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Building for consumption: an institutional analysis of peripheral shopping center development in northwest Europe

Evers, D.V.H.

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CHAPTER 2: RETAIL DEVELOPMENT

2.0 Introduction
The previous chapter provided a general introduction to the problem of retail development and its manifestations, a working definition, and sketched out a framework by which to understand it. The task of this chapter is to discuss further some of the structural forces that are said to drive the location and spread of shops, and the role that various actors play in the process. In so doing, some concrete issues will be introduced and analyzed, specifically the center/periphery discussion in planning, the capacity for public sector coordination in metropolitan areas, corporate and spatial consolidation and the homogenization of shopping areas. These and other issues will be discussed according to the three dimensions identified in the previous chapter (economic, administrative and spatial) as each of these corresponds to a different body of literature circumscribing the object of study. This will provide the foundation for the argument in Chapter 3 for constructing a conceptual framework within the context of the emerging new institutionalism.

The most common conceptualization of modern retail development is that the suburbanization of retail demand (i.e. housing location) is gradually followed by a suburbanization of retail supply (O’Brien and Harris, 1991: 66). According to the conventional wisdom, as demand for residential and commercial space outstrips the capacity of the traditional city form, and as the retail sector modernizes, successive waves of out-of-town retail outlets will spread outwards (Fernie, 1998; Thomas and Bromley, 1993; Dawson, 1995; Kooijman, 1999a; Bak, 2000). There is a wide literature that chronicles how family-run corner shops in urban neighborhoods progressively give way to large-format chain stores at the edges of towns, and how high-street shops and department stores abandon city centers in favor of out-of-town locations. Adopting Darwinian market logic, there is an implicit assumption that a natural selection of retail types is inevitable as stronger retail formats replace weaker ones. Eventually, so it is assumed, people will one day no longer shop at small-scale independents in neighborhoods, but patronize large-scale formats run by big corporations at fringe sites or within planned centers (Dijkman, 1994; Bak, 1997; Blotevogel, 2000). A consequence is a global convergence of retail structures: “European cities are inching closer to the idealized ‘Western’ city which is more typically the product of North American and Australian urbanization” (Knox, 1984: 168).

While some evidence for this certainly exists (Tordjman, 1994; Reid, 1995; European Commission, 1997), some European cities are displaying astonishing resilience to the trend; if there is convergence, it is certainly not rapid and certainly uneven (Davies, 1995; Guy, 1998a, 2001). East Germany may have “Americanized” its retail structure within a matter of years after unification (Jürgens, 1995), but Italy continues to be dominated by “anachronistic” small family-owned shops (Pellegrini, 1995), and the heavily (sub)urbanized Netherlands has yet to build a single out-of-town shopping mall (Borking, 1998). Even the apparently unassailable superstore/hypermarket concept has been received with vastly different levels of enthusiasm in Europe.10 This is even more the case for more complex retail formats such as regional shopping malls, urban entertainment centers and factory outlet villages which

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10 For example, the share of food retailing accounted for by hypermarkets in 1995 was 28% for Germany, 24% for the UK, 18% for Belgium and 4% for the Netherlands (Pilat, 1997: 23)
require coordination between various local actors, consent of local planning authorities and withstand resistance from local shopkeepers.\footnote{For the purposes here, the term “local” is used simply to contrast against the global/international level and thus includes the national level. Later, when discussing governmental levels of scale, the term will be used more precisely to denote exclusively the municipal level.}

In the words of leading retail scholar John Dawson “Retailing in Europe remains, however, as it has all last century, a response to local European culture… many aspects of [European] retailing show features of divergence rather than convergence” (2000: 120). Rather than helplessly submitting to the forces of inevitable retail globalization, local actors have repeatedly asserted themselves to redirect the flow of development, confounding internationalizing firms and market analysts alike (see Alexander, 1997; DuPuis and Dawson, 1999). These actors acted and reacted to a variable mix of local circumstances. These include but are not limited to: economic climate and opportunity structures, the nature and disposition of other actors (potential rivals and allies), geographic attributes and the “rules of the game” established by public authorities. The fact that retail development has occurred so differently in different institutional contexts despite a far-reaching and ongoing international consolidation in the sector is testament to the importance of the dynamics of the local decision-making arena where building permits for new retail outlets are issued. It is therefore of paramount importance for any study seeking to explain retail development to understand what economic, spatial and administrative variables frame the parameters for action by the various actors involved in its production. The intent of this chapter is to provide a critical evaluation of the different ways in which retail development has been explained and discuss some of the mechanisms of its production. This will provide the basis for developing a conceptual framework for understanding and explaining retail development in different institutional settings, the objective of the following chapter.

2.1 The economic approach to retail development

Typing the keyword “retail” into library or online search engines will typically bring up (in addition to a plethora of online shopping opportunities) results relating to the nature of retail firms, distribution and management. Documents on planning policy and urban development appear secondary within the worldwide conceptualization of retail. This is not without reason, as retail development — as we have seen in deconstructing its definition (§1.1.1) — is above all an economic activity, and generally studied within that paradigm. It is also an important sector of the economy in terms of turnover and employment (McKinsey, 1997; Dobson and Waterson, 1999; Pilat, 1999).

Certain aspects of the distribution sector are relatively well-researched and undergo continual theoretical renewal and empirical documentation such as market penetration, changes in consumer demand, management techniques and buying leverage.\footnote{Most conferences and research dealing with retail issues take place within the wider project of understanding the “distributional trades” (which includes wholesale). Usually this is done to better inform practitioners. Scholarly publications such as the esteemed International Review of Retail, Distribution and Consumer Research reflect this predisposition. An unfortunate consequence for urban scholars is that the spatial component is underrepresented, and location when considered at all, is viewed as one factor among many that determine the course of the sector and the turnover of individual firms.} In contrast, students of urban development wishing to understand the spatial distribution of retail functions are confronted with a handful of seemingly outdated and reductionistic theories from economic geography, and a rather unreflective and anecdotal body of literature on retail real estate issues. This section on economics is divided into two parts: the first part examines the rather
deductive and formal neoclassical models explaining retail development. The second part discusses actual trends observed in the retail market.

2.1.1 Modeling retail outlet location

Most theories of the location behavior of firms (or shops) have not been developed by geographers, but by neoclassical economists. Within the discipline of (retail) economic geography, a widespread rejection of these theories has produced a new direction of research along interpretivist lines (Blotevogel, 2000; Barnes, 2001; Parr et al, 2002). These new ideas have yet to take hold outside the academy however. Despite continuous criticisms by the academic community, it is common practice for professionals and practitioners to analyze the retail development market according to neoclassical economic principles (Lambony et al, 1997). Although a comprehensive survey of the prevailing neoclassical location theories is certainly both beyond the scope of this thesis, and not entirely germane to the argument, it is nonetheless necessary to gain a basic understanding of these theories as they continue to frame the way in which retail development as a phenomenon is conceived by certain major actors in the decision-making process.

Generally, the theories in question introduce two spatial factors to general economic theory, that of transport costs and that of neighborhood effects (Beckmann, 1968: 3). The premise that transport costs figure heavily in the distribution of retail outlets has prima facie a great deal of merit for retail development. Hoover and Vernon (1959) in their study of metropolitan New York state that: “Whether retail buyers have traveled on foot, by horsecar, or by auto, one element has been the desire to conserve the time and cost of transportation. Ideally buyers would wish outlets to be at their doorsteps” (p. 111). This factor of distance had already comprised the basis for economic theories such as Von Thüren and Weber to describe optimal production locations in relation to a central marketplace, and factory location in relation to resources and markets respectively (see figure below). A fundamental problem of many theories in this context is that they erroneously equate travel costs with physical distance. This will be discussed in more detail later (§2.3.2).

Figure 6: Two basic transport-cost theories (Von Thüren and Weber)

2.1.1.1. Central Place Theory

The work of Walther Christaller and August Lösch elaborated and vastly improved on the basic travel cost model mentioned above. Their theories used many of the Cartesian presuppositions of their predecessors in the “German school” that predicted the distribution of facilities over space. In his seminal work Central Places in Southern Germany (1933, English translation 1966), Christaller argued that, given an even distribution of distance-sensitive population, various distribution centers located at central points will emerge to
service this population depending on the goods involved (Christaller, 1966; Carter, 1972: 69-79; Short, 1996). Although other factors were involved in determining urbanization patterns, Christaller felt the marketing principle was “the primary and chief law of distribution of the central places” (1966: 192). In this sense, Christaller and Lösch gave retail a central position within economic geography.

Central place theory (CPT) as applied to marketing is premised on the relationship between a maximum distance (range) that consumers are willing to travel for particular goods, and the minimum amount of demand (threshold, or lower limit) that must exist for a shop to be economically viable within a particular area (Christaller, 1966: 54-55; Eppi and Shilling, 1996; O’Brien and Harris, 1991: 71). By distance, Christaller was not necessarily interested in the physical separation of places but the implied travel costs, what he called economic distance:

This economic distance is a very important element for determining the range of a good, by which we mean the farthest distance the dispersed population is willing to go in order to buy a good offered at a place — a central place. If the distance is too great, the population will not buy this good because it becomes too expensive for them; or they will by it at another central place … every good has a special characteristic range (Christaller, 1966: 22, emphasis in original).

According to Christaller, if the range supports the threshold values, the result was the well-known hexagonal pattern of central places, with an even spread of ordinary goods among various sub-centers and more specialized or “higher order” items being offered in more central locations. The variation of this model that is usually applied to retail maximizes the service area with the fewest number of centers, and is presented in graphic form below.

![Central Place Theory Diagram](image)

**Figure 7: Central Place Theory (Christaller, 1966)**

Christaller’s work provided a general theory to explain retail and urban development patterns. It was also the first (and some would argue, the only) comprehensive economic-geographic theory to do so. The influence of Christaller/Lösch on retail geography cannot be underestimated. Although Christaller’s groundbreaking work had an empirical base —

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13 Items that are purchased infrequently like diamond rings can be located in central B-places, while everyday goods like milk and eggs will require smaller, closer centers (m-place).
attempting to explain settlement patterns in Southern Germany — the theory has been widely applied by geographers and planners ever since. For example, in his influential book, Berry (1967) devised a translation of these central places into specifically retail terms, making classifications of regional, district and neighborhood shopping centers, and providing evidence from his research in the United States. The intention is boldly stated in the first sentence of the preface:

The thesis of this book is that the geography of retail and service business displays regularities over space and through time, that central place theory constitutes a deductive base from which to understand these regularities, and that the conversions of theoretical and empirical regularities provides substance to marketing geography and to certain aspects of city and regional planning (1967: vii).

The impact that this has had probably exceeded Berry’s wildest expectations. For decades, central place theory (CPT) has dominated retail geography, and whether or not one agreed with its suppositions or conclusions, it was unavoidable. CPT not only provided the lens by which to view retail and other functions over space, but work by Berry and others on center types also provided a blueprint for urban development. In planning agencies throughout Western Europe, the designation of centers was often uncritically translated into official planning policy, thus completing a transition from dominant paradigm in thought to actual policy backed by legal coercion.

Blotevogel (1996) charted the career path of CPT, with early empirical applications and modifications in the 1950s and 1960s giving way to a paradigmatic dominance in the field by 1970 (see figure below by Gebhardt, 1998 on the basis of this data). Although he seemed to predict CPT’s demise in Geography by 2000, it continues to be widely used in planning, especially in his home country of Germany (see §2.2.1 and §4.1.2) and is currently experiencing a revival in British planning as well (see §5.1.3.6). One of the reasons that might explain the theory’s long-lasting influence is the fact that it remains one of the few coherent theories in place that explains the spread of functions over space: “it demonstrated that spatial economic phenomena could be expressed in an explicitly abstract, formal, and rationalist vocabulary, and directly connected to the empirical world” (Barnes, 2001: 2). Moreover, CPT was especially appealing to planners since its claim to model an optimal and efficient provision of goods over space could be almost effortlessly translated into a normative framework for plan design. This point will be discussed further in §2.2 on spatial planning and §3.2.2 on actors and interests.
2.1.1.2 Spatial interaction models

Christaller modeled an equilibrium situation in which retailers positioned themselves in space so as to serve a particular market area. Once this was achieved, there was no overlap of catchment areas possible: it was a question of provision rather than competition. This is rarely the case when one looks to real cities. Within a given Christallerian range one will find not one but many rival merchants and centers (Blotevogel, 2000). This is exacerbated when the distance consumers are willing to travel increases and the range expands. In this kind of market situation, the presence of one center may profoundly affect the viability of another—the neighborhood effect. Viewing retail development in this way requires a different form of modeling that captures the “spatial interaction” between centers. Although also employing travel costs as a starting point, some of the conclusions of spatial interaction modeling directly conflict with CPT because the point of departure is profit rather than provision.

The spatial interaction modeling approach, as it is commonly applied, assumes that consumers within a given bounded space—i.e. catchment area—will be willing to travel greater distances for preferred destinations. The method of calculation, first employed by Reilly (1929) for two opposing centers, resulted in what he called the “law of retail gravitation” which could be used to predict the expected market share of each interacting center (for references see to Reilly, Converse and Huff see Löffler, 1998; Müller-Hagedorn, 1998). Converse (1943) then used this to calculate “breaking point” where the gravitational pull of both centers was equal, that is, the point in space at which a potential consumer will decide to patronize one center over the other. Huff (1964) considerably increased the sophistication of retail gravity modeling by granting greater agency to consumers. To take into account that people do not just choose one center or the other, but may visit both (exercise a choice), he adapted his spatial-interaction models to allow for this overlap. As with Reilly and Converse, Huff used distance and attractiveness (size) as variables. This model enabled several variables to be predicted: the sales volume of a center, the sales flows in a particular area, the catchment area...
and the impact on neighboring centers. While the central formula has remained relatively intact, the variable “distance” has generally been replaced by travel time, or more accurately, the subjective experience of travel time (given the flexibility offered by the car); adaptations have also been made to weigh “attractiveness” not only according to quantitative (size) criteria, but qualitative criteria as well (Guy, 1980: 21; Okoruwa, 1996; Clarke, 1998). These include a center’s leisure potential, perception of quality, subjective appeal of (niche) exclusivity (see §1.1). Additional features that are assumed to determine attractiveness to consumers include parking facilities, multi-purpose trip potential, low prices, aesthetics and charm, and the product range. Research in this field has often encountered difficulties when quantifying these factors. Other technical problems with Huff’s model and others include the assumption that consumers with similar demographic attributes have similar shopping behavior. Indeed, many of the flaws of spatial interaction modeling can be traced back to the a priori assumptions on which they were based (Timmermans and Veldhuizen, 1981).

Over time, other approaches have emerged that are more sensitive to organizational and commercial issues, trends in consumer behavior, and planning legislation (O’Brien and Harris, 1991). Here, the focus shifts from the decision-making process of consumers in creating demand to that of (shopping center) developers in creating supply, that is, building for consumption. Obviously, the institutional approach introduced in the previous chapter and which will be elaborated in the following chapter, continues in this direction.

2.1.2 Effects of transport-cost theories on practice
Within an institutionalist perspective, it is important to note that these theories, and more sophisticated models based upon them, influence the behavior of important actors such as retail experts and commercial property developers. In fact, most of the research being done by consultants and academics on retail location can be traced back to these basic principles and methods, the most common being market potential studies and economic impact reports. In other words, while much of the above may seem highly theoretical, these models and concepts have important implications because they have been internalized by those actually playing the retail development game. These ideas can therefore be expected to affect retailer preferences regarding location (in-town vs out-of-town sites) and, as such, will place pressure on the urbanization process.

On the other hand, these methods are extremely business-centric in their approach, and consequently limited in their explanatory potential of retail development. Christaller’s CPT and other theories model retail location distribution, but are rather silent on the conditions and processes that drive this. For this, we need to look at the dynamics in the actual retail market that drive retailers to expand, relocate or downsize operations. This can be done by taking a historical perspective of retail change over time and space, the subject of the next section.

2.1.3 Dynamics in the retail market
Studies that abandon the aspiration of a hypothetical, deductive explanation of retail development and instead look to what has actually occurred over time also draw disparate conclusions about the forces that drive the location pattern of shops. This more pragmatic

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14 For a more detailed description, including the associated equations, see Müller-Hagedorn (1988).

15 It should be pointed out that retailers are usually even less sophisticated than consultants and scholars, relying on personal experience or simple checklists, although there is evidence that they are increasingly availing themselves of more advanced but nevertheless predominantly quantitative techniques (Clarke, 1998).
empirical approach is especially taken in the commercial real estate and retail marketing literature, both of which have a direct stake in retail development, and favor the identification of trends above the design of grand theories. The result may be less visually appealing — there are no geometric representations but instead a list of concepts that frame what actors themselves consider germane to the retail development market — but nonetheless equally important to an institutional analysis.

2.1.3.1 Consolidation
A seemingly ever-pervasive trend in the retail market is that of consolidation, at both the organizational level (mergers and acquisitions) and territorial level (larger outlets at fewer locations). Although organizational consolidation had been identified as a major force driving retail development for at least the past thirty years, the scale and pace at which it is now occurring is unprecedented. Whereas in the 1950s and 1960s studies focused on regional or local scale increases, today, retail firms operate at a national, international or even global level (Wrigley, 1993). For example, all three countries investigated in this thesis have at least one multinational retail giant, but even the largest (Ahold, Netherlands) trails significantly behind America’s Wal-Mart. Firms once confined to particular cities or regions have rapidly expanded into national and international markets via aggressive franchising, mergers and acquisitions and joint ventures. Developments such as the global mobility of capital flows, common market constructions (e.g. NAFTA, European Union) and the opening of new markets (e.g. Eastern Europe and Asia) have accelerated this internationalization process so much that 1990s retailers soon felt confronted with the question of not if, but when to “go global” (Alexander, 1997; ICSC-SCT, Jan 1998, May 1998, Aug 1998, March 1999; Dupuis and Dawson, 1999). The sums of money involved in retail corporate deals are also staggering, with total mergers and acquisitions growing from about $5 billion in 1990 to almost $20 billion at the end of the decade (Economist 19 June, 1999). In terms of business economics, the reasons for expansion include taking advantage of economies of scale (efficient distribution channels, information technology) and to capture new markets. Another consequence of global consolidation is that local authorities are coming into contact with increasingly powerful internationalizing firms in the land-use decision-making process and, correspondingly, these firms are discovering the differing ways the retail development game is played in various contexts (Rudolph and Busch, 1999; Hallsworth and Evers, 2002). Retailers like Ikea and Marks & Spencer’s have also discovered that the differences in consumer culture sometimes require adaptation of their retail concept, however solid in the home market. Indeed, the trade (and academic) literature is rife with anecdotal accounts of failures of companies to understand the dynamics of new markets (e.g. Alexander, 1997; Dupuis and Dawson, 1999).

The phenomenal growth in the retail sector during the 1950s and 1960s was primarily fuelled by demographic expansion (baby boom) which has given way to a “birth dearth” in the past decades (Reid, 1995). Consequently, certain parts of the retail market have become highly competitive, where gains and losses are often perceived in a zero-sum manner and where growth can often only be achieved by capturing market share. The addition of new and

16 At the same time, it should also be noted that in comparison to other sectors of the economy, retail is less globally concentrated than other industries. This may suggest that there is room for even further concentration (Dawson, 2000: 123).

17 In 1990s Germany and the Netherlands, spending on retail items even declined as a proportion of personal expenditure (to the expense of rising housing costs, services and vacations), and parts of Germany have experienced a decline in real terms. This is most pronounced in the grocery sector where there is little room for growth: while sales of durables such as shoes and personal electronics may increase with additional supply and
powerful players can wreck havoc upon the dynamics of an often-fragile détente between market forces, as the case of Wal-Mart’s entry into Europe has illustrated.\footnote{Hark Husson, a senior food and drug analyst at Merrill Lynch remarked at a retail convention that: “Wal-Mart coming to your village is like the black plague of death arriving” \textit{Shopping Centers Today}, 25 May, 1999.} Often this is met with further consolidation (to coax more favorable rates from suppliers and sometimes as a preemptive maneuver to avoid takeover) in the sector, or investments in new stores or store expansions to offer a more competitive assortment (Pilat, 1997: 9). Independent of the rationale behind the process of consolidation, it is clearly to the detriment of small independent businesses, who cannot achieve the economies of scale to make investments in marketing (including sophisticated information technology techniques such as data mining), extract favorable terms from manufacturers, engage in price wars, or stave off takeovers (Wrigley, 1993; Stobart and Hallsworth, 1999). In European countries without specific protective measures to preserve traditional retail forms, these have declined considerably over the past half-century, and there are no signs of this slackening.

The other form of consolidation — spatial — is a product of two interrelated trends: an ever-increasing amount of total retail floorspace, and a falling number of outlets. The increase in shop size often manifests itself, as noted in §1.1.3, as large-scale formats at peripheral locations that specialize in everyday items. The growth in this kind of retailing is often unreflectively linked in the trade literature to consumer preferences for “modern” big-box formats (i.e. superstores and hypermarkets), citing factors such as superior car accessibility and parking facilities, product range and price competitiveness. Another driving force is the ever increasing variety of products being produced (this can be as simple as offering the same food products in a “light” or “nonfat” variety, or in different packaging size). Many retailers feel compelled to expand their premises in order to accommodate this wider range of goods. Large shops are moreover advantageous for business reasons: they simplify logistical processes, are generally much easier to build, have lower land costs, can help the firm to achieve lower operating costs, and are more flexible as regards possible expansion. Indeed, even when consumers have no great preference for large facilities, such large facilities can dominate the landscape simply because they are a more efficient means of retailing to their operators. This is noteworthy because it demonstrates that structural form may be more firm-driven than consumer-driven; even though the purpose of the structure is to serve the needs of consumers (Munroe, 2001: 371).

As will be discussed in §2.2 on planning, big-box retailing carries with it several social costs with it as well.

\subsection*{2.1.3.2 Uniformity}

The ongoing trend towards consolidation is not confined to supermarkets but is also perceptible with inner city or “high street” retail. Shopping areas in North America and West Europe increasingly resemble one another, and amid the Body Shops, Foot Lockers and United Colors of Benettons one can easily lose one’s bearings. In \textit{The Economist}, Michael Reid eloquently remarked that, “Never before have shoppers faced such a wide choice of shops and merchandise, yet paradoxically never before have so many of them felt that they shop in a desert of uniformity” (1995: 18). In terms of provision and ambiance, planned malls and European city center shopping streets are becoming increasingly interchangeable — innovative marketing, this is rarely the case for items such as milk, vegetables and bread. The profitability of supermarkets hangs in the balance of demographic change and the location and tactics of the competition. In most cases, multiple contenders vie for shares in a relatively saturated market with extremely low profit margins. Large retailers with vast resources to draw upon are at an advantage, and the growth of the largest players far outstrips the growth in the industry as a whole.
especially when the former seek to recreate the latter. This is of course driven by ongoing consolidation, preferences of property owners for “safe” chain formats, but also by the simple fact that chains learn about vacancies from other chains to avoid real estate agent fees (Van de Wiel, 1998). The trade literature has identified this homogenization of retail centers as a leading dilemma in the sector. One of the perceived problems is that homogenization smothers the spirit of innovation said to characterize the retail sector, and projects a bland and undifferentiated landscape to the consumer. If main shopping districts in city centers provide exactly the same shops as their suburban counterparts, it is more difficult to convince suburbanites to travel to the city. While retailers and developers are sympathetic to the notion, at least in theory, that the presence of some curiosities in the form of independents is conducive to a planned shopping center, it is still extremely difficult for concrete support to materialize in practice. This is also true in some of the more popular city centers, where astronomically high rents have all but driven out independents. It is in this context that the private sector sometimes looks to the government for assistance in coordinating support for small and medium sized business interests in the form of rules intended to create a level playing field or to invest indirectly on their behalf through financial safety-net schemes.

2.1.3.3 Saturation

Another important aspect of the retail market is the change in rent prices and floor productivity. While it has long been acknowledged that larger shops in the supermarket sector typically generate more sales per square meter — due to competitive advantages arising from the ability to offer more and differentiated merchandise, and the cost advantage arising from peripheral locations — the continual increases in outlet size has driven down this advantage. In many competitive contexts, retailers must expand just to retain their current position, spurning additional refurbishment and enlargements by rivals, not all of which is economically efficient, and may be possibly damaging to the sector as a whole (Hallsworth and McClatchey, 1994; Hallsworth, 1995). Thus a primary concern in the retail literature is to gauge the adequate level of supply for a particular area to determine whether or to what extent a market is saturated. Not only is this relevant to the retailers themselves, but to those that invest in or own the property from which they trade. Luuk Sengers, a reporter on the Dutch real estate market observed that this even applies to planned shopping malls.

Saturation proceeds very subtly and sometimes almost imperceptibly...no malls are being converted into bowling alleys. One can always find tenants that — naturally for a low rent — are prepared to dress up a storefront. The only ones who can see the difference are the owners, the investors. And they will never complain in public (VGM Sept, 1997: 71).

They will complain in private however. If, for example, research shows that a particular regional market contains an oversupply of certain kinds of retail outlets, established business interests may turn to the state for support in the form of restrictive planning measures. In this

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19 This concept has even been assigned a name in the Dutch and German languages (filialisering and Filialisierung respectively, literally chain-store-ization). Complaints of this in the trade literature and mass media can be found in Reid, 1995 (The Economist); NRC 12 Sept, 1998; NRC 11 Dec, 1995; Detailhandel Magazine 6 (1999: 9); Kolen and Bell, 2000 (Detailhandel Magazine); PW Feb 25, 2000; Kamernet Amsterdam May 1999: 1,8; Telegraaf 11 May, 1999; Bedrijfshuisvesting 119, 1998: 32-33. Studies that argue the opposite include Clement and Pleijster, 1997; Van Teeseling, 1998.

20 Reasons for this include, aside from the competitive element (i.e. that they may redirect sales) the fact that institutional investors, and hence the shopping center developers that depend on them, are hesitant to include non-multiples in projects because the risk is higher. Even if a particular outlet in a particular center generates losses, a multiple can cover the difference, while a smaller retailer may go bankrupt (Howard, 1997; Benjamin, et al, 1996). It is also disputable whether the uniformity produced by a domination by multiples outweighs the advantages consumers experience of linking product ranges to retail brands.
sense, the “saturation issue” is as political as it is economic (Van der Zwaluw, 1995). This subject will be discussed at length in §2.3 on politics and administration and in Chapter 3 on actors.

2.1.4 Impact of government regulations on retail trade

The three market characteristics described above — consolidation, homogenization and saturation — all created situations where the retail sector, either as a whole or in part, requests some form of regulation to offset deleterious effects of free-market competition. Such public sector regulations determine many of the rules by which the retail development game is played. In fact, Schiller has argued that, “for many occupiers the whole question of location theory, if not irrelevant, is in practice less important than knowing what is acceptable and what is available” (2001: 9). This can and does have an impact not only on who is advantaged or disadvantaged in the retail development game, but also on the final course of urbanization. Because the rules imposed vary from one institutional context to the other, only a few issues will be addressed here as an illustration. Further analysis will take place in the chapters on the individual countries.

Public sector rules governing retail development fall into roughly two categories: those seeking to regulate or safeguard competition within the industry itself, and those that seek to minimize externalities produced by the sector. Because the latter category is central to the thrust of §2.2 on spatial planning, they will not be discussed here.

Since the advent of retail as a major segment of the economy, the public sector has intervened to varying degrees by establishing rules to safeguard competition and ensure that “a level playing field” exists between players. Not usually known for its interventionist stance, the United States was a forerunner with this kind of legislation, the most famous of which is the Sherman Antitrust Act of 1890. This law seeks to prevent one company from obtaining an unacceptable level of market share. European member states have similar legislation in place, and the European Union is playing an increasing role in guarding against monopoly, although not quite as rigorously as the United States (Dobson and Waterson, 1999: 147).

Other anti-monopoly rules regulate the prices at which merchandise may be sold. Until the 1960s, the United Kingdom (as well as other European nations) had a system of “resale price maintenance” that set minimum price levels at which goods could be sold.21 Similarly, in the United States, the Robinson-Patman Act of 1936 sought to protect small retailers against chains by controlling the retailer-supplier interface to prevent favoritism, and the Clayton Act of 1914 prevented undercutting prices (Alexander, 1997: 175). Another example intended to prevent destructive competition practices in the German Rabattgesetz [Discount Act], which regulates how much discount can be offered to consumers by retailers (see §4.1.2.1 and Howe, Jürgens and Werwy, 1998). In the Netherlands, the Vestigingswet [Establishment Act] controlled the establishment of new businesses by demanding licenses and certificates for the kind of merchandise being offered. An entrepreneur with a license for a bakery, for example, was prohibited from selling vegetables without an additional license for vegetables. Once enacted to support small independent retailers, its effect has been virtually the opposite (Veurtjes, 1985; Borchert, 1995a), and is now in the process of being phased out.

21 Its abolition suddenly allowed for price competition and discount stores. This created a great demand for inexpensive locations at which to trade and has over time dramatically altered the country’s retail structure.
Governments intervene in the retail market by setting restrictions regarding the time at which goods can be traded. Throughout Europe, laws on shop opening hours are in effect. Although there is significant variation among member states, there is a perceptible trend towards relaxation. In summary, we see that rules that seek to regulate competition do so by setting standards regarding company size (anti-monopoly rules), outlet size (merchandise and planning restrictions) prices (anti-undercutting rules), and time (opening hours).

As a final consideration, it should be noted that the establishment of a European common market signals a milestone in the gradual process of integration of Europe’s economies, and with it, regulatory practices. Although the EU has not directly intervened in member states’ policies on retail and planning to any great extent, preemptive maneuvers on the part of some national governments are perceptible to promote competition. This is sometimes prompted by inquiries into national regulatory practices by competition authorities, such as in Sweden, the Netherlands and the UK (Pilat, 1997; Hallsworth and Evers, 2002). This issue of regulation and deregulation will be discussed more fully in the case studies.

### 2.1.5 Institutional economics

Since a review of institutional economics as such is obviously outside the scope of this thesis, and because much has already been written on the subject (North, 1990) it will be addressed only insofar as it impacts upon the way retail development is understood. In general, while neoclassical economists focus on the price mechanism (using determinants such as travel times and catchment areas) in determining the spread of shops, institutional economists are also interested in rent values and production. This introduces the notion that investments in the land itself can increase its value. For example, when agricultural land is zoned as residential, its value can multiply tenfold or when a shop or shopping center is refurbished, its attractiveness (and hence the rents it can command) increases as well.

Within the sphere of retail development, it is important to make a distinction between the interests of shopkeepers (who reap profit from the price differential between what they paid wholesale and what consumers pay) and that of property owners (who reap profit from the urban land market). In markets dominated by the private sector, large landowners and/or developers can control the supply of land, driving up prices. In more interventionist systems the release of urban land is often staggered by public authorities according to land-use plans or social or economic objectives (Sandercock and Berry, 1983: 93-94). This issue will be returned to in the next chapter when considering the various actors and their interests in retail development.

### 2.1.6 Reflections on the economic dimension of retail development

This interpretation of the economic approach to retail development has dealt with two separate themes: hypothetical (deductive) modeling of location behavior and (inductive) observations of the retail market. Regarding the latter, it was discussed how the aggregate effects of decisions made by retailers led to some unintended consequences such as uniformity and the dominance of chain formats. It was also suggested that consolidation and growth in shop size may be more of a by-product of market (dis)economies than an accurate reflection of consumer desires. Finally, it was briefly noted how government regulations can help to cause changes in the retail market.

Regarding the first issue, retail modeling, the status of CPT as a dominant paradigm in retailing geography was a central focus. Although CPT provided the best and maybe the only real geographic theory on services and space, it has been declining in influence over the
years. One reason is that it is better suited for societies where consumer travel costs outweigh scale benefits, and markets that do not experience significant shocks from internationalizing firms. Finally as, “Politics and culture rather than geometry and distance have become guiding lights in the new urban geography” we should look to other criteria by which to assess retail development (Short, 1996: 58), which at the very least takes into account the role of actors and the institutional environment:

…location decisions (and others) often arise in a reactionary manner in response to actions by other companies, property agents or government legislators, for example. Indeed, location decisions are the outcome of the interplay between a number of different actors or stakeholders, some of whom the retailer has very little control over (Hernández and Bennison, 1998: 300).

Similarly,

Any economic analysis needs to be populated with development agencies involved in development events and needs to deal with the relations between them. Accordingly, a wide consensus now exists in support of some form of institutional analysis (Guy and Henneberry, 2000: 2400).

As the remainder of this chapter will show, the aspirations of urban development agencies (planners) and local politicians of making cities good places to live, work and shop have had a significant impact on retail development. Specifically, the sections to follow will describe how European planners became enamored with Christaller’s concepts to rationally and justly guide urban development, and then became increasingly disillusioned as these concepts clashed with real market dynamics (§2.2). A political economy approach to retail development will then be considered (§2.3) which underlines the impact of territorial politics can have on the retail structure, and the power wielded by certain key actors. This will provide the groundwork for the theoretical chapter.

2.2 The spatial planning approach to retail development

Up to this point, retail development has been discussed mainly in terms of the market. Issues of how transport costs determine the spread of shops, how market dynamics determine the size of shops and companies, and how government (de)regulation can tilt the playing field all placed the retailer and the retail economy central. No consideration at all was given to the wider question of how all this affects the livability of cities, impacts the environment or serves the interests of consumers. However, the urban question is central to retail development as it lies at the heart of many of the policies that seek to regulate it.

The interface between commercial practices and social outcomes is a complex one, as the quote below illustrates.

People who dwell in cities sacrifice, almost perforce, the advantages of greater space, social separation, and safety that the suburbs usually offer. In exchange they expect at a minimum the convenience, familiarity, perhaps even the aesthetic rewards of neighborhood outlets. But commonly unable or unwilling to support the local establishments when their prices are increasingly out of line relative to the going rate at metropolitan megastores and supermarkets, city dwellers watch these outlets dwindle (Nivola, 1999: 31).

This quote describes a paradoxical collective action problem that is as much social as it is economic. Whether independent shopkeepers vanish from the urban landscape or not, or whether shops remain on street corners or relocate alongside freeway interchanges will profoundly change the character of the urban environment. Retail issues cut to the heart of the planning profession: shops are one of the most essential of urban amenities and the presence and appearance of shops is one of the most visible indicators of the health of the urban
landscape. In many respects it is retail that determines whether a city is seen as “alive” or “dead” — something that has driven many US cities to heavily subsidize efforts to build downtown malls (Carey, 1988; Frieden and Sagalyn, 1989; Sorkin, 1992; Garvin, 1996; Gottdiener, 1997; Evers, 2001). For Europe, a classic study by Dickinson (1951) argued that retailing has played an important role in sustaining European city centers (in Dawson, 2000: 123). Recent empirical evidence also suggests that retail remains the most important factor for drawing visitors to European inner cities (GMA, 1999: 2).  

All these considerations make it all the more surprising that, until relatively recently, retail has only received marginal attention in the mainstream of the planning discipline (Davies, 1984; Guy, 1994a). Strikingly, most authoritative planning textbooks until the mid-1990s failed to devote a chapter or even a section on retail issues, and planning conferences rarely included a session on retail issues. Urban scholars interested in this subject usually had to resort to gaining information from management texts, commercial real estate publications or from personal interviews, as conferences in these areas can be prohibitively expensive.

One may ask how this aversion to retail came to be amongst planning scholars. One argument may be that the provision of shops is primarily a private sector activity and has no direct social mission such as public housing and the environment. Others have argued that the retail industry is one of the more buoyant sectors of the economy, and relatively self-regulating (Davies, 1984, 1995; DuPuis and Dawson, 1999; Mappin and Allmendinger, 2000). Still others contend that government intervention into the retail sector is undesirable because retailers are better positioned to judge consumer needs than government bureaucrats (e.g. McKinsey, 1997; Pilat, 1997). These attitudes are the norm in the United States where “it is obviously unacceptable even to raise the question of whether there are already too many shopping malls in the area: this is felt to be a market decision that can be made only by individual developers” (Cullingworth, 1994: 168). Attitudes in Europe may be more ambivalent, but are in some cases (i.e. the Netherlands) headed in this direction. Finally, in some countries on the European continent, retail has fallen into disfavor as an object of inquiry due to the abandonment of hierarchical CPT-based distribution planning that dominated in the 1960s and 1970s (see §2.2.2).

This marginalization of retail issues within the planning field is misguided. Aside from the factors described above pertaining to the contribution of shops to the urban environment, there are many other important reasons why the public sector should and does intervene in the retail sector, and why this intervention ought to pique interest of planning scholars. The first reason the government may wish to regulate the retail sector is to correct perceived market deficiencies (Adams, 1994: 33-35; Klosterman, 1996; Healey, 1997: 12-13; Guy, 1998a: 964). For example, there is a general public interest in ensuring stability in the retail market over time and preventing market failures or “crisis” situations of destructive competition or monopoly (Guy, 1994a: 71-72; Pal, 1996; Thorpe, 1974 in Thomas, 1999). As discussed in §2.1, this type of intervention often comes at the insistence of market participants themselves. Second, the state may wish to mitigate externalities such as equality

In a study on city center use, the top four attractions of the city center as cited by visitors (department stores: 60%, specialty shops: 46%, gallerias: 41% and open-air markets: 27%) are retail. Cultural activities — often given high priority on urban agendas by politicians — such as theaters (16%) and concert halls (6%) trail by comparison. These figures were produced by data collected in Germany, but it could just as well have been made for the Netherlands.

It is not uncommon that a one-day symposium will carry with it a fee in excess of € 500.
of accessibility or environmental impacts (both the natural and urban environment) associated with retail developments that tend to upset the balance between city and countryside valued by planners (Thomas, 1990: 49-50; Handy, 1993). These issues are also raised by environmental advocates and societal organizations (O’Brien and Harris, 1991). A third justification for state intervention regards the public-good aspect of retail facilities where citizens are seen as having a right to shops that offer basic necessities within an acceptable distance. This is often an issue in sparsely populated rural areas and blighted urban neighborhoods and with less-mobile segments of the population (Westlake, 1993; Bromley and Thomas, 1992; Eisenhauer, 2001). Fourth, the state may wish to intervene on behalf of certain weaker segments of the retail sector (e.g. small shopkeepers) for socio-cultural reasons, or political ones (Gayler, 1983: 78-79). Fifth, because the free market approach to under-performing outlets is sometimes simply to “write off” these locations and abandon the sites, this can have negative consequences for the quality of the urban environment and urbanization patterns (RW 22 March, 2002: 6). Sixth, peripheral or out-of-town facilities are also generally set up in a much less space-effective manner than inner-city shops (Brückner, 1998: 8). An argument can therefore be made, especially in highly populated areas, against unnecessarily consuming space. Finally, intervention in the retail market may be justified on the grounds of preserving or promoting certain sites on the basis of some intrinsic merit to society, such as historical centers.

Of course there are other motivations that planners may have that are not directly linked to official professional mandates such as safeguarding of own professional position, acquisition of further power, conflict avoidance and/or reaping profit for one’s organization. In addition, intervention may also be motivated by issues such as city pride, job creation, and attracting investment and property tax revenue. These more political points, however, will be discussed in §2.3 that focuses on the politics of retail development.

2.2.1 Urban cores and superstores

Of all the many reasons described above, in much of Western Europe, the main rationale behind planning regulations tends to center around the issue of rationalized urban development and the maintenance of established shopping areas in city centers in order to preserve urban form. The tool employed to this end was usually central place theory. For new retail outlets planners strongly favored central city locations above peripheral ones. What can be called the “center/periphery debate” therefore permeates most of the planning literature on retail and comprises the normative focus of regulations designed to restrict the growth of out-of-town formats (Davies, 1995; Seip, 1999; Mappin and Allmendinger, 2000). There is at present a widespread belief among European planners that if unchecked, trends in the retail market towards concentration and greater economies of scale (see §2.1) will subvert the existing retail structure and may ultimately undermine the vitality of city centers. Referring to the UK, but just as applicable to the rest of Northwest Europe, Ross Davies noted that:

The typical situation that develops in most planning departments is that a restrictive attitude is taken towards new proposals and permissions for change are only granted if

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24 This is more so for countries such as Germany, the UK and the Netherlands, and less the case in France where rules restricting large-scale retail were enacted primarily to protect small shopkeepers (Arribas and Evers, 2001).

25 This was done via PDV/GDV policy in the Netherlands, size restrictions in Germany and the 1947 Town and Country Planning Act in England sought specifically to “limit unrestricted expansion of [retail] floor-space and focus investment in city centers” (Dawson, 2000: 122).
strong evidence can be shown that there will not be too much disruption of the status quo (Davies, 1984: 2).

By status quo, most planning departments meant the functional hierarchy of Christaller and worked out by Berry. The hierarchy was sacred: it was prescribed for planned urban extensions, supported in areas of urban renewal and safeguarded by restrictions on out-of-town development. Viewed through the lens of the functional hierarchy with the city central, sites at freeway interchanges in unpopulated areas at edges of cities were viewed by planners as “peripheral” and in conflict with good planning. Development that occurred outside this system was actively discouraged, and empirical evidence that showed the result of this discouragement was taken as further proof of the veracity of the hierarchy principle.

So many studies have shown its presence [retail hierarchy] that it seems to have a natural law character. Although catchment areas of centers overlap, and consumers travel to and fro, it does not fundamentally affect the hierarchy principle (Buit, 1988).

Similarly, Gantvoort (1993) stated for the Netherlands that:

Consumers maintain a sort of hierarchical behavior anyway... It [CPT] thus remains a useful planning instrument that does not inhibit economic development, and one which can help reduce car travel.

Similar views were voiced at a 1998 conference entitled Einzelhandelsentwicklung-Innenstadt versus periphere Standorte at the Department of Geography at the University of Mannheim, and Romeiß-Stracke noted in the compilation Erlebnis und Konsumwelten that, “The central hierarchy principle of higher, middle and lower centers, remains to the present date, the doctrine of planning” (2001: 78). Meanwhile, in the UK, the Urban Task Force report and the subsequent white paper ceaselessly argue for rejuvenating a strong urban design, integrated development and sense of place based on a hierarchy of compact urban centers (Urban Task Force, 2000: 52-55; DETR, 2000). Even in the United States, a recent survey concluded that American planners still hold to the ideal of a hierarchy of nucleated centers (Handy, 1993). Despite this, it is becoming increasingly untenable for planners to continue to adhere to CPT because its presuppositions about human behavior are increasingly less reconcilable with new insights on urbanization processes and its use as a planning instrument increasingly less reconcilable with the dominant neoliberal political ideology — it would appear that the force of disciplinary inertia is finally colliding with reality. This mismatch will be discussed in the following section.

2.2.2 Criticisms: exercising Christaller’s ghost

As stated in §2.1, the motivation behind Christaller’s study was to understand settlement patterns in Southern Germany. In order to arrive at the famous pattern of tessellated hexagons, a number of assumptions had to be made that are even more dubious today than they were in the 1930s. Assuming an isotropic field and an even distribution of population, for example, severely limits the practical application of the theory, as most metropolitan areas do not fit this ideal — Southern Germany (Christaller) and rural Iowa (Berry) are more exceptions than the norm. Metropolitan areas are usually constrained by physical barriers such as mountain ranges or oceans; historically, settlements grew cumulatively in jumbled patterns along riverbanks, atop hillsides or alongside connecting roads instead of evenly spaced centers and sub-centers. In addition, metropolitan areas are becoming (and some always were) polycentric in a way that is difficult to reconcile with CPT.

The most glaring problem of CPT regards its obsession with travel costs (especially when expressed as distance) in determining shop location. The combination of car and highway revealed that it was not so much the factor distance that was determinative in shopping
behavior patterns, but the factor time (and perhaps more importantly, parking). By
decoupling time from distance, the car profoundly altered the market for retail space, creating
demand in areas which hitherto had been uninteresting and inaccessible and that ran counter
to spatial planning principles of central places. In addition, the fact that consumers combine
shopping trips with other activities undermines CPT as this can place locations “en route”
more central than established centers (Terpstra, 2002). More importantly, the widespread
ownership of cars has fundamentally changed the relationship between residents and the
urban environment. In terms of travel costs (time and parking), which Christaller had called
the economic distance, peripheral sites are often more “central” than town centers! Where
possible (e.g. the United States), retailers have taken advantage of this fact through a
specialization of centers throughout the metropolitan region: like products, locations are also
themed and branded. One center may advertise itself as offering superior value-for-money
while another will specialize in a range of particular exclusive items. This can either take the
form of planned centers (e.g. regional themed shopping malls), or grow historically (e.g. a
village in an affluent region specializing in jewelry). As specialized retail functions disperse
throughout the metropolitan region, and as central urban shopping areas become increasingly
homogenous, CPT in its purest form becomes increasingly irrelevant.\footnote{Instead of a spatial hierarchy of retail, some authors have suggested that a new division into themes would more accurately describe the modern retail structure. Haringsma and Klop (VGM Sept, 1996: 55-65), for example, proposed the categories convenience, selection, recreative, discount and transport to classify shopping centers in metropolitan areas. The Fifth Report on Spatial Planning in the Netherlands makes a similar distinction between center environments, work environments and mixed environments rather than the traditional hierarchy of centers (Ministry VROM, 2001).}

CPT rests on particularly shaky ground when one considers the degree to which catchment
areas overlap. CPT describes an equilibrium situation where centers have acquired a spatial
monopoly in the provision of various classes of goods and services. In theory, consumers
tavel to the center nearest to their residence. In practice, modern travel modes and tourism
have extended shopping activities far beyond the borders of even the metropolitan area. The
Mall of America, for example, relies heavily on visitors coming from abroad: “The Mall of
America is located five minutes from Minneapolis Airport, a spider in a vast and intricate
web of air connections. Its location is, in all other respects, completely irrelevant” (Kooijman,
2000). This globetrotting consumerism is most evident during the holiday season: major
European city centers like Oxford Street in London are now experiencing Christmas shopping
competition not only from the regional malls in the surrounding area, but from cities like
New York (Gleick, 1999); apparently, the price differential is sufficient for Londoners to fly
to New York. It is perhaps more accurate to say that centers are “competing” for sales rather
than “providing” goods to the local community. Transport costs may indeed have a bearing
on the selection of centers, but these centers may now be so distant and the motivations may
be so intertwined with other activities that it is difficult to incorporate them into a useful
geographical or planning model (Terhorst and Van de Ven, 1999: 16). Finally, in addition to
the myriad ways that the assumptions underlying Christaller’s theory — space as
undifferentiated field, sanctity of transport costs etc. — can be assailed, perhaps the most
damaging is the utter lack of regard for individual agency, a serious omission in a highly
competitive sector of the economy (see box below). In summary, Dawson commented that,

Whilst the theory serves to describe, and, in part, explain locational decisions prior to the
1960s it can no longer be used as a basis either for the explanation of present patterns or
the planning of future patterns. Central place theory, because of these measurement
In addition to attacking the assumptions, one can also question the outcomes of the Christallerian model. Some critics of the planning system have asked why central places should be preferred at all, arguing that:

Clearly, large out-of-town shopping centers should not be opposed simply because they may influence the economic viability of the existing inter-urban retail hierarchy. That hierarchy is neither static nor sacrosanct but has been undergoing change for some time (Gayler, 1983: 24).

The functional hierarchy is seen as efficient by planners because it reflects an optimal spread of facilities. But, given the protracted radius of car-owning consumers, is this really the case? An argument gaining currency in urban geography is that metropolitan environments with a mobile population operate as urban networks, not as a hierarchy of central places (Kunzmann, 1996; Salet, 1996; Fürst and Schubert, 1998). This attitude is an indication of a possible reframing of the problem among some planners and geographers, and has received a particularly sympathetic ear in the Dutch public sector (Ministry EZ, 2000; Ministry VROM, 2001). Changing attitudes in planning policy regarding large-scale developments is the subject matter of the next section.

**Hotelling versus Christaller**

Even before Christaller published his study, Hotelling (1929) had introduced the concept of agency into a dynamic model to show a relationship quite different from that of the transport-cost theorists. The significance of his theory justifies a brief explanation. In a now-classic example, Hotelling described the dynamics of two ice cream vendors at a crowded beach. If located at equal distances, one vendor could capture more market share than his competitor by moving slightly towards the middle of the beach. The other, in turn, could then do the same, provoking a commensurate reaction from the first. The final result would be that both vendors would find themselves standing next to one another at the center of the beach (see Jones and Simmons (1990) or Schiller (2001: 82) for a detailed and illustrated explanation). This example helps explain the seemingly paradoxical reason why similar and rival vendors sometimes tend to establish in close proximity to one another. It also shows that, while an even distribution of sales points may be the most efficient in terms of travel costs and convenience to the consumer à la Christaller, an unregulated and competitive market can favor the clustering of similar product ranges in a situation where the transport costs are passed on to consumers. Like Christaller, space plays a crucial role in the establishment pattern of outlets, but unlike Christaller, the market logic governing this has less to do with balance and harmony and more with aggregate outcomes of individual strategic decision-making (Jansen, 1998). This simple example also reveals how mistrust of others and uncoordinated responses can result in unintended consequences or market failures. Recent work by Hallsworth (1995a) using game theory has provided a convincing account of why the British superstore development sector grossly over-expanded itself in the early 1990s despite unfavorable economic conditions.

2.2.3 **Trends in retail planning policy and development**

The preceding sections have shown that general hostility to large-scale retail formats by the planning profession has recently given way to ambivalence as the Christallerian hierarchy is supplanted by other (e.g. network) conceptualizations of urban space. This may also be interpreted as a recognition of the obsolescence of the assumptions underpinning CPT and an adaptation of theory to empirical reality. As discussed in §2.1.4, these changing attitudes are important to note as they play a part in legislation and planning policy that helps to determine retail location, but have not been internalized in all contexts.

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27 This will ultimately lead to spatial specialization, undermining one of the foundations upon which central place theory rests.
CHAPTER 2: RETAIL DEVELOPMENT

The reactions by the public sector in Northwest Europe to out-of-town development have varied in both intensity (regulatory/laissez faire) and strategy (size/location restrictions) over time. The relative degree of intervention for the case study countries is depicted in the table below. It should be stated that this table is meant merely as a rough indication of how restrictive the planning systems in each country aspired to be over time, and not necessarily as an international comparison. This will be treated in more detail in Chapters 4-6, and more detailed conclusions will be drawn in Chapter 7.

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Figure 9: Relative restrictiveness of planning on out-of-town retail developments

As one can see, the United Kingdom began with a relatively restrictive stance on peripheral retail development, but liberalized in the 1970s and again in the 1980s (Davies and Howard, 1988). The 1990s shows a partial reversal of this trend. On the other hand, after the 1960s, the Netherlands took a hard line against peripheral developments, adopting a nationwide ban in the 1970s, and requiring municipalities to modify their binding land-use plans accordingly. This remained in place until some forms of relaxation were introduced in the 1990s, accelerating into the 2000s. Both countries adopted location-based land-use criteria for evaluating proposals that were issued from the national government. Postwar Germany continuously attempted to maintain the functional hierarchy through restrictions on large-scale retail outlets (with a slight relaxation in the 1970s to accommodate urban growth), but did so, like France, by imposing maximum-size criteria. In addition, unlike the Netherlands and the United Kingdom, Germany has a decentralized structure: each of its sixteen states has more latitude to set policy, and each municipality more discretion in implementing it.

One would expect, and planners would hope, that retail development in each of these countries would correspond with shifts in policy. Although there is much evidence to support that planning policy has an impact on the retail structure, the actual mechanisms are more complicated. Urban planning is not like building pyramids in ancient Egypt. Modern governments cannot command their subjects to build structures at certain locations according to set specifications. Instead, urban development almost always involves the establishment of rules that influence the payoffs of certain parties to act in certain ways. This distinction is important because in the absence of direct command-and-control supervision, rules can have unintended consequences, and even backfire at times. As the case studies will show, both the advent of the German Fachmarkt and the Dutch meubelboulevard can be seen as the unintended product of a restrictive retail planning policy. Furthermore, European retail planning policy has generally been reactive rather than proactive with regard to the dynamics in the sector — it generally creates rules banning or restricting certain kinds of formats if they threaten to become too popular and disrupt the existing retail structure rather than actively encouraging positive developments (Davies, 1995; Guy, 1994a; Salet, 1996: 15). Some of this may be traced back to the nature of the instruments normally available to planners (e.g. ample zoning powers but a lack of own investment funds), and a lack of insight into the nature of emerging metropolitan configurations, but it may also point to a latent institutional resistance to change, and a hesitance to become involved in overtly political-entrepreneurial matters. Another reason why planners may dislike peripheral shopping centers is because they may resent being excluded from the design process:
Out-of-town centers are rarely considered by planners at the formulation stage and are not designed to fit into an existing or planned retail structure in the least disturbing way possible. They are strictly commercial ventures proposed by private companies, and by the time planning permission is applied for, the centers have their architectural designs completed, tenants selected if necessary, and the site has already been purchased or is under option (Gayler, 1983: 30).

The crises facing large North American cities have not afforded its planners the luxury of practicing European-style restrictive retail planning but instead these planners have amassed a formidable level of experience with developmental or entrepreneurial planning (Frieden and Sagalyn, 1989; Salet, 1996; Garvin, 1996), which “aims to create opportunities, stimulate investment and promote development” (Adams, 1994: 136). As the case studies in later chapters will show, there is evidence that this strategy is becoming increasingly apropos in the European context as well.

2.2.4 Reflection on planning for retail development
Retail development has not received its proper place in the planning literature. When it is considered, it is still generally viewed through the lens of the center/periphery debate, which immediately conjures up entrenched professional convictions about the nature of urban form, social equity, mobility and transportation, and rationalized urbanization patterns. For most of the twentieth century the ideas of Christaller and his disciples have overshadowed discussions on optimal retail location, and in many instances were directly converted into a prescriptive policy for new developments, and a restrictive policy as regards out-of-town formats. Despite a quite understandable desire to cling to this trusted philosophy, it is being eroded from every angle, with social, cultural and political explanations gaining prominence within economic geography in academia, and entrepreneurial planning styles gaining ground in practice.

As areas around the traditional city grow in stature from villages or new towns into suburbs and edge cities, developing their own productive and consumptive economies, and as consumers are increasingly aware of the range of choices available at such centers and willing to travel to them, the monocentric conceptualization of metropolitan areas is becoming increasingly anachronistic, and the urban/rural distinction is giving way to the metaphor of a network (Castells, 1989; Hall and Castells, 1995; Ministry VROM, 2000b; Graham and Marvin, 2002; WRR, 2002). By extension, the spatial conceptualization of the retail structure as a functional hierarchy is also seen as outdated in the geographical literature. With the arrival of large shopping centers, catchment areas are overlapping at a (regional) scale that does not respect jurisdictional boundaries. It is competition rather than provision that is at issue. It has become increasingly difficult to control retail development in fragmented metropolitan areas even in countries like the Netherlands with a strong tradition of spatial planning. In such an environment, the role of planners is slowly changing from one concentrating on the prescriptive establishment of land uses to one promoting development. Writing over twenty years ago, but just as applicable today, Sandercock and Berry observed that “urban planners are standing on the major fault line of contemporary capitalist societies between what may be crudely expressed as a ‘logic of capitalism’ (social investment, the ideology of private property, etc.) and a ‘logic of socialism’ (social consumption, the ideology of social need, etc.)” (Sandercock and Berry, 1983: xi). The next section will place this development-oriented and highly political kind of planning central in its take on retail development.

2.3 The political economy approach to retail development
The failure of classical economic models such as CPT to adequately describe the development of retail functions over space is partly due to its reliance on increasingly
untenable assumptions, its unsophisticated conceptualization of agency-oriented problems that miss the dynamics of collective action and the subordinate role assigned to politics and space. Various authors have pointed to these problems, and the discipline of economics is itself currently experiencing an institutional turn while economic-geography is increasingly interested in social and political factors driving change (Short, 1996; Barnes, 2001; Schiller, 2001). To other disciplines this is rather old news, and the view that “politics matters” in urban development has been relatively undisputed.

The task of determining the use to which a piece of land is to be put is not a technical one. It is a profoundly political one because it embodies a basic conflict between different interests. Typically, the interests of the land and capital owners are ranged against those of the would-be user... both groups have aims that in the present political structure are perfectly justifiable. What is not justifiable is that people should seek to obscure or deny the conflict (Ambrose and Colenutt, 1975: 15).

The fact that politics and economics are inextricably interlinked has been long accepted as a point of departure in political economy and is one of the central issues in the institutionalist literature emerging in the fields of public administration and political science. This section will take a final look at the mechanisms driving retail development, this time through the lens of political economy. Specifically, issues pertaining to the alliance of public and private sector actors in supporting (or opposing) restrictive retail measures or retail-based urban regeneration schemes will be addressed as well as the effect of the administrative structure on the capacity to effectively guide retail development at the metropolitan level.

### 2.3.1 Administrative structure

A crucial key to understanding how retail development occurs is the way in which the state is organized, particularly which jurisdictions are responsible for planning matters and the degree of fiscal centralization. Just as important as the formal composition of the state is the degree to which this can be changed. In Countries like Germany, the level of autonomy of municipalities is circumscribed and guaranteed by the Constitution, whereas the lack of a formal Constitution in the UK leaves British local authorities and any metropolitan level government structure open to the caprices of national government (Salet et al, 2003: 5).

These kinds of issues are important to retail development as they can determine both the setting or the arena (level of scale) and the rules of the game (strategy). For example, in highly decentralized systems with low levels of coordination, shopping center developers are often successful in playing one locality off against the other to obtain generous building conditions. In addition to financial incentives, municipalities can use zoning plans as weapons to attract or repel development. This is standard practice in countries like the United States where municipalities are highly financially independent and receive approximately three-quarters of their local income from property tax sources. Fiscally centralized systems such as the United Kingdom and the Netherlands are more resistant to such tactics (Nivola, 1999: 26-27). Instead, since localities are dependent on the disbursement of money from above, their fate can lie in the balance of political shifts at the national level — most pronounced in countries like the United States and Britain where a “spoils system” of politics is in place. Thus, in order to understand the forces driving retail development, it is of paramount importance to know something about the fiscal structure of the state, specifically the degree to which localities are responsible for raising their own revenue, and how. It is also important to know something about the changing metropolitan context, specifically the potential for collective action within the context of institutional fragmentation (Salet et al, 2003). The way in which such administrative attributes affect the decision-making of actors involved in retail development is discussed further in §3.2.4.
2.3.3 Entrepreneurial planning

As indicated in the previous section, administrative structure is important for setting the parameters within which planners, developers and others operate. In recent years, however, these actors have been finding new ways to act which — roughly speaking — has been defined in the literature as a shift from government to governance, and/or a shift from restrictive/facilitative planning to development/entrepreneurial planning (Gualini, 2001; Salet et al, 2003). The marriage of convenience between developmental interests in the private sector and political/planning interests in the public sector can be described in terms of mutual benefit:

Local authorities look to the private sector to help implement urban plans, while the planning system offers developers that element of certainty which could never be provided by the free market alone (Adams, 1994: 130).

Public authorities are also indispensable to private actors as coordinators of prestige projects, events, and even city marketing. This convergence of interest is the subject matter of a wide range of (growth machine/coalition) scholarship within the urban studies literature.

Although this has been most pronounced in the US, in Europe, public and private sector cooperation has in many contexts arisen from the inability of the government alone to adequately steer spatial developments. Many large European cities in the 1980s and 1990s were facing an urban crisis in the face of a retreating welfare state (Ashworth and Voogd, 1990; Salet, 1994; Healey, 1997). Many of the larger cities suffered from economic restructuring processes and had fallen victim to a divestment of capital and a flight of urban functions to the periphery. This manifested itself as city center dilapidation, a shrinking middle-class population and increasing ethnic and income polarization at the metropolitan level. While certainly vexing for planners, these processes are potentially disastrous for political leaders:

People often measure the health of a city by the condition of its commercial areas. They believe that vacant and boarded-up stores indicate a withering economy while busy shopping streets reveal a prosperous municipality. Politicians and local officials are particularly sensitive to this indicator because it means changes in the tax base and, therefore, in the ability to pay for government services and jobs (Garvin, 1996: 102).

The “urban crisis” demanded swift action to improve the appearance and economic vitality of the core cities. A bustling and lively city center is assumed to attract further investment and draw tourists (Zukin, 1998; Terhorst and Van de Ven, 1999). Since retail is one of the most visible indicators of urban health, this usually became an urban renewal priority. Another reason why retail is so politically attractive is that it, in serving a local population, it is heavily place-dependent and, unlike manufacturing, cannot easily opt-out and shift its activities to remote areas (It can, of course, relocate within the region, hence the support for most major cities for regional coordination). Finally, since the retail sector also provides a large number of easy-entry low-skilled jobs, retail-friendly measures can be easily justified in cities struggling with industrial decline.

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28 Examples include Logan and Molotch, 1987; Fainstein, 1994; Judge and Stoker, 1995; Logan and Whaley, 1997; Imbroscio, 1997; Terhorst and Van de Ven, 1995, 1997; Cox, 1997; Dowding, 2001; Lauria, 1997; Sites, 1997; Stoker, 1995; Stoker and Mossberger, 1994).

29 On the other hand, some officials see retail trade as merely shifting capital within the region rather than generating it. This zero-sum aspect is most perceptible in the grocery sector. Williams (1992a) argues against this view, stating that economic development benefits based on local consumption (i.e. regional shopping malls) should not be underestimated.
There are a variety of strategies that local public officials can employ to redirect retail investment to the end of urban regeneration. In North America, retail-based initiatives to revitalize town centers have been underway since the 1970s, involving intensive cooperation between public officials and retail developers (Frieden and Sagalyn, 1989; Garvin, 1996). Compared to the US, processes of retail suburbanization in Europe came later, less acutely and in different forms. However, by the 1990s, the American solution began to look increasingly attractive for Europeans as well.

The United States was the first to suffer from urban blight, and the first to seek remedies for its reversal. This situation for Europeans has been antinomic: what are needed to cure American-style shopping afflictions are American-style renewal remedies (Chung and Palop-Casado, 2001: 652).

One of the “remedies” has been the instigation of town center management schemes in various European cities. In such a situation, cooperation between the local authority and business interests is institutionalized in the form of an organization, often with an appointed “town center manager” that attempts to coordinate action and achieve synergy. Specific tasks range from the collective provision of physical improvements to targeted areas (usually shopping streets) to extra security, the organization of special events and marketing (Ashworth and Voogd, 1990; Reeve, 1996; Howard, 1997; Seip, 1998; Medway et al, 2000). Clifford Guy defined town center management as “an attempt to replicate some of the advantages of planned shopping centers” (Guy, 1994a: 111). Town center management has been applied in various guises in, among other places, Germany, the Netherlands and the UK.

This kind of entrepreneurial planning represents a shift in mentality from forbidding what is undesirable to actively encouraging that which is desirable. It also points to a newfound “hands on” approach to planning. At first glance, public-private partnerships may seem like a decreased influence of the state and seen as a second-best option to state control. However, this is not necessarily so: “despite political rhetoric placing faith in the market, entrepreneurial planning is a highly interventionist approach” (Adams, 1994: 136). There are also many different kinds of public-private partnerships conceivable (Ashworth and Voogd, 1990: 130). If public officials take part directly as stakeholders in a public-private partnership scheme, for example, their influence over development can exceed far beyond what they could have accomplished as mere regulators.

When you marry the public infusion of incubator capital, outright grants and indirect assistance such as tax abatement credits to the human potential, you can see the results.

Urban renewal has come a long way (Carey, 1988: 53).

It is not surprising that public-private partnerships became a buzzword in the 1990s. In fact, this new style of urban planning has proved so successful and widespread that many seem to have forgotten about its other, less pleasant, effects. For example, in the context of entrepreneurial planning, “governments have promoted physical change with the expectations that better-looking cities are also better cities” (Fainstein, 1994: 2). This emphasis on cosmetics shifts resources away from other public services that may better serve those who are most in need, and where no economic development advantages are immediately apparent.

Similarly, if public officials become embroiled in the development process as stakeholders, it can have consequences for the responsibility of the public sector to its constituents as a democratic entity. In some cases, social opposition to developments are viewed by public officials not as justified political expression to be considered carefully, but as an obstacle or hurdle to overcome. It is at this point of such extreme intertwining of interests that one can question at what point public-private partnership ends and publicly sanctioned corruption...
begins (Frieden and Sagalyn, 1989; Thornley, 2002). In Germany, for example, public-private partnerships were called “perverse” because they represent an inherent conflict of interest: those developing the land and those responsible for evaluating the building application (Bayer and Roy, 1998). Reflecting on this, Berlin planning expert Klaus Joachim Grigoleit remarked that, “before, we had to protect private parties from the might of the state; now we must protect the municipalities from the power of the private sector” (Der Spiegel, 1998: 36).

There are other problems with developmental planning. In the rush to promote positive development, the parties can sometimes lose sight of long-term implications, or ignore impacts on areas outside their sphere of concern. A proactive development-oriented municipality may, for example, promote the establishment of a large-scale retail center in its jurisdiction despite the fact that enough (or too much) capacity may already exist in the region. Even out-of-town regional shopping centers can be seen as economic motors for local development because they draw people and sales from outside, and mitigate the “leakage” of sales to other centers (Williams, 1992b: 286; Williams, 1992a). This may harm other centers, and possibly provoke a like response from other municipalities, creating a situation where both large-scale projects saturate the market and one or both outlets are forced to close (Bolan, 1999; Cullingworth, 1994; Evers, 2000). Obviously, this kind of intermunicipal competition can be counterproductive to wider economic goals or detrimental to the region’s retail structure. The solution to this collective action problem is often sought in some form of regional coordination, the subject of the next section.

2.3.2 Regional coordination issues

Although shops and shopping centers may be situated within a particular locality falling under a particular local jurisdiction, the effects they have may (and increasingly do) cross over administrative boundaries and cut into the market areas of other shops and centers. Collective action problems often arise in situations when a proposal for a large-scale project in one municipality might seriously affect a neighboring community, and where the neighbor has no influence over the permit decision. In this context, retail projects can be used as a weapon to siphon off tax revenue from neighboring communities (common practice in the United States). In the metropolitan context, this can exacerbate disparities between core cities and suburbs — the classic example being a big city flanked by “parasitical” shopping malls just outside its borders. An often-argued solution is to bring the organizational structure of the state, responsible for decision-making on retail developments, in line with that of the retail market which, for shopping centers, roughly corresponds to the metropolitan area or region.30

Within the public administration and planning literature, metropolitan-level coordination is sometimes hailed as the most logical way to tackle problems of collective action and spatial-economic inequality because it internalizes externalities (Lefèvre 1998; Rusk, 1995, 1999; Evers, 2000). Regional problems demand regional solutions it is argued, and efforts must be made to establish rules of the game that allow development to proceed in an efficient and egalitarian manner. This corresponds with an increasing body of public administration

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30 These metropolitan-level problems were recently summarized in a British white paper (DETR, 2000b: 33):
- Fiscal exploitation, with the region using but not paying for services provided by the city;
- The physical segregation of excluded communities;
- Local tax regimes which encourage municipalities to compete against each other;
- Administrative boundaries which are often too narrowly drawn to make economic or social sense.
literature on the regionalization of governments in Europe, sometimes called the rise of the meso-level (Salet, 1994; Norton, 1994; Le Galès and Lequesne, 1998; Vigar et al, 2000).

Despite a general consensus on the need for metropolitan-level rules on retail development in theory, there is no consensus whatsoever on what these rules should be in practice, as any rule will invariably benefit one party over the other. Another problem is how to implement and enforce this. Conceptually, the simplest way to bridge competing public-sector interests is via annexation or consolidation (Rusk, 1995). This also happens to be the most difficult to effectuate because its mere mention will generally provoke a tidal wave of political resistance. Another method is to create a special metropolitan governmental body to oversee matters such as retail development. Although attractive in theory, this solution is also fraught with implementation problems. The administrative structure of the state will also determine how metropolitan public-sector cooperation can be brought about; some systems favor top-down edicts from a higher tier of government while others call for bottom-up strategies of agreements between municipalities, not unlike treaties between nations on matters of mutual concern. The former requires interest and sufficient support at remote levels of government while the second strategy is particularly difficult to implement in highly fragmented metropolitan areas with a decentralized fiscal structure (Salet, 1996). This issue will be revisited in all three case studies and in Chapter 7.  

In the absence of a public body that can regulate development at a regional level, another solution is to establish clear rules of the game for large-scale retail development at an even higher level of scale (e.g. the national level). Because these rules are set at a level of scale that transcends the costs and benefits of any particular locality, they often are seen as being relatively impartial, and thus enjoy a greater level of political acceptance than jurisdictional reapportionment at the regional level. In addition, both public authorities and many private interests are served when there are clear rules of the game to urban development. A stable strategic planning system provides a framework to resolve conflicts about land uses and of long-term goals of urban environmental quality, sustainability and livability. At the same time, private sector actors wish to prevent situations of destructive competition, and be assured of a modicum of stability in order to reduce risk and safeguard investments. It should therefore come as no surprise that in all the three countries under investigation, rules have been set at the national level as an attempt to control retail development, whereas the establishment of metropolitan authorities has been more problematic.

31 Although in most European countries it is the municipalities that are responsible for issuing building permits, the way in which they do this, or the latitude they have (in departing from established zoning plans or mandates from higher tiers of government) varies greatly. In the UK, local authorities are constricted by the central government (PPGs, call-ins) but not so much by plans. German municipalities in contrast are relatively unfettered when drawing up plans, but are bound by law to adhere to them once adopted. The Netherlands is somewhere in between. These kinds of factors will greatly affect the ability of a particular region to establish coherent rules of the game.
A retail development example
The figure below depicts the effect of two hypothetical institutional arrangements on regional retail development. The first considers a fragmented metropolitan area in which municipalities are relatively autonomous. In such a situation, cities may wish to attract as much investment in large-scale retail as possible, as the benefits are enjoyed in terms of tax revenue for the city and a higher level of retail provision for its citizens, while the costs are spread throughout the region. Cities arranged in this kind of actor constellation can be said to be caught in a prisoners’ dilemma situation. For this, there are several possible modes of interaction. If one city takes a hard line against large-scale development, it may find itself still suffering the consequences because its neighbors were more accommodating — the “worst” option in game theoretical terms. On the other hand, selfish competitive action by all would be less inegalitarian but may result in a suboptimal result of sprawl, market saturation and placing existing centers at risk. There is a third option under these same conditions where resolutions are made through a process of mutual adjustment in which each party pledges to act a certain way, that is, coordinate actions. This, in turn, will affect the final retail structure produced. However, given the complexity and uncertainty inherent to most prisoners’ dilemma situations, such negotiated agreements are notoriously difficult to enforce. If the problems that result from this diseconomy prove formidable enough, it may create enough of an outcry to institute a reform to the administrative system.

For territorially consolidated metropolitan regions, the situation is quite different. Here, there may be little or no incentive for cities to attract large-scale development within their borders because revenue is shared throughout the region. Strict and uniform planning rules can have a similar effect. Without this incentive, municipalities may be slower to react to market demand, especially that which may damage the interests of established businesses. In the absence of the preferences associated with the prisoners’ dilemma above, this can result in a quite different retail structure. Here, too, if the resistance to the outcome is sufficient, there may be a call to reform the administrative structure accordingly. As will be discussed in Chapter 7, a shift from one system to the other can have great and unforseen consequences.

2.3.4 Reflection on the politics of retail development
This section differs from the first two in that considerations of a natural development of shops has been abandoned completely, and retail development is seen more as the result of politics. In this approach, retail is often identified as a vehicle for urban regeneration by local politicians. The extent that they can — or wish to — exert influence on such development, of course, is limited by the kind of administrative structure in which they operate. One can expect the greatest initiative in systems where competencies and fiscal responsibility has been devolved to a local level. However, in many European countries (even in more centralized ones) there seems to be a general trend towards a more entrepreneurial style of planning in which local officials cooperate with the private sector to bring about development. This can concern the construction of “downtown malls” with a regional allure or town center management to rejuvenate a city center or the development of any big commercial project to
draw visitors and money to the area. The enhanced prestige of the locality then reflects positively upon the politicians that helped to bring it about.

The politics of retail (particularly shopping center) development also has an important spatial component. Because municipalities operating independently to promote retail development can create problems of oversupply or compromise other policies (environmental, spatial planning), solutions are sometimes sought in metropolitan coordination. This often proves to be rather problematic, especially if it concerns the establishment of an extra governmental tier. In practice, measures to institute metropolitan-level public bodies usually founder. More politically acceptable seem to be “rules of the game” established at a higher echelon of government, usually the national level.

2.4 Conclusions
This chapter discussed the driving forces behind retail development in terms of three different dimensions: economic, spatial and political. This discussion roughly corresponds to three different bodies of literature: economics, geography/planning and political economy. The separation into these categories has been done for purely analytic purposes, and the Chapter’s structure may seem rather artificial because of this. The truth is that the phenomenon of retail development can be located at the nexus of all three dimensions. The purpose of this last section is to discuss some of the more salient characteristics of the crossover regions, and to provide a general introduction to the theoretical discussion in the following chapter.

The many issues treated in this chapter can be ordered according to the figure above. Retail development is both a political and economic phenomenon that exists in and across space, hence its positioning at the intersection of all three of these spheres.

Some explanations (II) of retail development sought to describe and predict the spread of shops according to criteria such as transport costs, attractiveness of centers and the like. Christaller, Lösch, Hotelling, Huff and Reilly all fall into this category. Issues that were relevant included the needs of consumers and profits of retailers. The explanations for retail development that take into account the politics of space (I) present quite a different picture than economic/geographical explanations. The configuration of shops within a given region is not seen as the result of pure economics, but is powerfully influenced by rules and policies. While CPT also figures prominently in spatial planning, it has lost its descriptive quality and is used normatively to control development. Finally, the political economy explanation of
retail development (III) varies from the previous two. Here, local administrators may favor certain kinds of retail development because it serves certain ends: city center regeneration, expansion of local tax base, etc. Retail is just part of a wider political project. The issues that were raised in this section were also different (local/central government relations, entrepreneurial planning, etc) as were their remedies.

All these theories have their validity, but show just one dimension. An approach informed by theories drawn from I, II and III is preferable. The task of the next chapter will be to construct a cross-disciplinary conceptual framework that takes all three dimensions into account. In addition, the mechanisms of retail development will be further explained by discussing — and providing a model for — how actors and these structures interrelate.