is located in down-town Jönköping. The store sells bags for everyday use as well as traveling bags. Åsa's father had always been in the bag industry as a designer. He is now retired and the business in run by Åsa (Å, Ingvarsson, Personal communication 2007-04-19).

The interview was done with the owner of the store, Åsa Ingvarsson 2007-04-19.

4.1.1 Why this location

From the beginning Åsa and her father were looking for opportunities to start their business in the city of Värnamo, located approximately 70 kilometers from Jönköping. When realizing that there already was an established store situated in that area she took the decision to open up in the City of Jönköping.

" We tried to find a place there first but it is a fairly small town and then Jönköping was the closest in hand. And why here? Well, there were plenty of store locations back then. A6 had just been established, and it were some tough years the first ones here, but a large turnover on business spaces. So it was no trouble to find a place, and afterwards we have felt good here and we have worked our way upwards from this location." Åsa Ingvarsson

The reason why they chose to open down-town and not at A6, as explained by Åsa, was that A6 was so new and that no one really knew if it was going to be a success or a failure. No one seemed to know how it was going to be or how good it was going to be. The fact that there were a lot of store spaces down-town allowed the two to find an available location to set up their business.

4.1.2 Advantages and Disadvantages of being located near big chains

The outlets of the big chains are mainly located on the same street down-town, namely Storgatan. On Smedjegatan where Bagelle is located there are no major big chains. Even though the competition from the larger firms shows, both negative and positive aspects can be observed.

"But then, of course, we take advantage from the fact that they attract customers, these big chains and stores have to be present to attract customers to centres, it is important". Åsa Ingvarsson

"Sometimes one wishes that we would have the ability to attract more on this street. Most commonly is that these big "dragons" position themselves in a row and line up." Åsa Ingvarsson

Another positive thing that Åsa mentions is that the larger stores cannot offer something that the smaller ones are able to contribute with, and that is the point that small businesses like hers have the ability to create a more personal touch. By having these larger companies around which are not able to create this feeling but still attract more customers to her business. Åsa further speaks about the fact that to be alone is never a good thing. She believes that a little bit of competition is something positive, but what she would like to see more of is more stores focused on clothes opening around her store. She mentions a store named Village that opened up beside her a couple of years ago and with that she immediately noticed a change in customers. She explains it:

"Something that people recognize, stores that are recognizable are also important." Åsa Ingvarsson

4.1.3 How to keep a competitive advantage

According to Åsa (personal communication 2007-04-19) you have to focus on certain areas in question of product line. You cannot have everything but at the same time you have to have a certain range because of the large customer base. One important thing that she mentions is:

"What we have to offer is the knowledge which might not be possible to get at a department store or in a clothes store, knowledge about the leather and characteristics and so on, we can make special orders if there is something that a customer wants." Åsa Ingvarsson

The personal communication between the customer and the personnel is a very important aspect of keeping a competitive advantage. The climate of the bag stores is changing. When Åsa first opened her business there were 2 existing bag stores located in the area and afterwards even a few more opened up, but since then their amount has not changed. But the thing that she stresses on is that bags are no more sold in only explicit bag stores, instead now they can also be found in sport stores, clothes stores and department stores. So the importance of competitive advantage has become more intense and essential. The real special stores are becoming fewer and fewer so building upon good customer relations is very important. (Å. Ingvarsson, personal communication, 2007-04-19).

4.1.4 What can be improved with the location you are positioned in

Since they are going to build a shopping centre at Atollen, the matter of parking spaces will be a question of improvement. There are actually parking spaces in down-town Jönköping but they are spread out around the city. Even though a new parking house was built, there will not be enough when Atollen is completed. The thing is that through all these constructions and rebuilding the town is going to improve. The focus will be shifted from the main street to the other direction.

"Smedjegatan will become better and better, from being a B in comparison to Storagatan, so the centre spot will be pushed towards this direction basically." Åsa Ingvarsson

Still there is a problem that whenever there is some construction or rebuilding done in the city it affects the customer flow.

"if one looks 3 years ahead I believe that we are going to have a great down-town centre, when all the building and everything is done." Åsa Ingvarsson

The effect that the rebuilding and construction have is making it inconvenient for the customers to pass through. Therefore they might choose another alternative shopping location to go to.

4.2 Dressmann

Started in Norway 1962 with the first outlet, the company was founded by Frank Varner and is today run by his sons, Petter and his two brothers. The name was first "Frank Verner" but was changed to Dressmann in 1967. The first store in Sweden was opened 1997 by purchasing the Hagenfeldt chain. In Norway the Varner Group is registered as a privately owned business, which might seem strange for a company that has over 300 stores. (http://www.dressmann.com/enter.aspx?Country=Sweden , retrieved 2007-05-19)

The interviews were done with two store managers, Susanne Rydberg, store manager at Dressmann down-town (2007-04-19), and Nina Johansson, store manager at Dressmann A6 (2007-04-24).

4.2.1 Why this location

The city store has been in business for 8 years and the A6 store as been there since August 2000.

The reason for opening the down-town store and the location, according to Susanne, was the attractiveness of the location that they got and the fact that Jönköping was a very attractive city. Also when the company was entering the market there was a queue for opening up at A6, which delayed the entrance. Nina says that shopping centers have proven to just grow and grow so of course Dressmann wanted to be a part of that. However, the location of Dressmann is not the most desirable one within A6.

"Everyone wanted to enter A6, everyone wanted that so there was a queue, so you could not get that. We do not have an A-location there for example, instead it is more of a D-location." Susanne Rydberg

"It is located so perfect here with the E4 a lot of people that come from other cities and go here and shop, everything exists here." Nina Johansson

Still, even though the location is not the most favorable Susanne states that it has gone really well for the store.

"But they chose that and all you can do is grab what you get so to speak and they do that and it has gone well. And then, the city has just gone (swisch) down." Susanne Rydberg

Stores are looking for revenue, it that sense prices are compared and evaluated but not to such an extent that someone might presume. Even though the costs of having a store might be high, they can be compensated by the potential revenue from being located in that place. It is all about making money.

"Everything is relative, you do not look for the cheapest location with light and flashlight; instead everything is depending on having a good location where you can make a good profit." Nina Johansson

Susanne has been involved in opening of Dressmann stores around the country and recently even in Denmark. What Dressmann does is that they always look for what they consider to be A-locations. The only times they are not after A-locations is when they are opening in larger cities where just one store might be possible to locate at an A-location and the others are open in less attractive ones. But they always try to enter big centers (S, Rydberg, personal communication, 2007-04-19).

4.2.2 Advantages and Disadvantages of being located near big chains

Since it seems that big chains are always located near each other Dressmann does not act as an exception.

"We are dependant on each other, they are dependant on us and we are dependant on them, it is that simple." Susanne Rydberg

The attraction power that big chains have is essential for every store; big chains need to be located near each other to be able to attract customers to that location. Still if the customers do not find what they want at the big chains they can easily go to the smaller stores which are situated around the area. Many of these stores are not to be found at A6 (S, Rydberg, personal communication 2007-04-19). The

"We are dependant on that everyone has some kind of cooperation but I want to have my sales and happily take from Kappahl and H&M but well that's the way it works and at the same time we help each other quite much as well." Susanne Rydberg

The complementary aspect of the stores is important, because the stores at large target different customers. Even though the stores are competitors they are generally complementary to each other. The disadvantages of being located near each other are less than the advantages of such position of the stores.

"…they come here with the whole family and then the mother and children go to H&M and the men come to us during the time." Nina Johansson

Another aspect is that the problem is not the stores being located near each other; the major disadvantage, according to Susanne, is that A6 is located too close to the down-town. When she is comparing to other cities the city centre and the shopping centers are mostly located at a larger distance than in Jönköping.

"…it is just a difference of a few kilometers away. Most cities when one looks on where they locate its centers or where the city centre is located in contrast to the shopping centre you mostly have a way to go there."
Susanne Rydberg

4.2.3 How to keep a competitive advantage

To be able to keep a competitive advantage you have to know what the weaknesses are, according to Susanne (personal communication). For instance, she reveals that Dressmann is not strong when it comes to decoration within the store, so that is something they are not capable to compete on. Instead, she believes that the purchasing and the strong merchandize are the things that they can benefit from the most. But the biggest competitive advantage that Dressmann has is their service:

"We are the strongest within service management, our customers have service to 99 per cent in here, preferably 110 per cent… and that is something that the other stores do not have, they have that "point-method"."

Susanne Rydberg

Naturally, this is not something that can be applied to every Dressmann store. Even if service is of great importance in every store it is not reasonable to expect the same treatment wherever you go. At A6 the response towards this is the same, that service is their main competitive advantage, but when it gets too hectic during the weekend the service changes. The staff keeps customers happy by having all the merchandize and sizes out in the store, opening more cash registers and having extra personnel so that the service can be given (N, Johansson personal communication 2007-04-24).

"We use to keep up a lot and you can help several at the same time." Nina Johansson

4.2.4 What can be improved with the location you are positioned at

The parking conditions down-town need to be improved. Although there are a lot of parking spaces down-town, if one compares the way the city looks right now and four years back it has become hard for new customers to locate the car. Even with the new parking house it has not improved. The parking spaces exist but it becomes inconvenient for the customers because they are not as accessible as they should be. And then there is the parking fee to be taken into account (S. Rydberg personal communication 2007-04.19).

"It does cost and people think about that, it is both a question of simplicity and a question of money when it comes to parking." Susanne Rydberg

"…considering that we are located as a little bend-over here, it might be easy for the customers to miss us." Nina Johansson

Another improvement can be for more lucrative stores to move to the same area in the shopping center and it that way attract more customers to the location where the store is placed.

4.3 DinSko

DinSko is a part of the Nilson Group AB, owning also such stores as Skopunkten, Nilsons and Ecco (A, Arslan Valtersson, Personal communication 2007-04-19). DinSko today has over 100 stores in Sweden but has also been established in the other Nordic countries: Finland, Norway and Denmark (http://www.dinsko.se/Om_oss.aspx , retrieved 2007-05-19).

The interview was conducted with Annika Arslan Valtersson, store manager at both A6 and down-town 2007-04-19.

4.3.1 Why this location

Since attraction power is of great importance it becomes vital for the stores to be located at the same point. The down-town DinSko store was first located further away from where it is located today. The reason for the change of location was the company's desire to be located near H&M and Lindex.

"…it is a similar customer base that you lie together where there is a flow of people that seek, basically it is the same target group that you want to reach." Annika Arslan Valtersson

As shopping centers have proven to be a very good business concept to be present at, there was no question of whether to enter or not. This is especially true for big chains which have the monetary aspects to invest and can afford the rent charged.

"One wants to be a part where one thinks there are attractive locations and where there are more of these big chains, it is a lot about that," Annika Arslan Valtersson

4.3.2 Advantages and Disadvantages of being located near big chains

As mentioned before the attraction power of large chains is important. By being located near one another you can create an interest, in this case for shoes, which would not have existed otherwise. The larger the range of choices the more interesting the product becomes.

"If you have four pairs of shoes to choose from, you might think no, but if you have a hundred pairs of shoes you might think that wow this is exiting to choose between that one and that one and *that one and so on, and then the most might choose the same shoe anyways but it still exists there in some way."* Annika Arslan Valtersson

Customers do not think in the line of going to one town to buy a product one day and going to another town to buy another product the day after. Together the stores create a demand for the customers and an interest for the different products.

"So that different stores attract customers to each other, you should not be alone in the field or something. Instead it should be many that attract customers to each other and that's why also H&M and Lindex are important for us, the fact that they attract customers as well." Annika Arslan Valtersson

4.3.3 How to keep a competitive advantage

It is important to be first, of course there is always a struggle when it comes to competitors. Being large is definitely an advantage and that you have been large for a while helps as well. Competences on every level of the business are important to be able to compete.

"…you have to monitor and guard your own locations, because good store locations are necessary, and you have to have security finance so that you can afford to stay and then you have to have competent personnel at every level." Annika Arslan Valtersson

One competes even in the way one works at the store, new information and quick changes will test your capability to adjust and work with what you are given.

4.3.4 What can be improved with the location you are positioned at

As we have learned from the previous interviews, the question of parking is essential for the stores located in down-town Jönköping. Parking there is not really a factor that attracts customers. Here A6 has a huge advantage with the fact that you can park your car for free and spend an entire day just walking around, which is not possible to do in the city where a fee is charged for parking.

When something is being built or rebuilt it creates problems for the customers as well as for the stores. When the city just started to build and demolish in certain places it had a noticeable impact on the stores. Some stores dropped 25 percent in their sales during that time, so one can say that the city stores are very sensitive to construction.

"…there were store that dropped up to 25 per cent in their sales so it was quite large amounts of money we are talking about. For the whole city area we manage to take back and afterwards it feels as it has come up again," Annika Arslan Valtersson

4.4 Guldfynd

The Guldfynd Group consists of several jewelry businesses: Guldfynd, Hallbergs Guld and Albrekts Guld. Guldfynd has 115 stores around Sweden with 16 of them as franchise licensees. Guldfynd was founded in 1952 by Olof Pettersson and the first outlet was opened in Stockholm. Guldfynd sells jewelry of gold and silver and is located in approximately 60 cities around Sweden. (http://www.guldfynd.se/index.jsp retrieved 2007-05-19)

The interview was conducted with Eva-Lotta, store manager of Guldfynd down-town 2007-04-26.

4.4.1 Why this location

The location that the store is positioned at today is not the same place where it first opened. From the beginning the store was located further down the street at Smedjegatan. The change was most likely done because of the better location that the store is operating in today. (Eva-Lotta, personal communication 2007-04-26)

"They probably changed location because it was better here. I do not know how it was before my time." Eva-Lotta

4.4.2 Advantages and Disadvantages of being located near big chains

Big chains and stores help each other, there is a huge attraction power that these stores posses. The customer pull is an advantage, and that is something that the large businesses have. The negative side is that there is a fight for these customers.

"I have to confess that I got a little bit scared when there started to pop-up more of these stores around here, but now I look positive towards it." Eva-Lotta

When shops operating in the same line of business are located near each other it can be an advantage, but they have to be diverse in their range of merchandize to have a positive effect on the competition.

4.4.3 How to keep a competitive advantage

It is important that one takes care of their customers, offering different ways of attaching the customer to the company such as using club-memberships, brochures that you send out to the customers. In the end it is all about the service that you can provide to the customers (Eva-Lotta, personal communication 2007-04-24).

"If a customer does not receive the service they expect at A6 you can only be friendly and try to help as much as possible." Eva-Lotta

4.4.4 What can be improved with the location you are positioned at

The question of finding available parking is an important problem that needs to be solved for the city's popularity to increase. A shopping center that offers free parking has a huge advantage. It is going to be even harder in this respect if the city continues to grow as it has.
Due to all the construction being carried out in the center of Jonkoping, the store finds itself in a good position. Having the shop placed in the middle of it all will make the location more attractive to the customers. Still during the time of construction the stores located in that area are vulnerable.

4.5 På Stan

På Stan I Jönköping AB is owned by the Municipality of Jönköping, Jönköpings Köpmannaförening and down-town real-estate owners. The purpose of the organisation is to strengthen and develop down-town Jönköping. The organisation works with stores both on the west and the east side of down-town Jönköping through marketing and activities. (http://www.pastan.com/default.asp?p=77 retrieved 2007-05-19)

The interview was done with Markus Stjärnklint 2007-05-22, City leader at På Stan.

På Stan is working with establishments in the city of Jönköping, they take care of marketing the stores down-town and are the ones responsible for all the events that happen in the city centre of Jönköping. The organisation has approximately 190 stores as members today and is working towards the municipality as the voice of the stores (M, Stjärnklint personal communication 2007-05-22).

Stores sign contracts for three years at a time with På Stan, still there are no requirements that the stores are forced to participate in all the events that are carried through. The fee for being a part of På Stan is based upon the area size of the store.

"We sign three-year contracts, and you pay a fee that is based upon the area of the store, so the larger the store the more expensive it gets - smaller stores, lower costs." Markus Stjärnklint

På Stan works closely together with the stores, monthly meetings regarding marketing and events are carried out. In these meetings store owners and managers have the opportunity to make suggestions and comment on different activities that will take place. The organization strives to support the smaller businesses, as without them the city centre risks loosing its individuality.

Markus mentions that they work on attracting businesses missing in the city, what he then tries to do is to help the company to find locations that are suitable in relation to what the business asks for. The main request from bigger businesses is usually getting a central location and being placed near large stores.

"Often we know a long time before that they are going to open and then we have already had contact with them. And there is no one that can miss us - but if so we have not done our job." Markus Stjärnklint

However, he also mentions that there are not so many alternative locations to choose from, as the city is pretty much full at the moment. When the organization finds out that someone is planning to close shop, they contact someone else who could probably want that spot. Though they do not get involved into negotiating the price in such cases, they try to provide all other help.

During the interview with Markus we find out that he has two stores of his own, one located down-town and one at A6. One big thing that separates these two from each other is their lease contracts, at A6 your rent is based upon your income as well as a fixed cost for marketing. The major difference between the two contracts is that signing a contract with På Stan is optional while the contract at A6 is a part of the lease. The contract at A6 contains rules for opening hours, parking, marketing and more. This is something that does not exist down-town.

In theory parking situations have been discussed as a factor that contributes to whether or not a customer will return to the shopping area. A6 parking is often talked about as one of the main competitive advantages that it possesses but this can be discussed. Free parking is something that does not exists according to Markus, there is always someone who pays for it. Free parking is not as important as the attraction of the shopping centre. Markus argues that being able to park together with the attraction power of the centre is outweighing the aspect of paying a small amount for parking. With a successful communication of the stores and what the centre has to offer, the matter of free parking is diminished in importance.

"…someone is paying for them, so there are no free parking spaces because someone is paying for them and that is the stores through their rents." Markus Stjärnklint

4.6 Survey

The survey was conducted on customers going to both A6 and down-town and in unrelated areas. We will here present the important findings from the survey. A total of 52 people were questioned.

In terms of age, 22 people belonged to 18-24 group, 20 to 25-44 and 10 to 45-64. Of them 20 were female and 32 male. In terms of employment, 27 had a job and 25 did not.

In terms of main occupation, the majority were students or employees, 30 and 14 respectively, other 8 were spread across managers, housewives, free-lancers and others.

When deciding where to go shopping, 1 always went down-town, 8 went mostly down-town, 24 went to both places equally, 16 mostly to A6 and 3 always to A6. Of all the respondents, the decision of 21 depended on what item they were planning to purchase.

The following two tables show which were the reasons of respondents visiting a particular location.

Table 4.1 Reasons for going to A6

Rank in terms of importance the reasons for going to A6 1-7, 7 being most important.

	1	2	3	4	5	6	7
Buy something specific	2	5	8	8	12	8	6
Look at offers	2	4	2	6	10	14	11
Hang out with friend	15	6	12	4	4	6	1
Have lunch	17	13	4	9	6	2	
IKEA	11	9	8	6	6	5	5
Coop	29	13		1	3	3	
Kill time	22	7	3	7	5	2	3
Other				1	1		

Table 4.2 Reasons for going down-town

Rank in terms of importance the reasons for going down-town, 7 being most important.

	1	2	3	4	5	6	7
Buy something specific	2	1	5	16	11	9	5
Look at offers	2	9	13	7	8	4	5
Hang out with friends	9	4	8	9	9	7	1
Have lunch	5	6	2	12	8	10	5
Kill time	12	10	4	10	3	6	2
Other					1	1	

The next table illustrates how often the respondents buy specific goods and how much time they dedicate to this.

Table 4.3 Frequency and duration of shopping different items

	Less than once a month	1-2 per month	1 week	More often
Shop for clothes	29	19	2	2
Buy groceries	4	1	13	34
Shop durables				

	Less than 1 hour	1-2 hours	2-4 hours	Half a day	Longer
Time spent on clothes:	18	12	16	3	3
Time spent on groceries:	38	7	7		
Time spent on durables:	32	6	14		

When asked whether closeness of many stores was important to them, 17 strongly agreed, 24 moderately agreed, 3 neither agreed nor disagreed, 5 moderately disagreed and 2 strongly disagreed that it was important. When the question about importance of the stores' diversity was asked, 26 strongly agreed, 19 moderately agreed, 3 neither agreed nor disagreed, 1 moderately disagreed and 3 strongly disagreed that it was important. The same question was asked concerning the importance of available parking. 11 people said that it was unimportant, 3 that it was rather unimportant, 4 were neutral, 14 replied that it was moderately important and 20 – very important. Speaking of public transport service, to 28 respondents it was highly important, to 11 moderately important, 3 were neutral, 5 said it was moderately unimportant and 4 – very unimportant.

The following table shows to which extent the respondents were satisfied with parking conditions at different locations.

Table 4.4 Satisfaction with parking conditions

How satisfied are you with parking conditions in A6?

No car	1	2	3	4	5
27	0	0	3	10	12

How satisfied are you with parking conditions Down town?

No car	1	2	3	4	5
27	6	14	5	0	0

The following table illustrates the respondents' level of satisfaction with public transport going to different locations.

Table 4.5 Satisfaction with public transportation

How satisfied are you with the public transport going to A6?

Do not use	1	2	3	4	5
0	2	4	23	12	11

How satisfied are you with the public transport going down-town?

Do not use	1	2	3	4	5
0	6	1	6	23	15

Further analysis of the questionnaire data may be found in the next chapter. See p. 36.

5 Analysis

In this section of the thesis the authors will present the analysis done on the empirical findings to fulfill the purpose of this thesis. The frame of reference will be used to analyze the empirical findings based upon or previously stated research questions. Different empirical findings will be compared among each other for the purpose of avoiding bias.

In the body of this chapter we return to the research questions directly connected to our purpose. For the readers' convenience they are repeated here:

- What were the options available when selecting the site?
- How was the location chosen? Was it based on intuition or some specific methods?
- What was seen as the main factors? Has the opinion changed after start-up?
- Does there exist a uniform opinion among medium-sized business owners and managers as to which location is the best? (The four above questions can be found in chapter 5.1)
- What kind of advice/consultation is available for entrepreneurs when choosing? Do they use it or is the decision made on their own? (See 5.2)
- Is this issue managed by the municipality? (See 5.3)
- What are the customer preferences? What are the shopping decisions based upon? (See 5.4)

The headings used in the Analysis are based upon the research questions. For the convenience to the reader the researchers have divided the analysis under different headings, which also simplifies the conclusion drawing from the data.

5.1 Choosing location for the store

What were the options available when selecting the site? How was the location chosen? Was it based on intuition or some specific methods?

Authors like Salvaneschi (1996) imply that the decision of where one chooses to place the store should be based upon numerous criteria. By comparing his findings and the interviewees' experience of choosing location, it can be derived that this process differs from store to store.

After analyzing our empirical findings we have found that while some of the stores' locations are based upon several different criteria other locations were chosen using simpler approaches. The difference between how large the businesses were and the market awareness was clear, the stores had different opinions on what was important to consider when choosing the location.

For example, Bagelle made their choice of location based upon what felt right and where a free place was available for setting up. The main consideration taken was that in the first location of choice one established bag store already existed, so the alternative of moving to another town with a large population and growing market was selected (Å, Ingvarsson, personal communication, 2007-04-19). This finding agrees with the work of van Noort and Reijmer (1999) who state that the business cannot choose that much and is very dependent on its environment.

Looking at the larger stores, one might observe that they went about in different ways of finding locations. Dressmann wanted to enter A6 because of the attractiveness of shopping malls, further on they made it clear that they try to position themselves in the areas where other large stores and chains are located, i.e. to enter the locations where the customer attraction is expected to be high. From the interviews we found out that large companies prefer to position themselves close to each other so that they can take advantage of the customer pull power that the other businesses possess.

Large chains as Hennes & Mauritz have proven to have a great attraction power and companies like DinSko are intentionally positioning themselves as close as possible for just this reason (A, Arslan Valtersson, personal communication 2007-04-19).

These conclusions are fully in line with Hotelling's work (1929) regarding homogeneous retail agglomeration. It is clear that stores seek locations in the vicinity of each other in order to increase their own sales. They see each other more as allies rather than competitors and believe that consumers also acknowledge the benefit of being able to multi-purpose shopping. Most managers do not mind that other shops might have merchandize different from their own. It seems they actually appreciate this diversity, which also supports the principal of minimal differentiation described by Boulding (1966).

What was seen as the main factors? Has the opinion changed after start-up?

What has been shown through our empirical findings when it comes to the first step of choosing store location is that it depends a lot on the size of the business. Large stores have shown to be more willing to be positioned next to each other whereas smaller stores with a single owner/manager are more discreet. As larger stores more or less seek the areas where the "big dragons" are close by they are willing to move when an opening of a better location becomes available. On the opposite, smaller stores were shown to just be hoping that some complimentary stores would open so that the customer attraction in that area would increase.

Two of the larger stores, DinSko and Guldfynd, were first located in another place in down-town than they are today. The reason for this was that there were better locations which become available. In this sense these stores never stop evaluating their location position in a shopping area. Even though located on the same street they still choose to move their operations to another setting.

If we refer these findings to Porter's Five Forces model, there are several trends to be observed. Firstly, the respondents of the interviews esteem rivalry quite highly seeing it as a generally positive aspect. The rivalry between immediately neighboring stores was referred to as something that attracts even more clients. However, other major shopping centers, such as A6 in comparison to down-town, are seen more as a threat rather than a benefit. In terms of substitutes, most of the managers interviewed said that they like stores with substituting merchandize to be present in their vicinity, as long as their goods differ to some extent. Besides, they also encourage presence of complementing businesses, such as clothes stores for a bag store. However, it must be mentioned that the characteristics of substitutes are becoming more complex and less easy to estimate, as some goods are now being sold not only in specialized stores. If one were to look at the threat of potential entrants, one would see that there is a low possibility of individual stores opening in either A6 or down-town, as most lots there are already occupied. A person wishing to set up store would most likely have to wait for someone else to close down. Nevertheless, there is still a possibility that big players will enter the market, such as is the case with Atollen.

Does there exist a uniform opinion among medium-sized business owners and managers as to which location is the best?

The thoughts and opinions about this question have turned out to be diverse, the reason for this has shown through our interviews that it depends on the size and goal of the store. The larger firms have stated clear that entering shopping malls like A6 is attractive and something that the businesses want to do. Meanwhile, smaller stores are more comfortable by staying in places like down-town where the customer base consists more of local habitants.

For stores like Dressmann, DinSko and Guldfynd all have outlets both at A6 and down-town, when asked which store would most likely be kept if one had to be taken away the answer from all of the mentioned was the A6 store. Businesses that can manage the rent and fees taken at a shopping center like A6 should be present there (A, Arslan Valtersson, personal communication 2007-04-19). Nina (Dressmann, A6) argued that there was no question of finding the cheapest location for a store instead it is all about being able to make revenue. It is more attractive for stores with secure finance to invest in a location as in A6.

If we compare the above information to the criteria described by Salvaneschi (1996), it may be said that the importance of a particular criterion depends on the store's size. For smaller stores high density was very important, whereas they did not insist of having the highest possible visibility. The larger businesses, on the other hand, strived for high customer traffic, regional exposure and excellent visibility. However, all interviewees spoke about the importance of accessibility of the location and available parking. This issue seems to be of high concern to down-town managers, as they consider it a disadvantage in comparison to the shops in A6.

Another factor that makes A6 different in comparison to down-town is the opening hours, as the city is closed during Sundays and A6 is open, this requires that the stores have extra employees. The hectic days for A6 have shown to be during the weekends, for a small business owner this is not that appreciated.

5.2 Support

What kind of advice/consultation is available for entrepreneurs when choosing? Do they use it or is the decision made on their own?

What is noticeable among our interviewees is the difference in amount of decision power, as a store manager runs the store as their own but at the same time it is still supervised by the headquarters. They are the ones possessing the real decision power, as a business owner on the other hand you are the one making all the decisions.

Dressmann, DinSko and Guldfynd have no decision power about the location of the stores, these are decisions taken by the headquarters in these companies. Everything that has to do with location or opening of new stores is nothing that the single stores have any decision power over. The stores have the opportunity to influence the headquarters with suggestions and whishes but that is as far as it goes.

Bagelle as another example has the decision power in the store, the influences on location and where to open are mostly from relatives and especially the father who has been in the same industry, though not as a store owner but as a designer. The store, according to Åsa, was opened together with her father; the obvious choice of location was not clear since the primary intention was to open her store in her home town Värnamo. Still, to her the move to open the store in Jönköping was a natural step, the influence power was mainly from her father and other relatives.

The På Stan organization also provides help when a person intends to find a location for the store. Yet it seems that they get assistance in finding out which locations are available, but are not influenced towards choosing one over another.

However, on the whole it must be concluded that the stores did not apply any specific method towards finding a suitable place. They rather sought a location with good characteristics (such as the ones described by Salvaneschi (1996)) and where stores with similar profiles were present.

5.3 Municipality involvement

Is this issue managed by the municipality?

Our main source for these findings came from the interview with the På Stan organization represented by Markus Stjärnklint. The På Stan organization was shown to exist more as an extra tool of communication for the stores towards the customers than as a legislation maker. The På Stan movement should be viewed as an external marketing department, the suggestions and recommendations that this organization makes are meant to be no other than suggestions and recommendations.

The organization does not only work towards existing stores but is deeply active in finding non-existing businesses that can complement and enhance the overall impression of the down-town district of Jönköping (M, Stjärnklint, personal communication 2007-05-22). The På Stan Organization works as a middle hand between the municipality of Jönköping and the stores, assisting stores in question of improvement of the area and marketing. A basic assumption is that the stores which are not a part of the organization in down-town still benefit from their existence, and are more or less free riding on stores that have joined.

Comparing the organization, På Stan, to its counterpart at A6 the main difference is the option to be a part of the organization. At A6 joining the organization is part of the lease contract that is signed before entry, not leaving the alternative of not participating as a choice. Though it is an optional choice in the down-town the fact that 190 stores are members shows that it is doing something good.

5.4 Customers

What are the customer preferences? What are the shopping decisions based upon?

Analyzing the survey results by using statistical indicators, the following results were derived.

When respondents were asked about their shopping location preferences, the average answer (weighted arithmetic mean) was 3,23 in numerical terms, where 1 represents always down-town and 5 – always A6. Therefore we can say that on average customers favor both locations equally, with a slight inclination towards A6. The mode for this answer was 3, indicating equal preferences, which was chosen by 24 people, i.e. 46% of the respondents. Therefore it may be concluded that people in general to do not favor one place over the other, so neither A6 nor down-town are more advantageous for the shop owners in the absolute sense.

An independent sample t-test was carried out to compare whether the means of the male and female populations were significantly different. With a 5% level of significance and 50 degrees of freedom, the hypothesis that means are equal should be rejected if $t>2{,}009$ or $<-2{,}009$. From our calculations based on the formula in the Method chapter, the resulting t equals -0,09. Therefore the null hypothesis is accepted, i.e. a significant difference between the two means was not found. Thus we assume that men and women are equal in their shopping location preferences.

The same kind of test was done to see whether the preference depended on the respondent's employment status. As previously, a 5% level of significance was chosen and 50 degrees of freedom used. Similar to the calculations above, the upper and lower limit for accepting the hypothesis that sample means are equal were -2,009 and 2,009. The resulting t-value was -0,1454. Therefore we may conclude a significant difference between the two means was not found. However, it should also be mentioned that even though the means did not show a statistically significant difference, the sample standard deviations were different. Employed people had a standard deviation of 0,96, while unemployed of only 0,71. We make an overall conclusion that the general shopping preference of a person does not depend on their employment status, yet those with a job show a somewhat higher diversity in their answers.

To an enquiry regarding the stability of customer preferences, it may be answered that for 75% and 60% respectively the decision which location to shop at did not depend on who they went with or what they were looking for. Therefore we might say that the tastes of customers are rather constant and on the whole do not have a situational nature.

Table 5.1 Statistical indicators for visiting A6

	Weighted arithmetic mean	Mode	Standard deviation
Buy specific:	4,69	5	1,67
Look at offers	5,37	6	1,70
Hang out with friends	4,83	1	2,60
Lunch	4,61	1	2,54
IKEA	4,76	1	2,39
Coop	5,43	1	3,85
Kill time	5,37	1	3,31

Even though the weighted arithmetic mean for all reasons is above 4,6 on the scale of 7, which indicates moderately high relevance to the respondents, further analysis brings controversial results. When we study the mode, it becomes clear that only the first two reasons have high means because of the frequency of high answers. All other reasons were mostly unimportant to the majority of respondents. This conclusion is further strengthened by the standard deviation indicator. One may observe that for all other reasons except the first two, this indicator is very high, constituting between 2,54 and 3,85 points of deviation (out of mainly 4 or 5 possible, depending on the specific question). On the contrary, standard deviation such reasons as buying something specific or browsing through offers does not exceed 1,70 points. This means that most of the answers do not offer too much from the mean and from the mode as well, since in this case the mode does not differ from the mean by more than 10,5%. From all this information, it can be concluded that the most important reasons for respondents visiting A6 is buying a sought after item or looking at what is on offer. All other reasons were relevant for some of the surveyed, yet to the majority they were of little importance.

Table 5.2 Statistical indicators for visiting down-town

	Weighted arithmetic mean	Mode	Standard deviation
Buy specific	4,88	4	1,45
Look at offers	4,13	3	1,70
Hang out with friends	4,79	1, 4, 5	2,10
Lunch	4,92	4	1,93
Kill time	4,70	1	2,42

If one compares down-town to A6, it may be observed that for down-town the amount of important reasons is higher than for A6, yet each reason in particular is not deemed exceptionally important. To prove this, we see that the means of the answers do not exceed 4,92 out of 7, whereas for A6 this indicator was as high as 5,43. Further, the standard deviations from the average answers are lower than in the previous case, only up to 2,42 in comparison to 3,85. This means that for down-town the mean represents the overall preferences of the population more reliably. Studying the mode, it is further observed that several reasons for visiting for widely rated as being of moderate to high importance.

To summarize, people seem to choose down-town due to a combination of more or less equally important reasons, namely buying specific items, browsing offers, socializing and having a meal.

Addressing the issues raised by the debate between Central Place Theory and Retail Agglomeration, the respondents were asked how important they found closeness and diversity of stores in one area. The weighted arithmetic means were 3,94 and 4,23 on the scale of 5 respectively. The respective modes for these questions are 4 and 5, which indicates rather high reliability of the mean, especially for the question of closeness. From these results it may be concluded that customers highly value both proximity and variety within a shopping location, variety being slightly more important. These results concede with the Retail Agglomeration theory, which states that customers receive the highest utility when moderately different stores are aggregated in one location.

The issues of transportation were of high importance to the store responsibles we had interviewed, and this issue was also addressed in the surveys. Regarding the importance of available public transportation and available parking, the weighted arithmetic means were 4,06 and 3,56 respectively. The relative lowness of the latter might be partially explained by the fact that quite a few of the respondents did not use car as means of transport. To further prove this point, it may be mentioned that the mode for both these question was 5, thus indicating high relevance of the matter to the majority of respondents. Since it is clear that the issue of transport matters a lot to consumers, the following analysis of their satisfaction with this service in Jönköping should be taken into consideration.

When asked about their satisfaction with parking in down-town and A6, the means were 1,96 and 4,36 on the scale of 5 respectively. Out of 52 respondents, 27 indicated that they did not drive. Respective modes for the answers are 2 and 5, indicating adequate reliability of the means. Here a sharp difference between A6 and down-town is clear. Reasons for this are high dispersion of parking lots and presence of a parking fee in down-town versus free and compact service I A6.

Since the above results are so noticeably different, it was decided to find out whether they influence the people's decisions where to shop. For this purpose, the average correlation between a difference in a person's (only responses of car users were taken) opinion of the parking conditions in two locations and their preference for a specific location was calculated. The resulting number showed a positive correlation of 8%. This means that if a respondent thought better of A6 parking versus down-town, they were 8% more likely to favor A6 as their shopping choice. This result means that even though parking influences consumers' decision, it is not a very prominent factor and definitely not the only one. Possibly, when going down-town some of the drivers chose to use public transport to avoid parking problems. Therefore they might still favor down-town rather highly even if they find parking conditions rather poor.

The question of people's satisfaction with public transport was also raised. On this, the average rate of satisfaction was 4,16 for down-town and 3,6 to A6. Respective modes are 4 and 3, which shows that the answers gained from the means are reliable enough. As in the question of parking, there is a noticeable difference between the compared locations, although it is not so strong. This difference is caused by the fewness of bus routes going to A6 and also to the low frequency of buses.

It was checked whether this factor influences the respondents' decision where to shop. The correlation between the difference in preference for down-town transport versus A6 and the propensity to favor down-town was calculated. The resulting indicator shows a positive correlation of 12%, thus meaning that if one finds public transport to down-town better than to A6, they are 12% more prone to choose down-town as their shopping location.

To summarize the impact of transportation on consumer preferences, it can be said that the issue of transportation is important to all customers and their opinion of its conditions differ quite significantly for different locations. This is one of the factors which definitely influence the shopping location decision, although it is not the main or only one.

6 Conclusion

In this part the results of the analysis will be further evaluated to construct a list of guidelines for choosing a store location for a medium sized retail business.

Our purpose with the thesis is to determine how owners and managers of medium sized retail stores should choose location for their shop.

Goals and aims

First of all, the location decision depends on the overall profile of the store, its purpose and aim. For example, down-town areas have proven to attract more impulse shoppers, as people often go there without an intention to buy something specific. On the other hand, it might be suggested that stores selling highly specialized merchandize, such as furniture or technical gadgets, should favor shopping malls. This is due to the reason that people seeking to buy such an item, which is rarely an impulse decision, would most likely go to a mall. Therefore we would advise owners/managers of highly specialized stores to choose a shopping mall as their main location. Stores oriented largely on impulse shoppers, such as clothes, accessories and book stores, benefit more from being situated down-town.

Preferences

The choice between a mall and down-town will also lead to different freedoms and services available to the people running the shop. For instance, in shopping malls signing a contract and participating in different activities is a must for all the stores. This is because by entering a mall, they join a uniform organization and therefore should abide by its rules. On the contrary, basing in down-town, one is more on their own and therefore relatively free to choose which organizations to join and how to act. So the decision also depends on how much control the owners want to have over the shop's activity.

Finance

Our research has shown that entering a shopping mall requires rather strong financial security. Rents and maintenance costs tend to be higher in shopping malls, especially considering that the participating stores might have to cover the visitors' parking costs. Therefore businesses without strong monetary back-up should choose city locations, possibly expanding to a shopping mall later on. Following the same logic, stores with sufficient funds are better off joining shopping centers. This is because the potential profits to be made there generally exceed the ones in the city, as said by the interviewees.

Skills of the store responsible's

Since the stores' aggregate power to attract customers is very high in a shopping mall, there is a very intense flow of the customers. Therefore it does not require such a high level of personal involvement on the behalf of each particular shop to attract the consumers. In down-town, on the other hand, the shops derive less from each other and therefore depend more on themselves to spark the consumers' interest. As a result the experience of the manager (or owner) in providing service to clients is more relevant in the city centre. So we would recommend those already possessing experience in sales and personal relations with customers to go for a down-town location. Stores which do not have customer relations as their strong side should opt towards a shopping mall where they can benefit from other stores' attractiveness.

General customer requirements

One should keep in mind such preferences of people as being able to find the required goods in one place and do so quickly and conveniently. The concepts of visibility, accessibility, convenience and adequate transportation apply to all locations and types of business. So even if you have already decided on the place you want to open in but the offered location there is poorly visible and inconvenient for the customer, you should keep away from that choice.

It is also important to remember that customers like to engage in comparison shopping. For that reason one should look for a location where stores similar or complementary to one's own are situated.

Available options

Finally, despite all above mentioned points one needs to remain realistic about the available store options, as sometimes they are very limited. As found through our empirical findings there often exist only few locations to choose from at a given point in time. So we advise someone wishing to establish a business first of all to determine what positioning possibilities are open. Then, if there are locations both down-town and in a shopping mall, the person should decide which is most suitable.

Check-list

The following check-list provides questions to answer when deciding on a location. It helps to determine how the location for a store should be selected. If you answer mostly 'yes' in it, then location should be chosen in a shopping mall. If 'no' is the most common answer then a down-town location is more suitable.

Table 6.1 Check-list for choosing location

	YES	NO
Have a strong financial base?		
Customer relation depends more on targeted customers than impulse buyers?		
Have high willingness to follow stated rules concerning opening hours, marketing, etc?		
Paying rent as a percentage out of the income instead of having a fixed cost?		
Have the ability to compete with large actors?		
Parking is important for the business?		
Willing to pay for customer parking?		
Able to keep open every day of the week?		
Prefer to benefit from other stores than by yourself?		

7 Discussion

In this section of the paper we will reflect upon our work and give some recommendations for further investigation.

7.1 Reflections on the thesis

The majority of our interviews are done with store managers, a better spread between business owners and store managers would have created more reliability and lowered the level of bias in the thesis. We tried to set up an interview with the management at A6 but were more or less rejected. This would have brought a broader view upon opening up a store at the shopping mall. The major criticism should therefore be directed to some of the choices concerning interviews. Still the persons that were interviewed possessed a lot of different knowledge about the market as well as the history of the stores.

The number of people that partaken in the survey was below the set quantity that the researchers wanted, a stronger level of participation would have been preferred to give a clearer view of customer attitude. The variance between ages in the survey did not entirely match the overall population spread in the city of Jönköping, therefore the researchers are well aware that the survey can be seen as biased towards the age groups that did not participate.

7.2 Further research

Our recommendations for further studies within this area include researching the process of analyzing the market from headquarters. In this paper, only the people responsible for running a particular store or two were interviewed. A deeper perspective might be gained from speaking to the owners of the whole business. This way one would be able to study how large strategic decisions are taken and find out whether certain companies have their own particular standards when looking for store locations.

Another point to mention is that this report covered only Jönköping. It would be useful to see whether other similar towns present the same results. To go further one might compare shopping conditions in cities of different sizes. We would assume that places like Gothenburg and Stockholm sport different trends and possibilities for starting up a business.

Since only the retail industry was studied in this thesis, we would suggest looking at other markets. One possible area of interest could be the service industry, such as beauty salons, traveling agencies, fitness centers, etc. We would assume that there exist other laws influencing their profitability than those for retail businesses.

Another area of possible investigation is the actions taken by business owners when the situation on the market changes. For example, if the district they operate in looses in its attractiveness due to another big attraction opening some place else. Since a new shopping centre is being built at Atollen and Media Markt is soon to be established in Jönköping, this question might be highly relevant.

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Appendix 1: Interview Questions (for business owners)

1. Tell us about your business
2. How many years have you operated in this area?
3. Why have you chosen to locate your business in this area? Did you compare the characteristics of the location, like costs, possible profit or was it more of a personnel initial?
4. Do you look at the shopping mall as a competitor or as an opportunity for you business to be more profitable?
5. What types of attributes are positive when located near big chains?
6. Do you see anything that could be of negative impact in being located near the shopping mall?
7. Do you believe that it is good when several stores with the same merchandises are located near each other?
8. Did you get any advice or consultation for choosing the location?
9. How do you keep a competitive advantage?
10. Are you happy with the condition concerning Rent, service and maintenance?
11. Do you find the location of the parking area sufficient? Will it be a problem concerning this is if your businesses would grow?
12. Are you satisfied with your customer-traffic as it is now and do you think that you can make use of your market strategy? What is the targeted customer?
13. Have you noticed any change in the amount of customers during the last years?
14. Has the competition changed during the years you have been operating in this location? And if so, would this have affected your decision on location if you would have opened today?
15. Do you think that this is the most profitable place for your business?
16. With your experience from your own business, would you recommend to a friend opening a store to do the same or to open at a shopping mall?

Appendix 2: Interview Questions (for På Stan)

1. What is your name and describe what you are working with?
2. How many stores are members?
3. How do you help the stores that are members of På Stan?
4. What is you relation towards the stores?
5. Does it cost anything for the stores to be a part of your organization?
6. To what extent can the stores influence you?
7. If a store is opening up here are they any regulations that are needed to be reconsidered?
8. Are the real estate owners involved?
9. Do you tie the stores to different contracts concerning markets and special events?
10. What do you believe is the biggest downside with the city?
11. What is most important to be improved in down-town?
12. What is the biggest attraction with the city?
13. What type of criteria do you use to estimate attraction of a location?
14. What is you view on all the construction and parking spaces?
15. What is your view on A6? Is there any cooperation between you?
16. What is your opinion in maintenance, rent and service?
17. Do you help with advice when stores are being opened in terms of location?
18. Are there a lot of choices when opening up a store? Does På Stan assist with this?
19. Have you noticed any changes concerning customer- and business behaviour?

Appendix 3: Consumer Survey

Consumer Survey

This is a survey that concerns shopping habits in Jönköping, the survey is a contribution to a bachelor thesis that is being written at Handelshögskolan I Jönköping. Where nothing else is mentioned please answer using only one alternative. We would like to thank you for participating in this survey.

- **Age:** ________________
- **Gender:** Female Male
- **Occupation:**

Are you employed? Yes No

- **What is your main occupation?**

☐ Student ☐ Self-employed ☐ Housewife

☐ Employee ☐ Manager ☐ Freelancer

Other:____

- **Where do you prefer to go when you do your shopping?**

☐ Always down town ☐ Mostly down town ☐ 50/50 ☐ Mostly A6 ☐ Always Aa6

- **Does the answer in the previous question depend on the item you are shopping for?**

YES No

Why:

____

- **Rank in terms of importance the reasons for going to A6 1-7, where 7 is most important:**

	Unimportant				Very important		
☐ Buy something specific	1	2	3	4	5	6	7
☐ To look at offers and maybe buy something	1	2	3	4	5	6	7
☐ To hang out with friends	1	2	3	4	5	6	7
☐ Have Lunch	1	2	3	4	5	6	7
☐ IKEA is the main reason	1	2	3	4	5	6	7
☐ Coop is the main reason	1	2	3	4	5	6	7

☐ Kill time when have nothing else to do	1	2	3	4	5	6	7
☐ Other reason:_________________	1	2	3	4	5	6	7

- **Rank in terms of importance the reasons for going to Down-town 1-7, where 7 is most important:**

	Unimportant				Very important		
☐ Buy something specific	1	2	3	4	5	6	7
☐ To look at offers and maybe buy something	1	2	3	4	5	6	7
☐ To hang out with friends	1	2	3	4	5	6	7
☐ Have Lunch	1	2	3	4	5	6	7
☐ Kill time when have nothing else to do	1	2	3	4	5	6	7
☐ Other reason:_________________	1	2	3	4	5	6	7

- **Does the choice of where to go depend on the person you go with? If yes, please explain**

____

- **How many times a month do you go shopping clothes?**

Less than once a month 1-2 per month 1 every week More

- **How many times a month do you go shopping groceries?**

Less than once a month 1-2 per month 1 every week More

- **How often do you go shopping durables (electronics, furniture etc)?**

Less than once a month 1-2 per month 1 every week More

- **How much time do you spend on shopping clothes?**

Less than 1 hour 1-2 hours 2-4 hours half a day I am a shoppoholic

(Dedicate the whole day)

- **How much time do you spend on shopping groceries?**

Less than 1 hour 1-2 hours 2-4 hours half a day I am a shoppoholic

(Dedicate the whole day)

- **How much time do you spend on shopping durables (electronics, furniture etc)?**

Less than 1 hour 1-2 hours 2-4 hours half a day I am a shoppoholic (Dedicate the whole day)

- **The closeness of many stores in the same area is important?**

  Strongly disagree Strongly agree

  1 2 3 4 5

- **Diversity of stores in the same area is important?**

  Strongly disagree Strongly agree

  1 2 3 4 5

- **Being able to park your car near the shopping area is important?**

  Strongly disagree Strongly agree

  1 2 3 4 5

- **How satisfied are you with parking conditions in A6?**

  Very unsatisfied Very satisfied

  N/A (do not use car) 1 2 3 4 5

- **How satisfied are you with parking conditions down-town?**

  Very unsatisfied Very satisfied

  N/A (do not use car) 1 2 3 4 5

- **The closeness of public transport is important?**

  Strongly disagree Strongly agree

  1 2 3 4 5

- **How satisfied are you with public transport going to A6?**

  Very unsatisfied Very satisfied

  N/A (do not use it) 1 2 3 4 5

- **How satisfied are you with public transport going down-town?**

  Very unsatisfied Very satisfied

  N/A (do not use it) 1 2 3 4 5

Thank You!

Appendix 4: Survey results

Age	**18-24**	**25-44**	**45-64**
	22	20	10

Gender	**Female**	**Male**
	20	32

Occupation:

Emplyed:	YES	NO
	27	25

Main occupation:	Student	Employee	Self-employed	Manager	Housewife	Other
	30	14	1	2	1	4

Prefer to shop:	Always DT	Mostly DT	50/50	Mostly A6	Always A6
	1	8	24	16	3

Does the answer depend on the item?	Yes	No
	21	31

Rank A6:	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Buy specific:	2	5	8	8	12	8	6
Look maybe buy	2	4	2	6	10	14	11
Hang with friend	15	6	12	4	4	6	1
Lunch	17	13	4	9	6	2	
IKEA	11	9	8	6	6	5	5
Coop	29	13		1	3	3	
Kill time	22	7	3	7	5	2	3
Other				1	1		

Rank DT:	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Buy specific	2	1	5	16	11	9	5
Look maybe buy	2	9	13	7	8	4	5
Hang with friends	9	4	8	9	9	7	1
Lunch	5	6	2	12	8	10	5
Kill time	12	10	4	10	3	6	2
Other					1	1	

Does the choice depend on who you are with?	YES	NO
	13	39

The closeness of many stores in the sane area is important?

1	2	3	4	5
2	5	4	24	17

Diversity of stores in the same area is important?

1	2	3	4	5
3	1	3	19	26

Being able to park your car near the shopping area is important?

1	2	3	4	5
11	3	4	14	20

How satisfied are you with parking conditions in A6?

No car	1	2	3	4	5
27			3	10	12

How satisfied are you with parking conditions Down town?

No car	1	2	3	4	5
27	6	14	5		

The closeness of public transport is important?

1	2	3	4	5
4	5	3	11	28

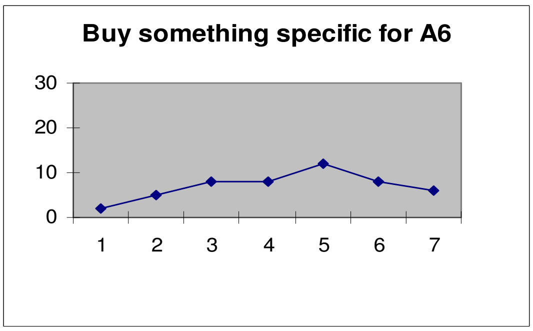
How satisfied are you with the public transport going to A6?

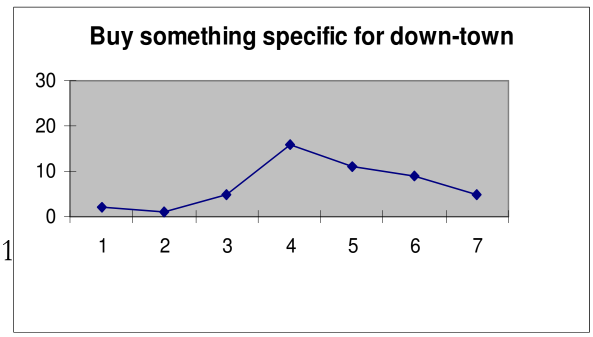
Do not use	1	2	3	4	5
2		4	23	12	11

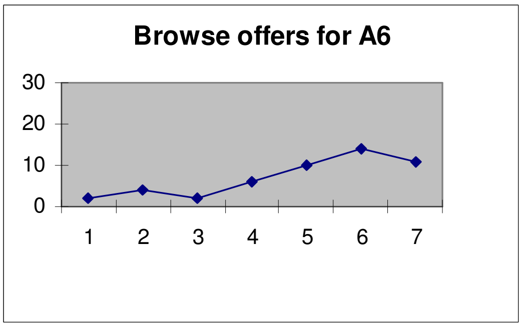
How satisfied are you with the public transport going down-town?

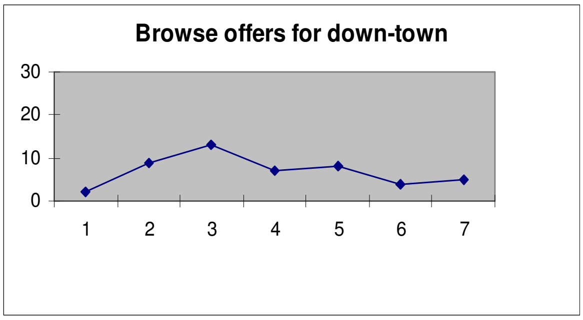
Do not use	1	2	3	4	5
6		1	6	23	15

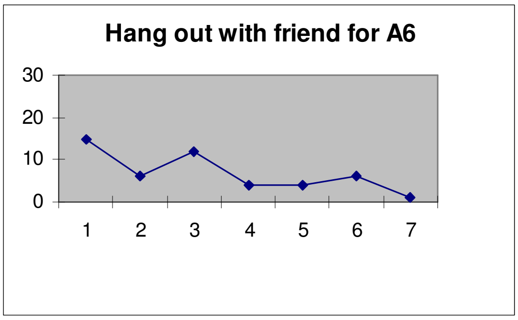
The following graphs present an illustration of the respondents' opinion of certain reasons for shopping.

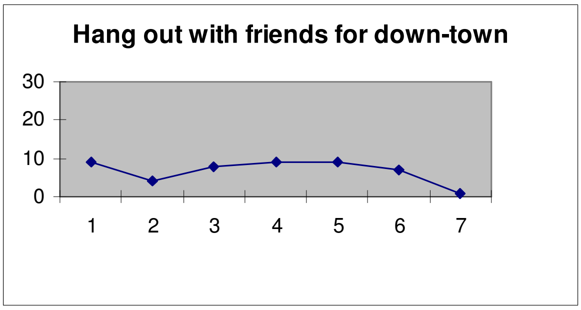


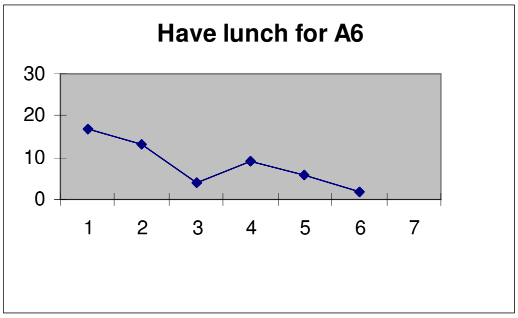


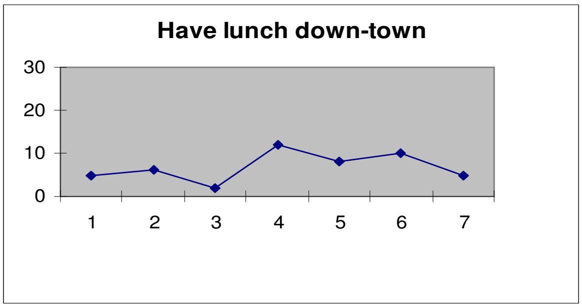

Browse offers for A6
30
20
10
0
1 2 3 4 5 6 7

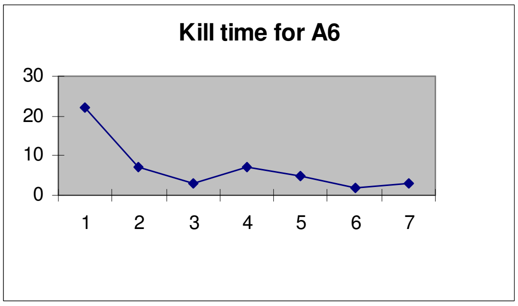

Browse offers for down-town
30
20
10
0
1 2 3 4 5 6 7

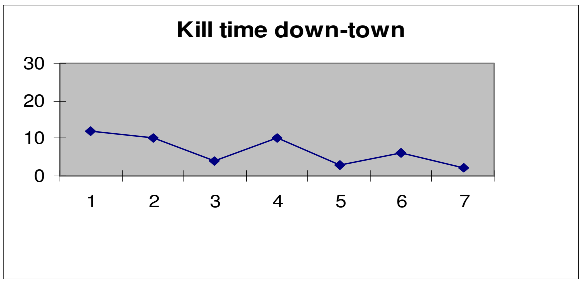

Hang out with friend for A6
30
20
10
0
1 2 3 4 5 6 7


Hang out with friends for down-town
30
20
10
0
1 2 3 4 5 6 7


Have lunch for A6
30
20
10
0
1 2 3 4 5 6 7


Have lunch down-town
30
20
10
0
1 2 3 4 5 6 7


Kill time for A6
30
20
10
0
1 2 3 4 5 6 7


Kill time down-town
30
20
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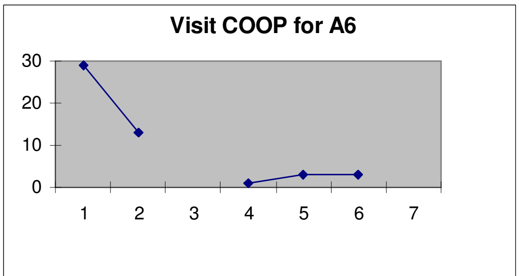
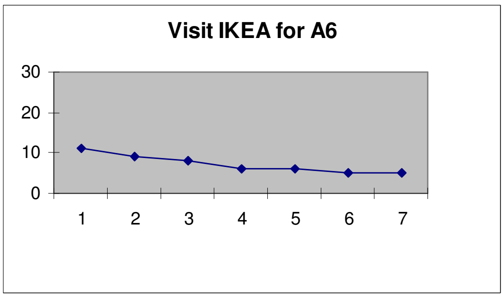
0
1 2 3 4 5 6 7


Visit COOP for A6
30
20
10
0
1 2 3 4 5 6 7


Visit IKEA for A6
30
20
10
0
1 2 3 4 5 6 7

Appendix 5: Statistical formulae

The formula for finding the weighted arithmetic mean of the population.

$$\bar{x} = \frac{\sum_{i=1}^{n} w_i x_i}{\sum_{i=1}^{n} w_i},$$

The formula for finding the standard deviation of the population.

$$\sigma = \sqrt{\frac{1}{N}\sum_{i=1}^{N}(x_i - \overline{x})^2}$$

The formula for coefficient of correlation.

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{(n-1)s_x s_y},$$

The formula for independent t-test for populations of unequal sizes:

$$t = \frac{\overline{X}_1 - \overline{X}_2}{s_{\overline{X}_1 - \overline{X}_2}} \text{ where } s_{\overline{X}_1 - \overline{X}_2} = \sqrt{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}$$

Appendix 6: Interview sheet

Name: Åsa Ingvarsson, Business owner of Bagelle, 18:18 minutes.

The interview was conducted in the store.

Personal communication 2007-04-19

Name; Annika Arslan Valtersson, Store manager at DinSko both at A6 and the city store, 36:14 minutes.

The interview was conducted in the City store.

Personal communication 2007-04-19

Name: Susanne Rydberg, Store manager at Dressmann City store, 42:24 minutes.

The interview was conducted in the store.

Personal communication 2007-04-19

Name: Nina Johansson, Store manager at Dressmann at A6, 28:54 minutes.

The interview was conducted in the store.

Personal communication 2007-04-24

Name: Eva- Lotta, Store manager Guldfynd City store, 14:39 minutes.

The interview was done in the store.

Personal communication 2007-04-26

Name: Marcus Stjärnklint, Cityledare, På Stan, 27:42 minutes.

The interview was conducted at the office at På Stan.

Personal communication 2007-05-22