Managing Transformations in Retail Agglomerations: Case Itis Shopping Center

ABSTRACT

Shopping centers have received much interest in recent years. This interest comes as many centers have struggled with declining footfall and the demise of many large anchor tenants. The bankruptcy of one anchor tenant has often led shopping centers into a downward spiral from which there is no return. In this paper, we provide an example of how a shopping center can develop sustainably in the transforming retailscape. Our findings highlight the role of the shopping center management in the success of contemporary shopping centers, particularly in crafting a tenant mix in which each tenant has a role to play.

Keywords: shopping center, retail management, tenant mix, retail, services

1. INTRODUCTION

The past few years have seen increasing academic interest in shopping centers (e.g., Calvo-Porrál & Levy-Managin, 2019; Suarez-Vega & Acuna, 2019; Das & Varshneya, 2017; Anselmsson, 2016). This interest has been motivated by the growing challenge faced by many retail agglomerations, including shopping centers, town centers, and high streets, amidst declining footfall and the large competition from online retailers (Teller et al. 2016). Due to this, for example the Time magazine\(^1\) reported that a quarter of the currently operating 1,100 shopping malls in the US are at a risk of closing down by 2022.

Recent studies on shopping centers have focused on topics such as the profiles (Calvo-Porrál & Levy-Managin, 2019), decision-making styles (e.g., Alavi et al. 2016), emotions (e.g., Das & Varshneya, 2017), and satisfaction of shoppers (e.g. Kesari & Atulkar, 2016), to understand how and why consumers continue to shop in physical retail agglomerations, for example,

\(^1\) Time Magazine 2017. Why the Death of Malls is About more than Shopping? [Accessed online 24.2.2020] [https://time.com/4865957/death-and-life-shopping-mall]
compared to digital channels (e.g., Ganesh et al. 2010). However, despite much research on shopping centers, research on shopping center management has been largely missing from the literature (e.g., Teller et al. 2016). After the initial work on shopping center management in the 1990s (Kirkup & Rafiq, 1994), recent advances on this topic are limited to only a few papers (e.g., Blut et al. 2018). Here the contribution has often not been to retail literature, but rather in assimilating how shopping centers compare in structure and nature with the broader emerging theoretical discussions over networks and ecosystems (Teller et al. 2016). This leaves a major gap in the literature in understanding the best practices for the long-term management of shopping centers in light of the large technological and societal changes and challenges currently faced by contemporary retail establishments (e.g., Blut et al. 2018).

The current struggles of many shopping centers worldwide, therefore, necessitates more focus on shopping center management (e.g., Teller et al. 2016). As shopping centers exist as agglomerations of many competing retailers and service providers, i.e., service delivery networks (Alexander et al. 2016), the role of shopping center management is critical to reduce these tensions and ensure the long-term sustainability of shopping centers (Oppewal & Holyoake, 2004). Particularly crafting the tenant mix, the optimum combination of tenants that maximizes the overall profitability of a shopping center, has generally been regarded as the main task of shopping center managers, and one of the main determinants for the success of a center (Kirkup & Rafiq, 1994). Due to a strive to maximize profitability, most centers aim to attract the best tenants in terms of lease value, rather than the best combination of services (e.g., Yiu & Xu, 2012).

In this paper, we provide an example of how a shopping center can develop sustainably in the transforming retailscape. The novelty of this study is looking at these effects from the shopping
center management, rather than a tenant perspective (e.g., Teller & Schnedlitz, 2012). Our data comes from shopping center Itis, which for over the last three decades was the largest shopping center in the Nordics. Over its history, the center has gone through many large successful transformations, including two recessions and two major expansions, which makes it an interesting case. In our analysis, we focus on the relationships between the tenants and the shopping center management, as well as other key stakeholders, during the over 30-year history of the center.

Hence, the study contributes to retail research on shopping centers and shopping center management, by drawing on the extant literature on agglomeration effects, shopping center management, and the tenant mix. Our findings speak for the importance of shopping center management in the success of contemporary shopping centers, as well as highlighting the need to understand the optimum tenant mix as one in which each tenant has a clear role to play, and in which tenancy decisions are not only driven by financial considerations. This research is, therefore, important in creating an understanding on the best practices for managing such centers and to ensure that remaining centers do not make the same mistakes as many of their predecessors when facing challenges, such as the rapid growth of online retailing and the abundance of new digital technologies (e.g., Teller et al. 2016).

2. THEORETICAL BACKGROUND

Shopping centers are service delivery networks in which each participating organization can contribute to the overall customer and service experience within the network (Alexander et al. 2016). As a result, the management of shopping centers can be considered a significant success
factor in itself, for example, as the management of shopping centers is fundamentally different from the management of any other commercial property (Muhlebach & Alexander, 1989).

Recent research on shopping centers has addressed many important topics, such as shopping center design, in an ever-digital economy (table 1). These studies have employed a variety of research questions based on various theories, using a wide set of research methods and data, in a diverse range of settings and contexts, and with many contributions. Yet, despite this plenitude of research, very few studies have focused on understanding the long-term management and evolution of shopping centers, and indeed, studies from a shopping center management perspective are largely missing from the literature. To fill this research gap, the following research propositions guide our empirical research and draw on the extant literature on agglomeration effects, shopping center management, and the tenant mix to create more understanding over these issues.

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First, drawing on the research on agglomeration effects (e.g., Teller & Schnedlitz, 2012), we argue that successful shopping centers need to maximize agglomeration effects by providing tangible benefits to tenants from being a part of the center (Oppewal & Holyoeake, 2004). Over time, this will lead to more tenants entering the center, and a need to develop the center to expand its potential and fulfill the distinct, changing needs of its tenants and customers. Overall, Teller & Schnedlitz (2012) define agglomeration effects as the benefits for tenants from being part of the center. Here, tenants benefit from cooperation in, for example, marketing
and administration, while still competing with each other for share-of-wallet (Teller et al. 2016). The role of the shopping center management is thus important to maximize agglomeration effects and ensure that the center is an appealing one-stop shopping destination for customers, for example, in terms of accessibility, marketing, and the tenant mix (e.g., Teller & Schnedtliz, 2012).

Therefore, we propose:

**P1:** *Successful shopping center managers need to maximize the agglomeration effects for all stakeholders (customers, tenants, developers, etc.).*

Second, drawing on the research on shopping center management (e.g., Blut et al. 2018), we argue that successful shopping centers need to stay on top of the current and future trends shaping the global retail sector, and understand the role that each tenant, be it a retailer, restaurant or public service organization, plays in the center. Here, successful shopping center managers move away from simply providing premises for the operation of retail activities (e.g., Teller, 2008), but, rather, take a birds-eye view of the center, and the interlinkages between its members (e.g., Cowper, 1992). This is important as while a fundamental quality of a shopping center is the interdependence of its tenants, a successful shopping center manager must be able to ensure that despite these interdependencies the center creates a holistic customer and service experience (e.g., Brass et al. 2004), and maximizes customer value (e.g., Rintamäki & Kirves, 2017). This means an ability to adapt and evolve with the larger trends shaping the global retail sector and offer a competitive tenant mix (e.g., DeLisle, 2005).

Therefore, we propose:
**P2:** Successful shopping center managers need to identify and anticipate the role that each tenant has in the center in the immediate to long-term future, for example, in light of upcoming trends shaping the global retail sector.

Third, drawing on the research on the tenant mix (e.g., Pitt & Musa, 2009), we argue that successful shopping centers need to not only develop their tenant mix based on financial considerations but rather by acquiring the best combination of services to the center. With the tenant mix, we refer to the combination of tenants that, when combined, produce optimum sales, rents, services to the community, and financiability of the shopping center (Kaylin, 1973). Traditionally, the tenants with the highest lease value have often been seen as the best tenants (Pitt & Musa, 2009). This view largely ignores the role of the shopping center management in adjusting the tenant mix over time. From a marketing point of view, securing an appropriate tenant line-up is critical to attract and retain customers (Nevin & Houston, 1980). On the other hand, from a financial point of view, strong tenants are critical to the financial success of the center (Kirkup & Rafiq, 1994). These aspects need to be balanced to create an optimum tenant mix (e.g., Gomes & Paula, 2017). Long-term lease agreements signal to investors that the center will be able to secure income in the long-term (Orchard-Lisle, 1985). At the same time, vacant premises may imply a failure of the center, and signal that the venture is not commercially viable (Kirkup & Rafiq, 1994). Equally importantly, Wakefield & Baker (1998) argue that the tenant mix has a strong influence on shoppers’ level of excitement, which is directly associated with the level of spending, duration of visit, and intention to return to the center. Successful shopping center management should thus be able to create the best possible tenant mix, in which a high lease value is not the only desired quality from tenants (Gomes & Paula, 2017).
Therefore, we propose:

**P3: Successful shopping center managers understand that tenancy decisions are not driven only by financial considerations but rather considerations for the best combination of services.**

3. METHODS, DATA AND ANALYSIS

3.1 Data

This study is based on an inductive case study of Finnish shopping center Itis. During the past few decades, Itis has gone through several transformations allowing it to triple in size and become one of the largest shopping centers in the Nordics. Table 2 shows how Itis compares to other international shopping centers.

To study Itis, we adopt a qualitative single case study approach (e.g., Yin, 2003). We chose a single-case study due to the exploratory nature of our research (Eisenhardt, 1989), and as this approach enabled us to analyze in more detail the subunits located within the case (Yin, 2003) and case context (Dyer & Wilkins, 1991). Due to the longitudinal nature of our research, and following the common conventions of case study research, we analyzed a large amount of data, including archival documents, semi-structured interviews, as well as data collected from a variety of public sources, to gain an understanding for the evolution of the center, and the
relationships between key stakeholders over time. The data was collected between 2010 and 2012 by the second author.

We relied on the following sources of empirical evidence:

**Company archives.** Relevant archival data were collected from the Itis archives from between 1984 and 2011 consisting of e.g., contracts, financial documents, floor plans, memorandums and meeting transcripts. Archival data is particularly suitable for longitudinal process studies, where past development of an entity is observed over a long period (e.g., Langley et al. 2013).

**Interviews.** Semi-structured interviews were conducted with key informants. In total, 20 interviews were conducted with 15 informants. The interviewees were individuals in leading positions (from CEO to store manager) of key Itis stakeholders. Each interview was conducted face to face, taped, and analyzed. Interviews lasted between 60 and 120 minutes.

**Public data.** In addition to the archival data and interviews, public secondary data, in the form of written materials, such as newspaper clippings, was consulted in the study to add detail to the qualitative and quantitative chronology of events. A total of 373 newspaper articles were studied to gain further insight into the case context, and the actors involved with the center.

### 3.2 Data Analysis

Our analysis focuses on the transformation of the center between 1975 and 2012. We begin our analysis when the decision to begin construction of Itis was made, and then proceed with analyzing the evolution of the center. At the start of the data analysis process, we used a process
approach (Langley, 1999), applying four stages to data analysis and interpretation. First, key qualitative and quantitative evidence was organized into an event database. Secondly, we constructed chronologies of past developments. Thirdly, the opinions of the informants were determined during the semi-structured interviews. Finally, drawing on the plenitude of empirical material we wrote a narrative about the transformation of Itis presented in the following section. Throughout the latter stages of the research, the researchers met, compared differences, and if necessary, repeated the analysis.

**FINDINGS**

Next, we present our case study, an analysis of the evolution of Itis, a shopping center located in Helsinki, Finland, that opened in the mid-1980s. Where appropriate we illustrate the narrative with quotations from the interviews and field notes. Figure 1 depicts the approximate development of revenue at Itis, figure 2 the different stores and store types at Itis, figure 3 the key events in the history of Itis, and table 3 the outcomes and after-effects of the key events and decisions undertaken by the management of Itis, over time.

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Construction of Itis (1975-1984)

The plans to construct a shopping center in the eastern district of Helsinki, Itäkeskus, date back to the early 1970s. The Helsinki metropolitan area was growing and the construction of the Helsinki underground system, planned to open in the early 1980s, made the Eastern suburbs of the city attractive for retailers and property developers. A shopping center, in contrast to a retail park, was deemed appropriate as the format of the center due to the ability to bring together both retailers, and public service organizations, such as a medical center. After a three-year construction period, following a brief delay resulting from the aftermath of the 1973 oil crisis, the Itis shopping center was opened in September 1984, consisting of 41 shops as well as 800 parking spaces and a medical center (figure 4). A city development consultant describes the motivation to kickstart the development of Itis, as follows:

“Following a trend similar to many other European countries, we sought to solve problems related to the local service needs by placing everything under the same roof.”
When Itis was opened, the anchor tenants were Anttila, Pukeva, Seppälä, and Elanto. At this stage, Itis was mainly filled with grocery, clothing, and small specialty retailers. As the new concept of a shopping center received a lot of attention in Finland, the remaining vacant premises were filled up quickly. The new shopping center was a financial success and plans for an expansion started to emerge soon after the first part of the center was opened.

**First Expansion (1985-1993)**

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After the opening of Itis, it became clear that the spaces dedicated to some of the original tenants were insufficient. Especially Anttila, one of the original anchor tenants, required larger spaces as it had been very successful with its store. The plan was to triple the size of Itis by the early 1990s (figure 5). The planned expansion, five floors high, included a large “mall”-style covered boulevard area, with an unprecedented number of restaurants and cafes. This design was novel in Finland and mimicked recent international large shopping center developments. A shopping center manager described how the aim was for Itis to make sure that it was at the forefront of shopping center development in Finland, as follows:

“As the competition in [the market] was growing, we had to increase our innovation output. Following international trends thus became an integral part of our daily operations.”

Anttila played a key role in the Itis expansion as it signed a pre-contract for the new spaces already during the early planning stages of the expansion. Anttila's original discount store concept had been successful at Itis, by selling more low-end products compared to its
competitors. With its early involvement in the expansion, Anttila played a role in the planning and construction, allowing it to customize its revamped premises. The manager of the Anttila store described its strategy with the Itis store, as follows:

“The product assortment of our store in Itis differed from the majority of our stores. In our product selection, we were trying to fill in the gaps left by [our main competitors].”

Itis management had also pinpointed the Finnish iconic department store company, Stockmann, as a potential new anchor tenant, due to the high level of customer flow it was expected to attract to the center. However, the negotiations progressed slowly. Before the opening of the expansion, one final offer was made, with an extremely low lease, which Stockmann eventually accepted with a total space of 11,800 m². By holding out until the final offer, Stockmann was successfully able to use its strong brand to secure a profitable tenancy agreement. Stockmann was convinced to join Itis as it believed that its offering complemented the other tenants (e.g., Anttila) well. A Stockmann manager commented on their negotiations with Itis managers, as follows:

“The decision to expand to Itis was taken very quickly. By understanding our role in their plans, we were able to negotiate contract terms with [the] potential for high profits.”

The final agreement with Stockmann included a low lease, final say over competitors’ locations in the center, and, for example, special furnishing. In addition to Stockmann, another department store, Sokos, also agreed to join Itis, however with smaller premises. A shopping center manager described the process of attracting tenants to Itis during its expansion, as follows:

“Successful marketing of the new premises was critical, as the decision to invest would have been too risky without a certain level of signed tenancy agreements.”
The expansion opened in September 1992 with 160 new shops and an occupancy rate of 97%. Itis was now three times as large as the original center and the largest shopping center in the Nordics based on the gross-leasable area (GLA) – a position it held for over two decades. Half of the total space of Itis was now occupied by department stores. For example, the Stockmann department store leased an area of 11800 m2, and an additional 350 m2 for its bookstore. The remaining space was leased to furniture stores, restaurants, cafes, and entertainment venues (e.g., a movie theatre).

The opening of the expansion came just before a recession hit Finland in the early 1990s. The recession affected several retailers at Itis. For example, grocery retailer Maxi/Elanto left Itis in 1993. The need for grocery stores in the center was however evident, and the void was quickly filled by new tenants e.g., Alko, Alepa, Aholaita, Tuorepojat, and later on Valintatalo, each bringing something new and distinct to the center. Besides, Maxi/Elanto, another original anchor tenant, Pukeva, a clothing retailer, went bankrupt and left Itis during the recession. Six smaller stores also went bankrupt at Itis by Fall 1993. Despite the recession, the number of tenants that exited the center was, however, less than initially feared. Overall, Itis can be considered lucky because it had successfully leased a majority of the new premises before the beginning of the recession.

**Internationalization (1994-1999)**

Although the retail industry was still suffering in the aftermath of the recession, Anttila and Stockmann managed to do well and attract customers to the center. The roles of Anttila and especially Stockmann were very dominant, while the department store Sokos was struggling –
it eventually left Itis in 1997. The departure of Sokos drastically changed the center’s tenant mix. A manager at Anttila described the reasons why Sokos left Itis, as follows:

“In our strategy meeting we analyzed the competitive situation within Itis and calculated that as the size of the Sokos department store was smaller than the stores of Stockmann and Anttila, and as its product range was overlapping with both, Sokos could not last long in the competition.”

To fill the void left by Sokos, the management of Itis had identified Hennes & Mauritz (H&M), as a highly desirable new tenant. Based on its analysis, the average sales and number of customers of an individual H&M store were predicted to be significantly larger than those of other potential tenants. At this time Itis was also attractive to H&M due to the strong reputation of the anchor tenants Stockmann and Anttila, and the availability of the space vacated by Sokos.

H&M thus decided to enter the Finnish market, and the first H&M store opened at Itis in 1997. Itis management went as far as to help H&M also secure locations at other competing shopping centers, as a goodwill gesture. A shopping center manager describes negotiations with H&M, as follows:

“Observing the role of H&M in other international shopping centers, we realized that it was worth taking every measure to get their store to [Itis]. We were even assisting them in finding other locations in competing shopping centers to enable the fast market penetration that they desired.”

H&M’s arrival was important for Itis because it attracted other international retailers to Finland. Besides Swedish fashion chain Lindex, Itis and other Finnish shopping centers did not have foreign tenants at this time, and before the advent of online retailing foreign brands were not that accessible to Finnish consumers. The entrance of foreign tenants to the Finnish market also coincided with a change in the local service structure, as several banks left expensive locations in central Helsinki, which helped new tenants find attractive premises easier. Although H&M could negotiate a low lease and other special conditions to its tenancy
agreement at Itis due to its strong brand, the increased footfall was estimated to correct for this.

An H&M manager elaborates, as follows:

“H&M emphasizes the importance of the store location - We would have expanded faster into Finland if there had been more suitable store locations available - A good store location means a central location and large premises. ”

After opening its first Finnish store at Itis in 1997, H&M became the most successful anchor tenant at Itis after Stockmann. With their joint appeal, H&M and Stockmann were able to attract new customers and tenants to the center. Most importantly, however, H&M paved the way for the further internationalization of the Finnish retail market. At the same time, however, the competition in the market increased as many new shopping centers were launched in the Helsinki region (figure 6), in addition to growing anticipation over the changes that online retailing would bring over the coming decades to the Finnish retail market.

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Second Expansion and Continuing Internationalization (2000-2012)

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The increased competition and the growing demand for space led to plans for the second expansion of Itis (figure 7). Itis continued to receive increasing interest from international retailers, such as Stadium, Indiska, Onoff, Dressmann, Hemtex, and Marks & Spencer, who
did not yet have a presence in Finland. The competition and the need for space were, however, not the only reasons behind the expansion. To fight for new international tenants, the premises had to be good and competitive, and provide a holistic customer and service experience. A shopping center manager discussed the need to continuously develop the center to cater to the demands of large international retail chains, as follows:

“If we don’t expand, one of our competitors will expand for sure. We have been waiting for the right moment, and that moment seems to be right now.”

The construction of the second Itis expansion began in 1999. During the second expansion, the size of the center grew by 8500 m2, and 5000 m2 of old space was renovated to meet the demands of new international tenants. The expansion created 40 new premises for stores and 2200 new parking spaces, in addition to an entertainment venue called Piazza. A shopping center manager described the Piazza, as follows:

“We wanted to build a place where customers could spend time while shopping at the center. A warm inside space.”

As part of the expansion, Itis was primarily interested in attracting high-quality fashion and specialty retailers to the center. These retailers were expected to best fend-off the potential threat of online retailing. As a result of this philosophy, Stockmann expanded its store, and new tenants were, for example, Dressmann, Hemtex, Carnet, Feminett, Funky Lady, and Voglia. Also, Halonen, a Finnish clothing retailer, was eager to expand its existing Itis store and open a separate children’s and sports section. Indeed, Itis was now so attractive for retailers that there was not enough space for all the retailers that had enquired about the new space. A shopping center manager commented about the status of Itis after the expansion, as follows:

“There are currently 190 stores at Itis, and around 40 sell clothes. The profile of Itis is, therefore, as a one-stop clothing and apparel destination for the whole family.”
International fashion retailer Zara also launched a store at Itis in 2003. After Zara had entered Itis, the tenant mix started to be very diverse and international. In 2003, Itis was chosen as the best shopping center in Finland, with 40% of the overall grade given by the tenant mix. Zara was followed by Lidl and Danish toy store chain BR-toys in 2006. While already successful, Itis continued to invest in improving and developing the center. This was important as by 2010, over half of 25 to 44-year-old Finns bought goods and services online, with fashion accounting for around 25% of all online purchases (Statistics Finland, 2014). Accordingly, Itis continued to revamp its offering and, as one example, in 2010 updated its restaurants. The then owner of Itis, Wereldhave, commented on the status of Itis in 2010, as follows:

“Many international retailers continue to be interested in opening a store at Itis, however, many retailers also want us to do a facelift before they make a final decision about entering the center. Besides new fashion stores, we also want to have more cosmetic stores and cafes.”

**DISCUSSION AND CONCLUSIONS**

In this paper, the results of an inductive case study of the Itis shopping center are presented and discussed. We show that the role of the shopping center management in the history of Itis was important, enabling the center to successfully navigate through two recessions and two major expansion projects, during which the center transformed from a small suburban retail agglomeration to a shopping, dining, and entertainment destination, and the largest shopping centers in the Nordics. Our findings speak for the importance of shopping center management in the success of contemporary shopping centers, as well as the need to understand the optimum tenant mix as one in which each tenant has a clear role to play as a whole, and in which tenancy decisions are not only driven by financial considerations. By examining one retail agglomeration over time, we can infer and relate the evolution of the center to the larger transformations taking place at the sector level over time.
Theoretical implications

Contributions to literature on agglomeration effects

First, we contribute to the literature on retail agglomerations (e.g., Teller & Schnedlitz, 2016) by emphasizing the role that the shopping center management plays in maximizing the agglomeration effects of the center for all stakeholders (i.e., customer, tenants and developers). While most studies on shopping centers have concentrated primarily on understanding consumers’ perspectives on shopping and store environments (e.g., Teller & Alexander, 2014), our study contributes to this literature by taking a shopping center management perspective on these issues (e.g., Blut et al. 2018). Based on our findings, we show that the ability to constantly develop the center, sense new trends, and bring in new tenants in the form of a combination of retailers and different service providers such as cafes, restaurants, and public service organizations, is vital for the center to maximize its agglomeration effects. This is in line with our first proposition. At Itis, the shopping center management was at the forefront of reacting to sector-level changes, and active in developing the center to accommodate the changing and different needs of its customers. This helped continuously improve its customer and service experience, of which the tenant mix is an integral part. While the number of stores in Itis tripled between the first and second expansion, Itis was nevertheless successful in ensuring that each tenant had a distinct role to play in the center, thus benefiting from agglomeration effects. This is evident in the fact that besides department stores (approximately 28% of leasable area in 2011) and fashion and clothing retailers (approximately 24% of leasable area in 2011), the two largest categories of tenants at Itis, no other single category of tenants covered over 10% of the space in the center, thus reducing the threat of excess competition. The shopping center management was also successful in ensuring that its tenants, such as the department stores and
fashion and clothing retailers, appealed and attracted different groups of customers to the center. For example, Stockmann was a more up-market retailer, compared to Anttila. On the other hand, compared to international fast-fashion retailers like H&M, Zara, and Lindex, the other fashion retailers in the center differentiated from them by serving a more distinct segment of the market, such as men (e.g., Dressmann), or more affluent shoppers (e.g., Voglia). Thus, both through variety (in terms of the number of different categories of tenants), from department stores to beauty salons to facilitate multi-trip shopping, and depth (in terms of the number of different types of tenants within a specific tenant category), from up-market to discounter, to facilitate comparison shopping, Itis was able to accelerate agglomeration effects and ensure that the center had an appealing and attractive combination of retailers and services. For customers, this resulted in an appealing combination of services, for tenants it secured customer-flow, and for developers it enabled a profitable real-estate venture. It's important to further note that as the Internet began to shape customers routines and shopping preferences in the early 2000s, Itis invested in improving its customer and service experience, including entertainment value (e.g., Piazza), so that besides shopping for necessities, customers had a have a reason to come to the center for leisurely needs as well.

**Contributions to literature on shopping center management**

Second, we contribute to the literature on shopping center management (Blut et al., 2018) by finding that in addition to taking a bird-eye view of the center, and the interlinkages between tenants (Cowper, 1992), shopping center managers need to also identify and anticipate the role that each tenant has in the center in the immediate to long-term future, for example, taking into account the larger trends shaping the global retail sector. This is a new finding and one that deserves more attention in the literature. Based on our findings, the management of Itis was
successful in pinpointing, early-on, new, and upcoming tenants that they anticipated could enable the center to grow. This was the case with Stockmann, H&M, and Zara, that each spearheaded a particular phase in the history of Itis, and which the management of the center actively courted after it had identified their potential. This is in line with our second proposition and emphasizes the important role of the shopping center management in steering and navigating the center towards success. Indeed, our findings show that the role of the shopping center management does not finish after the construction and development of the center, but rather it is about continuously redeveloping the center in the increasingly competitive retailscape. Here, critical is the ability of the management to also sense global shopping center trends, as also argued by DeLisle (2005). The counterfactual evidence about the success of the shopping center management in developing Itis is evident. When the first phase of Itis opened in 1984 it was a typical small Finnish shopping center, catering to the needs of the local population. Without the first ambitious expansion of Itis in the late 1980s the center would most likely have not been able to attract new department stores or international retailers as tenants to the center, and rather, the center would have likely only continued to appeal to the local population in contrast to the entire Southern Finland. Similarly, if Itis would not have accommodated Anttila’s needs for larger premises and signed a tenancy agreement with Anttila well before commencing construction of the first expansion, it would not have been able to secure Stockmann as a tenant, either. As another example, if the management of Itis would not have placed much effort to court H&M as a potential new tenant, it would have likely not chosen Itis as the location for its first store in Finland, and, thus, the internationalization of the center would have stalled from the get-go. Thus, without the actions and initiatives from its management, Itis would have likely not been able to survive the increasing competition between Finnish shopping centers for new tenants, and indeed grow to become the largest shopping center in the Nordics, and hold that position for such a long period of time. For
example, early on the management recognized the important role that international retailers had in attracting footfall, and thus they attempted to accommodate their needs and demands to ensure that it is would be able to attract new tenants also in the future. Therefore, the ability to see the center as a whole and identify the distinct role that each tenant has in the agglomeration may be the difference between success and failure (e.g., LeHew & Fairhurst, 2000).

Contributions to literature on the tenant mix

Third, we contribute to the literature on the tenant mix (Pitt & Musa, 2009) by highlighting that for successful shopping centers, tenancy decisions are not only driven by financial considerations, as often argued (cf. Kirkup & Rafiq, 1994), but rather considerations for the best combination of services. Based on our findings, our study shows that it is not only the best tenants that determine the success of a center, but the ability to ensure that, as a whole, the chosen combination of tenants can add the most value to its customers, and other stakeholders. This is in line with our third proposition. Here, important is also the ability of the shopping center management to identify tenants that can best adapt to the competition and competitive situation within the center. If one tenant underperforms, it can undermine the profitability of all tenants, while, on the other hand, one extremely successful tenant can improve the profitability of all tenants through the increased footfall and image that it brings to the center, regardless of lease value. This finding adds to the literature on the role of the tenant mix on shopping center performance, where besides studies on the optimization of the tenant mix in terms of profitability (e.g., Yiu & Xu, 2012), research has not examined the long-term evolution of the tenant mix and its impact on the sustainability of shopping centers, particularly from a shopping center management perspective (Teller & Schnedlitz, 2012). At Itis, the shopping center management initially focused on crafting the tenant mix by bringing in as many anchor
tenants as possible to the center, but then later changed its strategy to ensure that the center was the most attractive combination of retail, services, and entertainment. While a focus on securing anchor tenants was important to secure initial financing for the center, fulfilling its later aim of becoming a large international shopping center required a change in vision and strategy. In the first expansion, Itis management brought in more retailers, restaurants, and entertainment to the center. This alienated some of its original anchor tenants, such as discount hypermarket Maxi/Elanto, as customers now had much more variety and options from which to choose from. Indeed, only two initial anchor tenants, Anttila and Seppälä, remained in the center after the first expansion, particularly, as they were able to adapt to the changing competition within the center and understand how their distinct offerings complemented each other. In the second expansion, Itis management focused on tailoring the space for the needs of international retailers. This helped Itis start to differentiate itself from other shopping centers in Finland. Also, the managers accommodated the special needs of new tenants, such as H&M, that it expected to bring large footfall to the center, even if it could have been able to secure a more profitable tenancy agreement from another retailer, and faster. By accommodating to the needs of retailers like H&M, and providing a low initial lease, the management of Itis was able to improve the image of the center and increase footfall, which benefited everyone. Therefore, important for the success of shopping centers is the ability of the shopping center management to look at the tenant mix as a whole and understand that each tenancy agreement doesn’t have to maximize profitability if the center is otherwise an attractive combination of tenants. Furthermore, a key criterion when selecting new tenants is also the potential for the tenants to adapt to the current and possible future competitive situation within the center and have something new to bring as a part of the center's customer and service experience.

Managerial implications
Our findings underscore the importance of the role played by shopping center managers in the evolution of contemporary shopping centers. The success of Itis did not come down to any single decision, but rather, a persistent culture in which management strived to design the center at each point in time as the best combination of services that would maximize the value of all stakeholders. This has significant implications for practice. As online retail and new technologies continue to shape and redefine the way that consumers shop and spend time in retail agglomerations, such a holistic approach to tenancy decisions and investments may be exactly what it takes for existing shopping centers to continue to remain relevant. For example, sensing international retail trends, and seeking to find new and exciting tenants from across the retail, service, and entertainment sector can be one low hanging fruit that can help centers reach these objectives. All in all, the success of Itis, and the systematic approach it followed to develop the center can serve as a source of inspiration for many agglomerations struggling to come to grips with the fundamental transformations currently shaping the global retail sector.

Limitations and Future Research

Although our findings emerged from the context of one particular shopping center, we believe that these findings are useful to pinpoint the role that shopping center management plays in the success of contemporary shopping centers. We encourage comparative and ethnographic case studies to improve understanding of these dynamics and provide evidence, in particular, of the activities and practices used by shopping center managers to develop retail agglomerations. This is an important research area that deserves much more attention amidst the changing retailscape, for example, in the aftermath of the Covid-19 pandemic.

REFERENCES


## TABLES AND FIGURES

<table>
<thead>
<tr>
<th>Study</th>
<th>Outlet</th>
<th>Citations (Scopus 02/2020)</th>
<th>Research Focus</th>
<th>Methodology</th>
<th>Data</th>
<th>Main Finding</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen &amp; Toubia (2010)</td>
<td><em>Journal of Marketing Research</em></td>
<td>385</td>
<td>Social Commerce</td>
<td>Time-series analysis</td>
<td>Social commerce marketplace (France, Germany, UK and USA)</td>
<td>Allowing sellers to connect generates considerable economic value, the network's value lies primarily in making shops more accessible to customers browsing the marketplace (the network creates a virtual shopping mall), and the sellers who benefit the most from the network are not necessarily those who are central to the network but rather those whose accessibility is most enhanced by the network.</td>
<td>Understanding economic value implications of a social network between sellers in a large social commerce marketplace.</td>
</tr>
<tr>
<td>Jackson et al. (2011)</td>
<td><em>Journal of Retailing and Consumer Services</em></td>
<td>148</td>
<td>Mall attributes and shopping value</td>
<td>Quantitative</td>
<td>Survey</td>
<td>Find no differences in hedonic and utilitarian shopping values by generational cohort, but generational differences in attitude toward mall hygiene factors, locational convenience and entertainment features did exist. Results also show that females derive greater levels of hedonic shopping value from a trip to the mall and also show more positive attitudes toward mall hygiene factors and entertainment options in comparison to males.</td>
<td>Examining the moderating effects of gender and generation on attitude and shopping value provides information useful for mall segmentation analysis.</td>
</tr>
<tr>
<td>Dennis et al. (2010)</td>
<td><em>Journal of Retailing and Consumer Services</em></td>
<td>89</td>
<td>Digital Signage</td>
<td>Quantitative</td>
<td>Survey</td>
<td>Digital signage has a dual usage: it conveys information when and where shoppers are in the mood to shop (the central route of the ELM), and has an affective or entertainment component (the peripheral route). These results indicate that digital signage is an effective stimulus, adding to positive perceptions of the mall environment, emotions and approach behavior such as spending, as predicted by the LCM.</td>
<td>Results extend the limited capacity model of mediated message processing from television to DS, which predicts the effectiveness of vivid moving visual images as atmospheric stimuli.</td>
</tr>
<tr>
<td>Hedhli et al. (2013)</td>
<td><em>Journal of Business Research</em></td>
<td>72</td>
<td>Shopping well-being</td>
<td>Quantitative</td>
<td>Survey</td>
<td>Pat forward six predictive factors of the retail mix as influencing shopping well-being: functionality, convenience, safety, leisure, atmospheres, and self-identification. Additionally, the study predicts that shopping well-being positively influences mall loyalty and positive word of mouth.</td>
<td>Provides data testing several predictions of potential theoretical and managerial significances.</td>
</tr>
<tr>
<td>Kesari &amp; Atulkar (2016)</td>
<td><em>Journal of Retailing and Consumer Services</em></td>
<td>67</td>
<td>Satisfaction</td>
<td>Structural Equation Modelling</td>
<td>Survey</td>
<td>Findings support the relationship between shopping values and customer satisfaction, where both the shopping values show positive significant influences on customer satisfaction.</td>
<td>The study shows that the values perceived by the customer at shopping mall is influenced by various factors of utilitarian shopping values (monetary saving, selection, convenience and customized products) and hedonic shopping values (entertainment, exploration, place attachment and social status).</td>
</tr>
<tr>
<td>Parlette &amp; Cowen (2010)</td>
<td><em>International Journal of Urban and Regional Research</em></td>
<td>47</td>
<td>Dead Malls</td>
<td>Case Study</td>
<td>Morningside Mall (Toronto)</td>
<td>Argue that many malls have effectively become community space, and activism to prevent its loss can be understood as a form of anti-globalization practice, even if it never employs that language.</td>
<td>Show that the decline of the mall as a competitive retail form coincides with the growing use of the mall as de facto 'public' space.</td>
</tr>
<tr>
<td>Reference</td>
<td>Source</td>
<td>Year</td>
<td>Research Type</td>
<td>Methodology</td>
<td>Summary</td>
<td></td>
<td></td>
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<tr>
<td>Chebat et al. (2010)</td>
<td><em>Journal of Business Research</em></td>
<td>2010</td>
<td>Quantitative</td>
<td>Survey</td>
<td>Data have demonstrated an acceptable fit with the conceptual model at large. The study results also show that mall image had a significant positive influence on mall attitude, mall patronage, and word-of-mouth communications supporting the predictive (nomological) validity of the mall image measure.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vitorino (2012)</td>
<td><em>Journal of Marketing Research</em></td>
<td>2012</td>
<td>Quantitative</td>
<td>Case Study</td>
<td>The empirical results support the agglomeration and clustering theories that predict that firms may have incentives to collocate despite potential business stealing effects. The author shows that the firms' negative and positive strategic effects help predict both how many firms can operate profitably in a given market and the firm-type configurations. The relative magnitude of such effects varies substantially across store types.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teller &amp; Dennis (2012)</td>
<td><em>Journal of Marketing Management</em></td>
<td>2012</td>
<td>N/A</td>
<td>N/A</td>
<td>The results confirm some of the findings from the literature, depending on the simulated experimental design. The most explicit finding is that ambient scent did not affect any observed or surveyed variable of consumer behavior – no matter which experimental design was simulated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singh &amp; Sahay (2012)</td>
<td><em>International Journal of Retail &amp; Distribution Management</em></td>
<td>2012</td>
<td>Quantitative</td>
<td>Case Study</td>
<td>The research shows that shoppers visualise shopping experience as a combination of five factors: ambience, physical infrastructure, marketing focus, convenience, and safety and security. They assigned different weightage in terms of significance to each of these factors. Internal configuration of these factors also reveals interesting patterns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This Study</td>
<td><em>Journal of Retailing and Consumer Services</em></td>
<td>N/A</td>
<td>Inductive</td>
<td>Case Study</td>
<td>Highlight the role of the shopping center management in the success of contemporary shopping centers, in addition to a tenant mix in which each tenant has a clear distinct role to play.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 1.** Review of 11 Most Cited Studies on Shopping Centers Between 2010 and 2019
<table>
<thead>
<tr>
<th>Name of Center</th>
<th>Country</th>
<th>City</th>
<th>First Opened</th>
<th>Number of Stores and Services (Approx. as of 2020)</th>
<th>Gross-Leasable Area (GLA as of 2020)</th>
<th>Owner (as of 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Edmonton Mall</td>
<td>Canada</td>
<td>Alberta</td>
<td>1981</td>
<td>800</td>
<td>350,000 m²</td>
<td>West Edmonton Mall Properties Inc.</td>
</tr>
<tr>
<td>Westgate Shopping City</td>
<td>Croatia</td>
<td>Zagreb</td>
<td>2009</td>
<td>240</td>
<td>92,000 m²</td>
<td>Focus Invest GmbH</td>
</tr>
<tr>
<td>Waves</td>
<td>Denmark</td>
<td>Hundike</td>
<td>1975</td>
<td>110</td>
<td>62,000 m²</td>
<td>DADES</td>
</tr>
<tr>
<td>Itis</td>
<td>Finland</td>
<td>Helsinki</td>
<td>1984</td>
<td>156</td>
<td>101,452 m²</td>
<td>Morgan Stanley Real Estate and CC Real</td>
</tr>
<tr>
<td>Strømmen Storsenter</td>
<td>Norway</td>
<td>Strømmen</td>
<td>1985</td>
<td>200</td>
<td>65,000 m²</td>
<td>Olav Thon Group</td>
</tr>
<tr>
<td>Aviapark</td>
<td>Russia</td>
<td>Moscow</td>
<td>2014</td>
<td>500</td>
<td>230,000 m²</td>
<td>ZAO TVK Aviapark</td>
</tr>
<tr>
<td>Mall of Scandinavia</td>
<td>Sweden</td>
<td>Stockholm</td>
<td>2015</td>
<td>224</td>
<td>101,048 m²</td>
<td>Unibail-Romanco-Westfield</td>
</tr>
<tr>
<td>The Dubai Mall</td>
<td>United Arab Emirates</td>
<td>Dubai</td>
<td>2008</td>
<td>1,200</td>
<td>350,000 m²</td>
<td>Emaar Properties</td>
</tr>
<tr>
<td>Westfield Stratford City</td>
<td>United Kingdom</td>
<td>London</td>
<td>2011</td>
<td>350</td>
<td>175,000 m²</td>
<td>Unibail-Romanco-Westfield, ABP Pension Fund and CPP Investment Board</td>
</tr>
<tr>
<td>Mall of America</td>
<td>United States of America</td>
<td>Minneapolis</td>
<td>1992</td>
<td>520</td>
<td>266,500 m²</td>
<td>Triple Five Group</td>
</tr>
</tbody>
</table>

Table 2. Comparison of Itis with Selected International Shopping Centers
<table>
<thead>
<tr>
<th>Phase</th>
<th>Event</th>
<th>Year</th>
<th>Decision</th>
<th>Outcome</th>
<th>After-effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of Itis</td>
<td>Construction of Itis Begins</td>
<td>1981</td>
<td>Final decision to move forward with the construction is made</td>
<td>First phase of Itis is opened in 1984</td>
<td>Itis became the first Finnish shopping center</td>
</tr>
<tr>
<td>First Expansion</td>
<td>Construction of First Expansion Begins</td>
<td>1988</td>
<td>Decision made to sense international shopping center trends, to improve the appeal of Itis</td>
<td>Itis expands into a modern shopping center per international standards</td>
<td>Itis is the first “mall”-style shopping center in Finland, making it an instant success amongst Finnish consumers</td>
</tr>
<tr>
<td></td>
<td>Opening of the First Expansion</td>
<td>1992</td>
<td>Courting Stockmann as potential new anchor tenant</td>
<td>Stockmann joins as anchor tenant, improving appeal of Itis</td>
<td>97% of premises are occupied when the expansion opens</td>
</tr>
<tr>
<td>Internationalization</td>
<td>H&amp;M opens store at Itis</td>
<td>1997</td>
<td>Find a new appealing anchor tenant to lead next phase of center</td>
<td>H&amp;M opens store at Itis, after long negotiations</td>
<td>H&amp;M set an example to about the potential of Finland, paving the way for the further internationalization of the center (e.g., Zara)</td>
</tr>
<tr>
<td></td>
<td>Construction of the second expansion begins</td>
<td>1999</td>
<td>Make Itis appealing to more-demanding international retailers</td>
<td>Decision to commence second expansion of Itis</td>
<td>Itis attracts 40 new tenants to the center, incl. high-quality fashion and specialty retailers</td>
</tr>
<tr>
<td>Second Expansion and Continued Internationalization</td>
<td>Zara opens store at Itis</td>
<td>2003</td>
<td>Modify spaces according to needs of international retailers</td>
<td>Zara decides to open a store at Itis</td>
<td>Itis attracts many more international tenants</td>
</tr>
<tr>
<td></td>
<td>New retailers enter Itis (e.g., Lidl, BR-toys)</td>
<td>2006</td>
<td>Diversify the tenancy mix of Itis (multi-stop vs. comparison shopping)</td>
<td>Itis acts as a one-stop family shopping destination</td>
<td>Itis has an award-winning diverse tenant mix</td>
</tr>
<tr>
<td></td>
<td>Itis renews its restaurant offering</td>
<td>2010</td>
<td>Update entertainment and leisure value of the center</td>
<td>Itis invites new restaurants and cafes to open in the center</td>
<td>Itis remains competitive amongst Finnish shopping centers</td>
</tr>
</tbody>
</table>

**Table 3.** Major Events and Decisions in the History of Itis and their Outcomes and After-Effects
Figure 1. Development of Revenue at Itis Shopping Center 1985 – 2012 (Approximate)
Figure 2. Percentage of Different Stores and Store Types at Itis
Figure 3. Key Events in the History of Itis
Figure 4. Floor Plan of Itis 1984 (the figure illustrated the service categories and services available at Itis)
Figure 5. Floor Plan of Itis 1992 (the figure illustrated the service categories and services available at Itis)
Figure 6. Map of Shopping Centers in Helsinki in 2000
Figure 7. Floor Plan of Itis 2002