The Chinese Shopping Centre: Integration of a Western Commercial Format into Chinese Urban Space

Dissertation

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Abstract

The following thesis attempts to describe, analyze and evaluate how the Western concept of shopping centre adapts to or integrates into Chinese urban space. In approaching this subject, the thesis asks three questions. First, what is a standard concept of "Western Shopping Centre"? Second, how has this Western concept of commercial format been understood and how did it evolve in China? Third, what are the differences and changes in respect of planning and design, and operation and management of the shopping centre under a given Chinese spatial organization?

To approach these answers, this thesis sets out to draw on a systematically interdisciplinary literature review from the perspectives of economics and management, socio-culture and architecture-planning to have an overall understanding of the essence of a "Western" shopping centre. Then, the shopping centre itself as a unique, commercial land use and building type was examined to disclose its distinctions from other forms of commercial retail development. By tracing back to the historical comparison of the commercial spaces – European "Plaza" and Ancient Chinese "Shi Jing", it was discovered that there never existed a comparable urban space to the European plaza in the history of China's urban construction. In China the commercial and regulated "Shi Jing culture" replaced the European civic and public "plaza culture". Thus "Shi Jing culture" plays an important role in the development of Chinese commercial space, which resulted in several great impacts on the shopping centre development in China.

Following that, the respective development background, development stages and current situation of the shopping centre in both China and the United States are described and analyzed. By bringing out the differences the thesis provides further explanations of why the transfer of the shopping centre into Chinese urban space incurred so many changes. Finally, choosing Shanghai as a case, the thesis not only further testified many aspects which have been discussed before, but also epitomized how the Western shopping centre integrates into specific Chinese urban space. By investigating 41 out of 61 shopping centres, existing in Shanghai in 2007, from the perspectives of their both exterior and interior of spatial organization, operation and management system, the findings were highly distinctive and obvious. Two main development trends of shopping centres in China were presented in the end.

The aim of this study is to investigate the shopping centre development in China, i.e. to describe and to analyze the spatial features of shopping centres embedded in the fabric of urban space. By the research, the researcher intends to put emphasis on the "integration" of the "Western Shopping Centre" into Chinese urban space. This means to find out how this alien commercial format is interpreted by Chinese, and how it is reassembled and repackaged according to the rules of Chinese urban space. The most important findings are as follows:

a) Regional and super-regional shopping centres and the shopping centre used as a podium in mixed-use projects are the three most common types in China, whereas neighbourhood and community shopping centres become the most popular types nowadays in the West;

b) Most shopping malls in China are located in the central city rather than in the suburbs, whereas the ones in the West are just in a converse way;

c) The architecture form of most shopping centres in China presents a vertical-upward orientation in both central city and suburbs owing to urban compact growth, whereas the one in the West commonly displays a horizontal extension due to urban sprawl;

d) The most welcome location for the shopping centre projects in China is adhering to the hub of urban public transportation stations, whereas clinging to the junction of highways is the optimal location for the West ones;

e) Bicycle-related parking has much higher significance in Chinese shopping centres than in Western shopping centres

f) Shopping centres clustering together in one block shows often in Chinese cities; whereas standing solo in larger catchment areas is a common phenomenon in the West;

g) While in Western shopping centres attractive public space gets significant attention, Chinese shopping centres tend to interpret and use public space as mere functional and commercial open space, which is indicated e.g. by poor equipment of amenities.

h) Overseas-branded chain of the hypermarket is still the dominant anchor tenant in Chinese shopping centres;

i) The shortage of financing leads to an abnormal operation and management in a certain number of Chinese shopping centres - not the lease but the selling as an operational tool.

To sum up: By being transposed to China and absorbed by its urban space, the Western shopping centre undergoes a process of “Sinicisation”, which turns it into an spatial hybrid: a Western retail format shaped by distinctive features of Chinese space production and space use. To a large extent, this study can be regarded as a marginal number of its kind which tries to scientifically understand the impact of a socially, culturally and economically absolutely different urban environment on the model (ideal type) of the Western shopping centre.

Zusammenfassung

Die Promotionsschrift unternimmt den Versuch, den Anpassungs- und Integrationsprozess des Konzeptes des westlichen Einzelhandelszentrums in den chinesischen Stadtraum zu beschreiben, zu analysieren und zu bewerten. Drei zentrale Fragen bilden den Ausgangspunkt der Annäherung an diese Aufgabe. Erstens: Was heißt „westliches Einzelhandelszentrum“ idealtypisch? Zweitens: Wie ist das „westliche Einzelhandelszentrum“ in China interpretiert worden und wie hat es sich hier im städtischen Raum entwickelt? Drittens: Welches sind die Unterschiede bzw. die Veränderungen auf der Ebene der Planung, Gestaltung und des Managements unter den Bedingungen chinesischer Raumstruktur?

Um sich Antworten auf diese Fragen nähern zu können, unternimmt diese Arbeit eine systematische und interdisziplinär ausgerichtete Sichtung der einschlägigen Literatur aus den Bereichen der Wirtschaft, des Managements, der Soziokultur und des Städtebaus. Ziel ist es, ein ebenso vielseitiges wie vertieftes Verständnis vom Gehalt bzw. der Essenz des „westlichen Einzelhandelzentrums“ zu erhalten. Sodann wird das Einzelhandelszentrum selbst als einem einzigartigen kommerziellen Gebäudetyp einer näheren Betrachtung unterzogen. Durch einen geschichtlichen Vergleich kommerzieller Räume westlicher und östlicher Art, d.h. von europäischer Piazza und chinesischem „Shi Jing“ wird deutlich, dass in China zu keiner Zeit einen städtischen Platztypus existiert hat, der sich mit dem europäischen Marktplatz („Piazza“) vergleichen ließe. In China vertritt die Kultur des kommerzialisierten und regulierten „Shi Jing“ die zivilgesellschaftliche und öffentliche „Piazza-Kultur“. So spielt die Shi Jing-Kultur eine große Rolle bei der Entwicklung des kommerziellen Raums in China und hinterlässt erkennbare Spuren bei der Formierung des modernen Einzelhandelszentrums.

Hierauf aufbauend wendet sich die Studie vergleichend dem jeweiligen Hintergrund, dem jeweiligen Entwicklungsstand und der aktuellen Situation des Einzelhandelszentrums in den Vereinigten Staaten und China zu. Indem die Unterschiede herausgearbeitet werden, bietet die Arbeit weitergehende Erklärungen für die vielfältigen Veränderungen, welche das Einzelhandelszentrum bei seiner Transposition erfährt. Die Fallstudie „Shanghai“ vermag schließlich nicht nur eine Fülle zuvor herausgearbeiteter Phänomene zu bestätigen, sondern den Anpassungs- und Integrationsprozess des „westlichen“ Einzelhandelszentrums in den chinesischen Stadtraum zugleich exemplarisch zu beleuchten. Durch die Analyse der inneren und äußeren Raumorganisation, baulichen Struktur und Form und des Managements von 41 von 61 Einzelhandelszentren in Shanghai in 2007 können eindeutige bzw. charakteristische Unterschiede herausgearbeitet werden. Zum Abschluss werden zwei aktuelle Entwicklungstrends chinesischer Einzelhandelszentren vorgestellt.

Das Ziel dieser Studie ist es, die Entwicklung des Einzelhandelszentrums in China zu erforschen, d.h. die räumlichen Charakteristika der in den Stadtraum eingefügten

Einzelhandelszentren zu beschreiben und zu analysieren. Dabei steht die Frage im Vordergrund, wie das aus chinesischer Sicht fremde Einzelhandelsformat des „westlichen“ Einzelhandelszentrums durch die Chinesen gedeutet und gemäß den Regeln chinesischer städtischer Raumproduktion restrukturiert und integriert werden. Die wichtigsten Forschungsergebnisse sind in Kürze die folgenden:

a) Die drei in China am häufigsten anzutreffenden Typen des Einzelhandelszentrums sind das „regional centre“ und „super regional centre“ (beide im Begriff der „regional mall“ zusammengefasst) und das Einkaufszentrum als Teil funktional gemischter Anlagen. Demgegenüber sind im Westen Nachbarschafts- und Gemeindezentren die populärsten Center-Typen.

b) In den meisten chinesischen Städten konzentrieren sich die Einzelhandelszentren in der Innenstadt während sie im Westen vorzugsweise in suburbanen oder peripheren Lagen lokalisiert sind.

c) Chinesische Einzelhandelszentren zeigen vorzugsweise eine vertikale Raumkonzeption, sowohl in innerstädtischen Lagen als auch - aufgrund des verdichteten Städtewachstums - am Stadtrand. Demgegenüber präsentieren die Einkaufs- bzw. Einzelhandelszentren in den suburbanen Gebieten des Westens nahezu durchgängig eine horizontale Form.

d) die bevorzugte Lage für Einzelhandelszentren sind in China die innerstädtischen Knotenpunkte des öffentlichen Personen-Nahverkehrs (ÖPNV). Demgegenüber wählen die Einzelhandelszentren des Westens vorzugsweise Autobahnzubringer als Standort.

e) Abstellplätze für Fahrräder haben in chinesischen Einzelhandelszentren eine sehr viel größere Bedeutung als in entsprechenden westlichen Zentren

f) In den bevölkerungsreichen chinesischen Städten finden wir of Agglomerationen von Einkaufszentren. Demgegenüber sind alleinstehende Einzelhandelszentren mit weitläufigen Einzugsbereichen im Westen ein verbreitetes Phänomen.

g) Während der öffentliche Raum in westlichen Einzelhandelszentren eine besondere Aufmerksamkeit erhält, tendieren chinesische Einzelhandelszentren dazu, den öffentlichen Raum als bloßen Funktionsraum bzw. als kommerziellen Raum zu interpretieren und zu nutzen. Dies zeigt die häufig bescheidene Ausstattung mit Möblierung und anderen Annehmlichkeiten.

h) Im Unterschied zu westlichen Einzelhandelszentren dominieren in chinesischen Zentren gegenwärtig noch ausländische Hypermarkt-Filialen als Ankergeschäfte

i) Regelmäßige Finanzierungsengpässe bewirken in vielen chinesischen Einzelhandelszentren unübliche Praktiken in Betrieb und Management, z.B. den Verkauf anstatt der Vermietung von Ladenlokalen.

Zusammengefaßt: Im Zuge seiner Transposition nach China und seiner Absorption durch dessen Stadtraum, wird das westliche Einzelhandelszentrum einem Prozess der „Sinisierung“ unterzogen, der es in einen räumlichen Hybrid verwandelt: in ein westliches Einzelhandelsformat, das durch deutlich identifizierbare Spuren chinesischer Raumproduktion und -nutzung charakterisiert ist. Die vorliegende Studie lässt sich als Exemplar jener geringen Zahl transkulturell argumentierender Arbeiten verstehen, die den Versuch unternehmen, die Einflüsse eines in sozialer, kultureller und ökonomischer Hinsicht vollständig fremden Stadtraumes auf das westliche Modell des Einzelhandelszentrums zu erforschen.

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Introduction

Why do this study?

The concept of the "shopping centre" is by no means new. Wherever communities have grown up, "shops" or "markets" have developed and over a period of time have become "shopping centres", the focus of every city centre and suburb. As a particular form of retail space, shopping centre has had a relatively short history in the Western world. The prototypes of shopping centre were created in the earlier part of the last century, although its modern type is largely a post-World War II concept. Since the 1950s, shopping centres have started to play a key role in the retail industry of the United States, and its further development has even influenced European and Asian cities. According to records archived by the Urban Land Institute (ULI), only 100 centres existed in the United States, and they were small neighborhood and community centres in 1950. By 1953, the number of shopping centres had tripled, and by the end of 2005, according to the National Research Bureau, 48,695 shopping centres existed in that country, containing 6.1 billion square feet of leasable space and having $1.53 trillion total retail sales. Since its creation, the shopping centre has already been the most successful land use, real estate, and retail business concept of the 20th century (Beyard et al. 1999), and has become the most powerful and adaptable machine for consumption that the world has ever seen.

Today, shopping centres take many forms, from the archetypal suburban shopping malls and neighborhood and community centres to more specialized forms such as outlet, off-price, entertainment and resort centres. Moreover, the variety of shopping centre types and forms continues to expand rapidly, and hybrids are becoming common. To a certain extent, the distinctions between shopping centre types are becoming so ambiguous that some centres are difficult to categorize as one type or another. Indeed, the present-day shopping centres with department stores, commercial streets and all different shapes of retail figures comprise the broad range of today's commercial potentials. Together, they bundle the financial resources of important investors that provide new impulses for urban development.

The impact of the shopping centre on contemporary society is not only limited to its economic dominance, but also influences people's social and public life. This architecture of commerce defines the transition between public and private spaces, defines a public character toward the exterior and invites one to discover the interior of the shops. Embedded within the urban context with its diverse functions such as living, working, recreation, and culture, it can take on an inspirational character and motivate inhabitants and visitors to become customers of the retail shops. This makes it clear that the almost symbiotic relationship between the city and commerce still exists to this day, and the shopping centre serving as "the centre of social, cultural and recreational activities" has become an important meeting place of the community like "the market place or main square of the older cities" (Hardwick 2004).

Nevertheless, a central feature of urban social life comes into being.

Since the "open-door" policy was introduced in 1978, China's socio-economic development has been impressive, and the standard of living of its approximately 1.2 billion population has generally improved. In general, the economic situation has grown more liberal throughout the region, with retail markets opening that historically have been protected by government policies such as licensing requirements, tariffs, and limited foreign ownership. Additionally, the growth of the "new-rich", an increasingly affluent class in China's society with its sophisticated tastes (frequently enhanced by foreign travel and education) and pent-up demand for retail, entertainment, and recreational activities - especially for Western labels, also makes the retail market across China change rapidly. The traditional Chinese department stores, streetfront retail shops, and "night markets" are gradually yielding to Western retail formats, specialty boutiques, entertainment concepts, and even discount retailing. Unexceptionally, the Western shopping centre belonging to this trend is also quietly walking its way into the Chinese retail vernacular.

Although the shopping centre industry has reached maturity in Western countries, the Western concept of this commercial figure has only recently been introduced in China as a retail innovation and as an emerging trend in retail change. China did not have real shopping centres until the mid-1990s, but since then, there have been considerable developments and construction. In fact, the development boom has led to competition among the large cities of Beijing, Shanghai, Guangzhou and Shenzhen to build the country's, or even Asia's largest shopping centre (Li 2004). On one hand, many municipal governments in China enthusiastically encourage and welcome investments, especially in the form of foreign direct investment (FDI), in large shopping centre projects to raise the profiles of their cities, but on the other hand, since China does not yet have many experienced professional shopping centre experts and developers, the lack of the required expertise and know-how in the development of shopping centres, such as market analysis, planning and design, and operation and management has resulted in some failures of the development of shopping centres. Therefore, the research on the subject of Western Shopping Centre in China becomes very prerequisite and necessary.

By the research, the researcher intends to not only comprehensively study the topic of "Western Shopping Centre", but to put more emphasis on its "Integration" into a specific Chinese urban space, i.e. borrowing the concept of the syncretic nature of American culture, which "[…] has spread throughout the world precisely because it has drawn on foreign styles and ideas. Americans have then reassembled and repackaged the cultural products they received from abroad (Pells 2004)." This "Absorbing" philosophy from the researcher's point of view can be similarly applied to China. The success of adapting and transferring shopping centre technology to China is strongly influenced by various factors, which depend not only on the macro-sense of Chinese distinctive social, cultural, economic environment, but also on the micro-dimension of differentially spatial organization and operation and management in the shopping centre. Hence, the research question about how a Western concept of shopping centre adapts to or integrates into a specific Chinese urban space forms the basis of the discussion in this thesis. In approaching this subject, the thesis asks three questions. First, what is a standard concept of "Western Shopping Centre"? Second, how is this Western concept of commercial format being understood and evolved in China compared with its development in the West? Third, what are the differences and changes in respect of planning and design, and operation and management of the shopping centre under a given Chinese spatial organization?

The tentative answer to the research question, i.e. the main hypothesis of this dissertation is: The shopping centre, as a Western retail format can survive and even flourish in the fierce competition of China's retail market because of its ability to adapt and to integrate into Chinese urban space thus creating spatial hybrids that combine Chinese and Western spatial features.

The importance of this research is twofold: (a) it contributes the truths and facts to help a better understanding of the process of transfer and adaptation of Western shopping centres in China (b) it generates research findings useful for both domestic and foreign developers who are contemplating investment opportunities in Chinese retail market.

Aims & Objectives

To achieve the results of the working title it is necessary to focus on the Aims and Objectives that provide the framework for the thesis. They are as follows:

- Aims
- To investigate the influences on shopping centre in China
- To evaluate the shopping centre development in the context of Chinese cities
- To optimize the process of adaptation and transfer to the Chinese retail market
- Research Objectives
- To examine current theoretical and empirical literature relating to shopping centre research
- To review the standard concept of Western shopping centre
- To review the development history of commercial spaces both in China and in the Western countries
- To identify and analyze the differences and changes of Chinese shopping centre in regard to its development, planning and design, operation and management
- To understand how shopping centres can be successfully developed in China

Methodology

Selection of Sources

Data was gathered from both primary and secondary sources. The secondary sources were firstly examined before the decision to administer primary research to provide additional focus on the subject area, and to validate the findings. Due to multiple types of sources of secondary material being available, this thesis drew upon an interdisciplinary approach to investigate a selection of literatures closely relevant to the shopping centre topic generating from three major academic domains, that is, economics and management, socio-cultural and architecture-planning perspectives. The discussed theories that were later integrated throughout the thesis to demonstrate their relevance to the study of Chinese shopping centres were not conclusive, but highlighted the multitude of motives that influenced the development and the success of a shopping centre in general, by reviewing which an overall understanding of the essence of the shopping centre was achieved.

These secondary sources including books, journals, magazines and official publications were collected from libraries, institutions, Internet and other channels. Undertaking such work was not easy. The main difficulty was the shortage of updated statistics and documents about Chinese shopping centres. Despite the existence of China commercial Real Estate Association, there were no clearly centralized sources of information for shopping centres in China. To some extent, this proved to be a less successful area of the literature search due to few leads being achieved concerning the subject. This posed two challenges for the current study: (a) identifying the shopping centres to be included for analysis, and (b) compiling a data base of shopping centres from scattered sources.

The books used were accessed through Bauhaus University, Weimar, Erfurt University and Shanghai Library. This produced a variety of books with a wide range of dates. The older books were mostly related to those written by the theorists described in Chapter I. Although the books gained were not entirely related to Chinese shopping centres, they were used as a basis for further discussion. Moreover, a computer search produced abstracts for further information to be explored. Free e-journals and websites were offered on a variety of shopping centre topics and some, which were relevant to the context of China, played a useful role in the research.

Case Study Methodology

The primary sources were obtained through the researcher's field surveys of 41 representative shopping centres in Shanghai, China. These site visits took place over half a year to allow an analysis of each shopping centre from the perspective of "visitor". The investigations were carried out by field observations that belong to empirical research approach. During the field surveys, numerous shopping centre images were taken to help further verify the research findings. Respondent-led photography is a qualitative visual research method in which the researcher can clearly and strongly certify the findings by photo-voice rather than traditional text and talk based strategies. Furthermore, in order to interpret the findings from empirical observations, spatial heuristics based on the cultural understanding was also applied to illustrate the features of spatial organization of Chinese shopping centres.

Report Guide

To address its research questions, the thesis is divided into four chapters. The following describes the content of each.

- In order to trace the development of the foundations of this new consumption-oriented invention of shopping centres, **Chapter I** systematically examines the interdisciplinary literature from five main evolutionary rules of retail institution and the theories of demand externalities associated with retail agglomeration in the field of economics and management perspective, to a discussion of retail shopping including shopping experience, shopping space/environment and shopping role in the urban life in respective of socio-cultural aspect, and to the final exploration of theoretical underpinnings generalized from shopping centre built works of three prominent individuals from the angle of architecture-planning facet. In addition, a review of Chinese literature on the topic of shopping centre is also elaborated. Finally, a research gap is explicitly discovered therefrom.

- **Chapter II** calls upon the basic concept of Western shopping centres. The researcher puts emphasis on the defined clarification of the shopping centre differing from other forms of commercial retail development including the definition, the basic constitution, the typology, the features and the preconditions for development of a shopping centre. Although this chapter is very basic, it is crucial for giving the researcher an opportunity not only to clearly present her research objective, but also to pave the way for succeeding research on Chinese shopping centres in details.

- **Chapter III** is concerned with the evolution of shopping centre in China. Knowing that the shopping centre is never an innovation so much as a culmination of everything that had come before, but brings proven laws of retail's past to the new commercial environment, the chapter begins by investigating ancient commercial spaces in both the West and China, that is, European "Plaza" and Chinese "Shi Jing". By historical comparison of both cases, it asks what impact the historical commercial space might have on the different ways of understanding a modern shopping centre in China. Then, the chapter moves to look at the shopping centre development itself in the representative country of the West, the United States and China. It concentrates on the way in which the key aspects concerned with the development background including economic and retailing situations, urban development and transportation conditions, the development phases and present development situation of shopping centres in both countries are comparatively investigated. The chapter concludes with an explicit exhibition of distinctive differences in shopping centre development in both countries.

- **Chapter IV** follows the above by examining the Western commercial format (shopping centre) itself in a specific Chinese urban space – Shanghai City. This chapter concentrates on the ways in which the fabric of the city (its built form), as well as its urban development, urban transportation system and flourishing retail economy, nourish an advanced position for the fast development of shopping centres in the city. Altogether 61 existing shopping centres till the 1st half a year of 2007 are examined by discussion of the geographical distribution, typologies, physical form, tenants mix and investment structure. Specifically, 41 out of them are taken to be investigated in further depth in respect of planning and design of both their exterior and interior spatial organization. In the final part of the chapter, it breaks from the mainstream of spatial-oriented shopping centre concerns to look at aspects of the rise of operation and management within the shopping centres, as in the process of transformation.

1 Review of the Literature

The following literature review is intended to provide a study background for the investigation of the developmental history and patterns of emerging Western shopping centre system in Chinese urban context. A key step in the exploration of potential literatures for this topic is an interdisciplinary review of the currently topical scholars who have examined the economics and management, socio-cultural, architecture-planning debates surrounding the themes of retailing - retail shopping (shopping role; shopping experience in urban life) - retail space (especially, shopping centre) with the idea of centre, urban space and urban consumption culture.

1.1 Synergetic Organization from Economics and Management Perspective

1.1.1 Review of Rules of Evolution of Retail Institution

Lusch (1986), an American retail-marketing expert, generalized five main rules from the evolution of retail, that is, 1) wheel of retailing, 2) retail life cycle, 3) retail accordion theory, 4) dialectic process and 5) natural selection theory.

1) A key explanation for retail development was the wheel of retailing concept postulated by McNair (1958), which is one of the earliest and the most famous theories on the explanation of the evolution of retail. According to McNair's hypothesis, new kinds of retail merchants enter the marketplace as low-priced, low-margin, and low-esteemed innovators serving price-conscious consumers. Over a period of time, these retailers upgrade their stores and their offerings, eventually resulting in a group of high-priced, high-margin retailers catering to higher income consumers. This upgrading leaves these retailers exposed to new low-priced, low-margin competitors who begin to turn the wheel again. A conspicuous notation of this theory is that the price of the merchandise follows the way of cyclic changes: low→high→low→high…[1]

However the wheel hypothesis is not the only explanation for the evolution of low-priced retailers into higher-priced merchants. Due to the demographic tendency for incomes and the standard of living in our society to rise, retailers up-grade their merchandise and stores to serve a more affluent market. Additionally, retailers differentiate themselves and avoid direct competition by adding more services, resulting in imperfect competition.

2) The life cycle concept as studied by social scientists identifies changes over time in the characteristics of a phenomenon. This concept has been applied to products and stores; Davidson et al. (1976) executed a significant study that identified and defined the concept of the retail life cycle. This cycle can be partitioned into four distinct phases: (a) innovation, (b) accelerated development, (c) maturity, and (d) de-

[1] The case of Takko's evolution, a fashion-discount retailer in Germany, can be exactly explained by the theory of wheel of retailing.

cline. Shopping centres in the Western world accompanied by the early development slogan of "build it and they will come" have undergone a long enough history to observe the growth, maturity, and decline-even the rebirth-of certain types, permitting the application of the life cycle concept to their development patterns and providing an opportunity for developers and retailers to propose their strategies in adjusting to the changing conditions of the shopping centre industry. However, it should be noted that the division of the different phases is defined theoretically by human beings, and the life cycle for each form of retail institution cannot be exactly estimated beforehand since for the same one in a different environment and situation, the periodicity and the length of the phase is also different.

3) The theories of the retail accordion, i.e. the general-specific-general process and the dialectic process have been suggested to explain the emergence of new forms of retail institutions. The former theory was championed by Hollander (1966). It suggests that as new forms of retail institutions develop, they alternate between offering broad (general) and narrow (specific) merchandise assortments. The accordion effect refers to the expansion of the assortment by a new form of retailer (such as a general store) and the ensuing contraction of the assortment by the next new type of retailer (such as a specialty store). Therefore, the merchandise assortment constantly cycles according to a mode of broad (general) → narrow (specific) → broad (general). A classic example to explain this theory is the belief that the evolution of forms of retail institutions has experienced five periods in general: (a) grocery store period (broad merchandise assortment) (b) specialty store period (narrow merchandise assortment) (c) department store (broad merchandise assortment) (d) Convenient store (narrow merchandise assortment) (e) commercial street or shopping centre period (broad merchandise assortment). From this case, it can be noticed that the retail accordion theory gives a bound forward explanation to the evolution of forms of retail institutions. In fact, during the in-between period from department store to convenient store to commercial street or shopping centre, there still exist many forms of retail institutions, some of which also belong to general merchandise assortment, but only the ways of merchandising business are different. For example, warehouse store, discount store, and supermarket. To these retail institutions, however, the accordion theory does not give explicit explanation. Furthermore, some of the retail institutions cannot be categorized by the merchandise assortment, such as chain stores, which could be a chain of supermarket (general), but also could be a chain of specialty store (specific).

4) The dialectic process was put forth by Maronick and Walker (1974), which postulates that when an established form of retailing (thesis) is faced with competition from an innovative challenger (antithesis), the established retailer tends to adopt the mode of operation of the new challenger. In turn, the innovator embraces certain characteristics of the established retail form. This adaptation process results in the creation of a new form of retailer, combining the characteristics of the established and innovative retailing forms (synthesis). Once the new form becomes established,

it is vulnerable to new competitors and the dialectic process begins again. For instance, the appearance of discount department store does not mean the extinction of both department store and discount store; on the contrary, it integrates parts of characteristics from both retail forms.

5) Natural selection theory as an explanation of the evolution of retail institution is drawn from Darwin's theory of "survival of the fittest". This means certain types of retailers emerge as a response to environmental conditions. Natural selection forces its management to understand and adapt to the environment in which it operates, otherwise those that are not responsive will perish. In fact, the emergence of every new retail institution always experiences one or several adaptations to the changes of the environment and undergoes certain self-innovation. For example, the advent of the low priced supermarket results from customers' self-services in the context of economic depression.

Generally, it is clear that none of the previous theories alone may be used to explain the development of different forms of shopping centres. Each, however, embodies certain elements that can provide insights into shopping centre development.

1.1.2 Review of Retail Agglomeration: Agglomeration Economies and Inter-store Externalities

A clustering phenomenon of retail and commercial service stores can be always ubiquitously discerned, the reason for which must be motivated by some incentive or advantage for those stores agglomerating together. In retail location theory, Nelson (1958) was the first to illustrate that the agglomeration of retail activities is based on the theory of cumulative attraction and the principal of compatibility. In his research, the theory of cumulative attraction states that "a given number of stores dealing in the same merchandise will do more business if they are located adjacent or in proximity to each other than if they are widely scattered" (Nelson 1958).

Retail store spatial affinities were also observed by Getis and Getis (1976). In their research, it was suggested that retail store spatial affinities derive mainly from three location theories, that is, the theory of land use and land value, central place theory and the theory of tertiary activity. Having examined retail stores in the central business districts (CBDs) of a sample of cities in the United States, they ensured that retail store spatial affinities do exist and are corresponding to notions from central place theory (Getis/Getis 1976). Among these location theories, Christaller's central place theory, which built up the hierarchy of retail activities, and Hotelling's principle of minimum differentiation in homogeneous agglomeration of retailers are the two best known location theories supporting this phenomenon (Eppli/Benjamin 1994). All the mentioned theories relevant to store clustering provide us with some hints concerning the agglomeration of retail stores; whether they are homogeneous or heterogeneous, whether they generate some kind of collective or inter-store advantages and whether these as a result increase transaction opportunities and store profits.

However, these theories are not in themselves sufficient to disclose the precise forces determining micro-scale store location or how the interaction between these clustering stores influences each other. But, the economic definition of shopping centre given by ULI (1999) and International Council of Shopping Centres (ICSC) (2002) *"it is the agglomeration of selected multiple retailers and commercial service providers within a well planned, designed and managed building or a group of buildings as a unit"* offers an opportunity for the researcher to further pursue the questions of agglomeration economies. The first question is in terms of the inter-store advantages generated by agglomeration. The second question is in relation to whether it is possible to enhance or manage any positive inter-store effects in order to achieve higher collective benefits for all stores.

It was discovered that in the shopping centre, tenants are able to receive mutual benefits, not only from other individual stores but also from the collective advantages of the whole shopping centre. For example, small tenants depend on the strong customer drawing power generated by anchor stores and the "spill-over" of their customers to these smaller tenants (Benjamin et al. 1992; Brueckner 1993; Gatzlaff et al. 1994; Miceli et al. 1998; Pashigian/Gould 1998). Meanwhile, the mixture of small tenants offers variety and supportive services for the whole centre (Wakefield/Baker 1998). Under this mixture of tenants, strong brand name retailers and other popular stores spillover their sales efforts to other tenants (Miceli/Sirman 1995), exhibiting the positive image of the centre. Additionally, agglomeration also generates positive shopping "atmospheres" (Burns/Warren 1995; Wakefield/Baker 1998; Bone/Ellen 1999) and saves customers' time in searching for and acquiring the goods and services they desire (Kaufman/Lane 1996). Last but not least, the tenants also share their obligations in the provision of quality public services and facilities (Corns/Sandler 1986; Oppewal/Timmermans 1999), which would not be obtained if they were scattered as single-freestanding stores. By sharing the total costs of the public services and facilities, these tenants obtain the collective benefits of higher quantity and quality of services and facilities so that they are able to draw and serve more customers in a shopping centre. Therefore, these all positive interactive effects, i.e. the positive inter-store externalities form the centre's synergy (Nelson 1958; Anikeeff 1996) and generate increasing returns from economies of scale/scope (Goldstein/Gronberg 1984; Fujita 1989; Fujita/Thisse 2002) in shopping centres. This synergy augments the interchange of customer footfall among stores and also enhances operational performance, i.e. the turnover, profits and rental value of each tenant. In general, positive inter-store externalities, also termed as demand externalities (Eppli/Benjamin 1994), are favourable interactive effects generated from one store which spillover to other store(s) without the consent between generators and receivers or the receipt of proper compensation or subsidy (Meade 1952; Brueckner 1993; Papandreou 1994).

As a consequence, one of the most critical objectives posed to the shopping centre management is how to maximize/manage these positive inter-store externalities so as to achieve the highest profits and investment returns possible. There are three basic approaches to externalities provided by economic theories, that is, 1) Pigouvian tax/subsidy, 2) Coase Theorem and 3) constraint regulations through government intervention (Whitcomb 1972; Baumol/Oates 1975; Miyao/Kanemoto 1987). The Pigouvian tax/subsidy solution directly implies a tax/subsidy mechanism between the effect generators and receivers. Under this internalising process, the benefit receivers should pay a "tax" which is equal to the amount of benefits received from the generators in subsidizing the beneficial production. Coase theorem asserts that by clearly delineated the property rights of the externalities, the efficiency condition (Pareto Optimality[2]) between the effect receivers and generators can be achieved by negotiation. To a great extent, these two approaches quantify the intangible positive inter-store externality, because of which the high transaction costs often become an obstacle to internalising externalities. Under such a circumstance, rules or regulations set and implemented by government or a third party become the best and most feasible way to manage externalities. In practice, these are three basic approaches used for almost all internalisation and management devices.

1.2 Tempting Space from Socio-cultural Perspective

The history of the impact of consumption on urban life is closely connected with the historical emergence of shopping. Shopping is everywhere, which is a major social and economic function in urban life. The traditional understanding of shopping involves the ways in which the act of shopping usually closely contacts with a place, i.e. a place-based shopping.

From the history, the marketplace in fact is a product of spatial differentiation, deriving from a total institution of urban space in the Ancient Greece - Agora, which is in general of every function of the city.[3] As often regarded as the commercial and social focal point of early towns and cities, the marketplace enabled people to access the goods and services of multiple vendors in a convenient manner, which not only provided a venue to compare similar goods based on quantity, quality, and cost, but initiated competition for customers - the foundation of modern retailing. Betsky (2000) discusses the emergence of the open-air market as the "first order" of commercial architecture, "This is the space of appearance of those goods that mediate our relationship with the larger world; and their display is halfway between an abstract order (the rows of stalls) and the collage of individual forms with which, for example, we dress ourselves". For Betsky, the marketplace builds up a stage for the freedom of

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2 Pareto optimality is an important concept in economics with broad applications in game theory, engneering and the social sciences. The term is named after Vilfredo Pareto, an Italian economist who used the conept in his studies of economic efficiency and income distribution. In general, it can be explained as the "best that could be achieved without disadvantaging at least one group".

3 The evolution of the marketplace refers to Chapter III (3.1 Historical Comparison of Commercial Spaces between the West and China)

ideas and experience. But this freedom would gradually be eroded as such spaces become increasingly regularised. Indeed, the development of consumer society can clearly be associated with an increasingly formal conception of urban space in which goods and services were supplied in an increasingly efficient manner. As such, the market stall steadily became redundant in favour of the arcades which were actually, according to Betsky, the first consciously constructed palaces of consumption.

From a socio-cultural point of view, Benjamin's (1999) profound interpretation of the arcades in his Arcades Project can assist in understanding why the arcade as an old-fashioned architectural space designed for a form of urban consumption in the early 19th century can be still so attractive and popularly implemented in the today's design of modern retail space, shopping centres especially. The particular magic of the arcade from Benjamin’s comprehension is due to its creation of an 'ambiguity' of the space that is between inside and outside, public and private, and communication and conflict. Benjamin described them for example as 'a strange mix of house and street', as products of a hybrid space, which is public, but private as well. He took Flaneur as a metaphor of the consumer (reception) – organ of the capital of the 19th century, who is allured by this new bewitched and weird space. The flaneur experiences the arcades as an ecstatic penetration of public street and private home. Usually, the facades of stores and shops that are extroverted to the public street are now all simultaneously becoming introverted under the arcade – like a dream that is hard to figure out whether they are in the urban landscape or in the dream of flaneur's living room. This kind of new experience of consumption, then, is not an act of meeting daily needs. It brings about a consuming gaze that ingests visually as it responds to the invitation to locate desire in goods, and is enabled by architectural design as the eye is guided towards parallel lines of window displays (which reflect back the image of the person gazing) in a glass-roofed space set apart from the rest of the city. The early arcades as Hassenpflug (2001) argued are public areas, staging private spaces whereas the present-day galleries are without exception private places, faking public spaces.

By the 1860s, the arcades had been replaced as principal sites of bourgeois consumption by department stores during the period of the metropolitan transformation of Paris by Baron Haussmann. The Bon Marché opened in Paris in 1852 was regarded as the first department store in the world. The experiments in glass and iron construction created a truly amazing consumption space, as Miller (1981: 167) describes in the case of Bon Marché: "The iron columns and expanse of glass provided a sense of space, openness and light. Immense gallery opened upon immense gallery, and along the upper floors ran balconies from which one could view, as a spectator the crowds and activity below". Corrigan (1997) described the advent of the department store as one of the most important moments in the history of consumer culture.

From the functional point of view, it was the passages and department stores of Paris in the middle of the 19th century that made the first step in the development of modern trading. The department store offered a fixed-price system, credit and the availability of a full range of retail goods. All of a sudden customers were surrounded by an abundance of purchasable objects and were allowed to look at them and touch them without a counter desk and a salesperson coming between them. As Sennett (1977: 141) wrote: "The rise of the department store, mundane a subject as it may seem, is in fact in capsule form the very paradigm of how the public realm as an active interchange gave way in people's lives to an experience of publicness more intense and less sociable". In the modern department store, the interaction involved in the negotiation of prices was no longer the core of the commercial event. As Williams (1982: 67) wrote: "active verbal interchange between customer and retailer was replaced by the passive, mute response of consumer to things". Commodities and the stable prices attached to them were now to speak for themselves during the 'mute' moment before the expected act of purchasing. It symbolized the beginning of shopping as being with things that one might want to buy rather than shopping as interacting with other people. From this stand, a modern shopping centre seems to be a step further, which extends the customers' being with things to a specific form of being self-orientation and subjectivity of the shopping activity. In the shopping centre, what becomes central is an "experiential aspect" of the action, instead of an "expressive aspect" (Falk 1994: 62).

In addition, the import of department stores as central institutions in the urban culture-space, as Williams (1982) points out, provided a new form of urban sociability based around mass consumption. Benjamin notes that with department stores "…consumers begin to consider themselves a mass" while the goods are seen as unique…"With the appearance of mass-produced articles, the concept of speciality arises" (1999: 43). Carrier (1995: 75) argues that "Mass…marketing appeared as shopkeepers increasingly sought individual transactions with unknown buyers". In reality, the individual distinction can be gradually emphasized by highlighting the retail environment. Naturally, the themes reflect current interests in the entertainment industry and mass media (Gottdiener 2000: 271-74), creating an illusion that standardised products partake of the mystique of a world of film stars and fantasy narratives. Through subsequent evolutions of retail trade, the department store, as Reekie (1993) mentioned, retains a feeling of a (middle class) shopper's utopia. Its goods appear as emblems of a desired lifestyle, in its way an aspired-to culture.

The creation of modern shopping centres realizes a leap forward progress in a connection between the traditional marketplace - arcade - retail shopping - with the idea of centre, the importance of urban space and urban culture (Wall 2003). Just as the arcades attracted strollers through display, shopping centres draw in consumers through choice. Typically there is a large number of outlets, though a chain may have more than one shop in the same mall, and mix of stores catering for high and middle incomes. The critical mass may include a cultural attraction, such as a museum display or art gallery, or a theme park, alongside more overt sites of consumption. Moreover, modern shopping centres, especially shopping malls equipped by advanced techniques of visual merchandising please the consumers in a new "leisure-oriented" shopping environment. Crawford (1992: 3-4) in her writing of "the World in a Shopping Mall" mentions where (shopping centre) "past and future collapse meaninglessly into the present; barriers between real and fake, near and far, dissolve as history, nature, technology, are indifferently processed". Everything is designed to retain the consumer for as long as possible, as if shopping were leisure. Crawford writes (of shopping centres generally): "Sealed off from the tasks of everyday life, shopping became a recreational activity and the mall an escapist cocoon" (1992: 22).

As a link between urban space and sociality, shopping serves as a social facilitator playing a more important role in urban life than it might seem. This has been discussed by several authors[4] and completely by Glennie and Thrift: "The identifications that people adopt are conditioned by specific public sites of social centrality around which crowds and constituent groups form. Such public sites have always been important in the formation of sociality because of its tactile constitution through…talking, gesturing, touching, arguing, expressing and so on" (1996: 227).

As such sites, shopping places served and continue to serve as central facilitators and foci of social activity. Historically, the marketplace has been the centre around which many cities developed, functioning as a key forum for critical human social interaction while currently shopping centres that embody two key public gathering spaces - streets and marketplaces - have become increasingly important as public sites. According to Gruen's words, shopping centres recreate a public culture full of entertainment, events, density, and crowds (1960: 21-23). Consumerism, in Gruen's vision, becomes a way to express social connections and to reconstitute a social community through consumerism. Thus, the importance of shopping as a means of social interaction is that consumption is a central aspect of human social development and shopping is the primary means by which we consume.

The central social importance of shopping is further embodied by the continued emphasis on the "shopping experience" which also connects the act of shopping to sociality, as well as form. Since the 1960s, developers and planners overtly acknowledged that "…an enjoyable total environment would bring people in (to shopping centres) and get them to stay" (Frieden/Sagalyn 1994). They have surely recognized the many "advantages of going beyond commercial needs by furnishing lavish public spaces" (Frieden/Sagalyn 1994: 65) in shopping environments, and this reality certifies why the hot topic most presently in conventional retailing is "entertainment shopping". Successful shopping environments - from small boutiques to large mixed-use projects - are places where people are willing to be. People visit environments to go shopping, but often to do more: to dine, to recreate, to socialize, and to be entertained. A pleasurable shopping trip can be understood as consumption-oriented movement in a space where one has the possibility of making pur-

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[4] O'Brien and Harris, 1991; Alexander and Muhlebach, 1992; Underhill, 1999

chases. Thurow (2000: 4) pointed out that "if shopping is thought of as an activity where one is purchasing fun as well as goods and services, goods sold in a fun context can be sold for more than goods that are simply sold". On one hand, this argument implies that the shopper closely relates to the shopping environment in respect of consumption, even if he does not make purchases all the time, but on the other hand, it emphasizes that shopping as experiential and fun experience increases its social role in urban life, and has emerged as a central theme defining the future of successful retail.

1.3 Multi-functional Building from Architecture-Planning Perspective

The recent history of retail shopping, its influence on the development of the suburbs and its role in the revitalization of the historic downtown, and finally, the centrality of its significance for the late modern and contemporary city, can be traced in the built work of three individuals: the architect-planner Victor Gruen (1903-80), the developer-planner James Rouse (1914-1995), and the architect-planner Jon Jerde (1940-). All three became famous by their shopping centres, but later they would describe themselves as "community builders", and all three went on to design new towns and complete urban districts.

Victor Gruen, as a philosopher and father of shopping centre, was the first of these three citybuilders that made clear the connection of the marketplace-retail shopping-with the idea of centre, the importance of urban space and urban culture. Gruen states: "It is our belief that there is much need for actual shopping centres - market places that are also centres of community and cultural activity. We are convinced that the real shopping centre will be the most profitable type of chain store location yet developed, for the simple reason that it will include features to induce people to drive considerable distances to enjoy its advantages" (Gruen 1948: LoCVGC 0V15)[5].

Gruen, with his career course from an emerging shop designer, to a commercial architect, to an urban planner and to an environmental designer in the end involved in engagement and innovation in the most important trends in architecture and planning in post-war America - the impact of the regional shopping centre, downtown redevelopment, the role of urban highway, and a revival of planning as a means to control urban sprawl.

Retailing, according to Gruen, could produce a renaissance that married commercialism and culture, business and beauty, although Gruen often compromised his sweeping visions to meet his clients' economic concerns in his shopping centres' designs. In the book of Centres for the Urban Environment: Survival of Our Cities, Gruen (1973) argues that there were two distinct philosophical approaches to shopping centre development co-existing in the 1950s and 1960s. The first from a purely economic perspective argued that "shopping centres should be scientifically de-

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[5] LoCVGC: Library of Congress Victor Gruen Collection

signed 'machines for selling' or 'a store that pays' (Gruen 1973: 22)" (Gruen's philosophy of capturing the essence of powers of persuasion in a designer's ability to entice, persuade, and ultimately control the customer's emotions and purchases generalized by the phrase of "impulse purchases" from a consumer theory), and that "everything that distracts the shopper from 'doing his duty' in making the cash register ring as often as possible should be discouraged" (Gruen 1973: 22).

While the second approach from the perspective of improving the quality of urban life argued that it was more profitable to the merchant and beneficial to the shopper, if the retail function is located alongside as many non-retail functions as possible. "This conviction expresses itself in the inclusion of as many non-retail urban functions within the centre as feasible, in creating opportunities for cultural, artistic, and social events and in striving for an environmental climate and atmosphere that in itself becomes an attraction for the inhabitants of a region" (Gruen 1973: 22). Gruen informed merchants and architects how to use art, courtyards, and plazas to make their businesses more beautiful and profitable. This is Gruen's legacy - building and refining the arena of American retailing and turning shopping into American's favourite pastime. "Good planning and good business are in no way mutually exclusive" (Gruen: LoCVGC folder 22), Victor Gruen once declared about his approach to architecture. These selling spaces, he promised, could unite Americans and create new communities. Through his retailing work, Gruen desired to give Americans a richer public life, and produce retailing profits. Indeed, for department stores, shopping centres represented another way to generate more sales; the large buildings with plenty of parking promised to give retailers more "pulling power" with the public. With great efforts, Gruen tried to balance those two impulses - reform and retail, beauty and business - in his shopping centre projects for postwar Americans.

There are three principal elements that distinguish Gruen's theories and projects from those of his contemporaries:

1) Both his regional shopping centres and downtown revitalisation projects were driven by commerce, especially retail shopping which Gruen considered the motor of urban culture. As a commercial architect designing shops, then department stores, and later regional shopping centres, he believed that there is a larger public good being satisfied by commercial facilities and understood that market places are centres of community and cultural activity that merchants, more than any other group, had created the city, which is a place of exchange and communication, an interface between economy and society. The commercial was neither superficial nor common, and Gruen (1953: 255) himself treated it as a prerequisite for the survival of the humanist city.

2) In the course of each his career phases, Gruen was interested in creating a public space, what he called an "environment" – for a transforming urban experience, rather than an architectural object. His theory was simple: the more time people spent enjoying themselves in the commercial environment, the more money they

would spend. In designing the shops, he created "the right atmosphere" through "very subtle means", Gruen believed he could sway customers. "Shape, light and colour" were the three most important devices for fashioning a store's "individuality or character or atmosphere" (1947: 12). Later in his shopping centres' designs, Gruen insisted that higher profits would result from luring people into the shopping centre for extended stays. With art, fountains, community spaces, landscaping with a program of events in the public spaces both outdoor and indoors, Gruen (1948) created a process of having fun of shopping experience for consumers. Last but not least, Gruen took this revolutionary novelty in retailing and used it structurally to revitalize the urban spaces of towns and cities in his intention to give a quality of urban life back to cities in the age of the automobile.

3) Gruen's distinction has to derive from his own personal experience of the theatre, in other words, "STAGING" philosophy. As spotlights highlighted the action on a theater's stage, so many spots in stores animated the stars of its show - the commodities. Describing one storefront strategy, Gruen said that he wanted to "transform this space into a regular 'display stage' with all the features which stage technique offers" - though the design should not reveal "backstage display construction and lighting", which would detract from "the main show of the merchandise" (1956: 140-43). With an audience on the sidewalk, the facade as curtain, the sign as marquee, the show windows and showroom as the stage, and stockrooms as the backstage, the store as theater provided an appealing metaphor for commercial spaces. In this metaphor, Gruen, of course, cast himself as an all-powerful playwright, director, and stage designer for his suburban and downtown shopping centres.

Another great contribution of Victor Gruen is that he took advantage of the creation of shopping centres to fight with the urban sprawl. Gruen (1956) firmly believed that the shopping centres were the best weapon to deter the sprawl by bringing retailers together and stopping the spread of commercial strips. Due to the difficulties in renewing the downtowns and continuing suburban development, Gruen proposed a three-step strategy against sprawl. First, recentralization by creating "new urban cores": to establish centrality and identity within existing sprawl by accelerations of building the shopping centre; Second, building new towns beyond the greenbelts afterwards; and third, over a long term and under the federal and public support, building new cities as a way of balancing settlement across the U.S.A. Gruen (1973) extracted his thoughts and developed them into a model called "Cellular Metropolis": a hierarchical multi-centred regional city, which was a tool for networking both old and new communities and urban cores by means of a graduated transportation network.

The careers of James Rouse and Jon Jerde are neatly just one after the other: Rouse in the late 1970s and 1980s and Jerde in the late 1980s and 1990s. Both Gruen and Rouse, apart from their productive built work, were polemicists for urban culture. Compared with Gruen, Rouse is more contemporary and American. He confirmed and extended one of the central premises of Gruen's work that to be successful, retailers must link merchandising to recreational activity. In an article of Shopping Centres: The New Building Type, Gruen (1952: 66-94) believed that special events were one of the best ways to attract people to the shopping centre. In correspondence to his words, Rouse (1960: 258)[6] echoed " 'Special events' are designed to establish and continually strengthen the shopping centre's position as a real community centre." "The cumulative effect of bringing people to the centre," he promised, "is to establish close identification by the public with the centre, and thus serve to increase traffic and business." Rouse's particular innovation was to link merchandising and recreation not only to the urban, but also the historic context, and to use investment in a commercial project to renovate historic structures. Since 1976, this strategy has led to a series of spectacular city centre developments of a new character. The two most significant are Boston's Festival Marketplace (1976) and Baltimore's Inner Harbor (1984).

The theoretical underpinning for Jon Jerde's work is not to be found in writing, hardly in his interviews, and must be intuited from the intentions of his work. Generally, his vision has been formulated by the heterogeneous ensemble of the Italian hill town, infused by the thematic narrative or story telling of Italian baroque painting and decoration. Christ commented that Jerde's shopping centre can be generalized an appropriate word: Placemaking, and that shopping centre of Jerde's "repräsentieren modellhaft den Strukturwandel der Industriegesellschaft. Sie sind keine fordistischen Verkaufsmaschinen mehr, isoliert auf grüner Wiese und bis zum Dach angefüllt mit Waren. An die Stelle von Massenfertigung und serieller Architektur tritt eine differenzierte Produktpalette, individuelle Diensteleistungen und 'zur Ware gewordene Erlebnisse'[7], die sich neue Standorte und neue Räume zur adäquaten Entfaltung der neuen Potentiale suchen" (2003: 115).[8]

Jerde's first breakthrough was Horton Plaza, San Diego (1985), which he himself considered as an "urban theme park": a complex update of the urban shopping centre. Its fragmented spaces look and feel like neither the mid-century modern of Gruen, nor the clear mix of retail and historical setting of Rouse, but rather a postmodern art project with festive colors a contrast to the ubiquitous beige store architecture of the period.

The Universal CityWalk Hollywood (1993) was another masterpiece for Jerde. As a new urban development type, the Urban Entertainment Centre, is a part of Universal Studios Hollywood, Universal Orlando Resort and Universal Studios Japan, originating from Universal's first park and Universal Studios Hollywood, including shop-

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6 Rouse is quoted in Gruen and Smith, Shopping Towns USA: The Planning of Shopping Centres, p258

7 Christ quoted from Rifkin, 2000.

8 Translation: Jerde's shopping centre represents the structure change of industrial society as a model. They are not the fordist "selling machine" isolated from greenspace and filled up with commodities anymore. Instead, a sophisticated range of products, individualized services, and shopping events in quest of new location and spaces for presenting their potentials have replaced mass production and serial architecture.

ping, eateries, and entertainment venues. In fact, the establishment of Citywalk raised numerous debates among the urbanists on the questions of urban and city, private and public, and real and artificial. Nevertheless, Citywalk indeed is both private and artificial, but being popular and urban, thus inherits features of early 19th century arcades in post-fordist times.

1.4 Review of Chinese Literature on the Shopping Centre

In China, the study of the shopping centre as a commercial format is still in its preliminary phase, so the monographs and articles related to the topic are very limited.

In the architecture and planning domain, a book named Architecture of Store Design chiefly edited by Xu Jiazhen (1993) is about the design of commercial architecture, one chapter of which briefly introduces the evolution of the shopping centre and its way of design and interior layout, but does not mention the managerial aspect and the economic background for the emergence and development of the shopping centre. In the book of Building Design Material Collection No.5, the concept of shopping centre is discussed, it generalizes the category of Western shopping centre and plane combinatorial type. But most of the books of commercial architecture in China are about introducing a collection of successfully practical cases from Western countries, for instance, Commercial Architecture authored by Liu and Yang (1999).

From an economics and management perspective, the book of World Market Form edited by Gu et al. (1995) includes shopping centre as one chapter mainly introducing the developing trends and situations in Western countries and general operation and management tactics. The book of Retail King – Modern Store Planning and Design authored by Li and Ma (1995), expounds the principles of operational management in light of agglomerate effects. Moreover, the books of Marketing innovation of Retail Business authored by Qu (1996) and Planning and Design of Store, Chain, Supermarket authored by Cai (1999) both touch upon the shopping centre from a retail institution point of view. In brief, these books all research the shopping centre from the merchandising, operation and management facets.

1.5 Conclusion

In the previous literature review, the sources considered include books, peer-reviewed scholarly journals, and professional publications in the above three mentioned fields. From the review, the researcher found that many of the sources on the topic of shopping centre concentrate only on their own respective academic fields, most of which deal with economic issues as the shopping centre is mostly regarded as a product of laws of economics, but rarely research the focus of spatial organization, to say nothing of interdisciplinary study on the subject. Additionally, most of the literature on the topic of shopping centre is somehow related to America and to Western countries in general. As a result, a tendency of only concentrating on the similarities in the development of shopping centres worldwide but ignoring the variations in the developments of the same forms in different countries has evidently emerged. To a large extent, many researchers regard the shopping centre as a self-contained universal product of America's isolated from outside disturbance. In other words, the major gap in cross-cultural knowledge on the interpretation of Amercian creation of shopping centres in other alien urban contexts is still missing. Last but not least, the literature review shows clearly that the research on the shopping centre topic in China is still on the threshold. Even though it exists, the situation is always that only one academic dimension overshadows the other. Therefore, a comprehensive study of the Western shopping centre in China becomes prerequisite and necessary.

2 The Concept of Shopping Centre

2.1 What Is a "Shopping Centre"?

2.1.1 The Differentiation between Shopping Centre and Shopping Mall

As a foreign import of commercial format, shopping centre in Chinese has its uniform expression, that is, "购物中心 (gou wu zhong xin)". In regard to its definition, many people often confuse shopping centre with shopping mall. In fact, the original meaning of "Mall" in the phrase of "Shopping Mall" refers to a public area that is set aside as a pedestrian walk, the synonym of which is promenade. In general, in the shopping centre, all the retail and commercial service stores are arranged surrounding one or several walkways. These pedestrian walks are regarded as one of the most attentive places for the environmental design. Shopping and strolling on the walkways feels like wandering along the mall, thus the name of "Shopping Mall" derives from this. According to ULI, mall actually is an abbreviation of "Regional Mall, which is divided into two subcategories – regional shopping centre and super regional shopping centre.[9] Therefore, shopping mall by definition is one of many types of shopping centres, which is an enclosed, large- or super-large scaled single complex. In such a gigantic architecture, there are three dominant retail formats, that is, department stores, supermarkets, and specialty and brand-name stores, which are supplemented by the stores of catering and entertainment. Such a retail format includes almost all the retailing and commercial service business. In a sense, shopping mall is a fake of urban centre with multi-functions. All malls are shopping centres, but not all shopping centres are malls.

2.1.2 The Western Definition of Shopping Centre

The term "shopping centre" has been evolved since its first presence in 1920s. As the shopping centre industry has grown and changed, more types of centres have been developed, so that the content of the term has also been enriched. There are various definitions for the shopping centre, since different countries always have their own explanations according to the difference of geographic conditions, demographic structures and social custom. Hence, it is necessary to have an exploration of these different definitions in order to help a better comprehension upon the intrinsic features of the shopping centre.

American <The Dictionary of Retailing> defines:

Shopping centre is a Store Clustering that is composed of retail shops and their corresponding facilities. It is planned, developed and managed as an integral. The centre generally has one or several core shops surrounded by many small stores. The unit provides spacious parking lots locating usually near the traffic road for

[9] Refer to 2.3 Shopping Centre Typology

convenience in consumer's purchasing.

American <Encyclopaedia> defines:

Shopping centre contains a certain number of retail stores and service facilities. On-site parking is provided. One building or a group of buildings as a unit usually locates in the suburbs, but also appear in the urban centres or downtowns.

Amercian Marketing Association (AMA) defines:

Shopping centre is a heart place where it geographically centralizes the retailing businesses from all walks of life, targeting at meeting local consumers' demands for the commodities and services; Meanwhile, it is an attractive retail place since it offers the time convenience for shopper's purchasing.

American ICSC defines:

A group of retail and other commercial establishments that is planned, developed, owned, and managed as a single property. On-site parking is provided. The centre's size and orientation are generally determined by the market characteristics of the trade area[10] served by the centre.

Collins' English Dictionary defines:

Shopping centre is a complex of stores, restaurants, and sometimes banks, usually under the same roof. The unit provides on-site parking facility.

Nadine Beddington, an English architect and shopping centre expert, in his book <Shopping Centres Retail Development, Design and Management> defines:

Shopping centre planned shopping complex under one central management, leasing units to individual retailers, with a degree of control by management who are responsible overall for the centre.

John Dawson in the book of <Shopping Centre Development> defines:

A group of architecturally unified commercial establishments built on a site which is planned, developed, owned and managed as an operation unit related in its location, size, and type of shops to the trade area that the unit serves. The unit usually provides on-site or associated car parking in definite relationship to the types and total size of stores.

Japanese <Shopping Centre Development Council> defines:

Shopping Centre is an aggregate of retail stores and commercial service facilities, which is planed, developed, owned, and managed as an operating unit. On-site parking is provided. Its features of selectivity, variety, convenience, comfort and entertainment are in definite relationship to the centre's location, scale and building

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[10] Trade area is that geographic area containing people who are likely to purchase a given class of goods or services from a particular shopping centre or retail district. The size of the trade area varies based on the shopping centre type and size, tenant categories, proximity of competitive centres, population density, and accessibility. The trade area is usually expressed as primary or secondary.

configuration. As a sociable site adapting to the consumption demand, shopping centre to a certain extent also plays an urban function.

2.1.3 The Chinese Definition of Shopping Centre

In China, accompanied by the "open-door" policy and the enhancement of international economic links, the Western shopping centre starts to be quietly walking its way into the Chinese retail vernacular, which gradually draws more and more public's attention. Especially, after 1990s, this commercial figure started to be developed and constructed to a certain degree. However, since shopping centre development only experienced a short period of time in China up till now, there still lacks a comprehensive understanding of this Western commercial import. Many people take it for granted that shopping centre is a general meaning of "a central area for shopping", i.e. a shopping cluster, and some even believe that shopping centre is simply a large scale of department store. This kind of misunderstanding arises because people do not have a good command of the essential features of a Western shopping centre. Therefore, from the understanding of this retail novelty, China in general is still at a comparatively ambiguous phase.

The volume of <Urban Landscpae Architecture Planning> from Encyclopedia of China describes shopping centre as follows:

Apart from maintaining the features of traditional commercial streets, shopping centre is appointed with more activity contents, such as self-service restaurants, cinemas, wagering parlors, beauty salons, swimming pools, exhibition halls and etc., which changes from a single retail-store cluster into a multi-functional complex, i.e. a centre for commerce, service, entertainment and sociable activities. – In this definition, special emphasis is laid on explanation of multi-functional feature of a shopping centre.

An authoritative definition of Shopping Centre cannot be found in <Great Chinese Word Dictionary> until Year 1999. Then it gives following explanation:

A store that pools the various retail formats under one roof as planned. It is a shopping site that fullfill the customer's "one-stop" shopping concept, which also can be called artificial commercial streets. In general, it provides large-size of parking lots, but often the size is still determined by the market characteristics of the trade area served by the centre. It is planned, developed, owned and managed as an operating unit by one enterprise.

In the national standard of <Retail Format Analysis> issued by State Bureau of Quality and Technical Supervision (TSB) in May, 2000, it defines shopping centre as:

An aggregate of various retail formats and commercial services, which is planned, developed, owned, and managed by an enterprise.

Later in 2001, in the appendix of <Shopping Centre Planning and Design> to the issuance of the <Normative Views of Retail Trade Classification (Trial)> by State Internal Trade Bureau, it gave further detailed supplementary explanation on the shopping centre definition. Based on the definition given by TSB, it additionally put forward the following qualified conditions:

- *Architecturally unified planning and development by developers; indvidual retail stores merchandising business independently*
- *Location chosen either in the central area of commercial nodes or at the traffic arteries of city-suburb fringe*
- *Department stores or supermarkets as anchor outlets, combined with specialty stores, brand-name stores, fast-food courts etc.; equipped by luxury facilities, refined business quarters, and spacious and light shopping environment; implemented commercial leasing system*
- *The floor area of anchor tenants in general not over 80% of total area of the shopping centre*
- *A full-line of commercial services, together with retail business and entertainment*
- *The scale of parking lots corresponding to the sales areas*

In 2004, Ministry of Commerce of the People's Republic of China (MOFCOM) redefined the shopping centre as:

Shopping centre as a commercial aggregate of many kinds of retail stores and commercial service facilities is planned, developed and managed as an operating unit in an enclosed building or an open-air block, serving the consumers within the trade area that it locates. Based on this, it also stipulated the prerequisite conditions of shopping centres: 1) total commercial floor area not less than 15,000 square metre; 2) more than three retail formats in the centre, equipped with relative on-site parking; 3) centralized management, but independent (separate) merchandising

2.1.4 The Definition Used in the Thesis

From above various proposed shopping centre concepts, it is discerned that most of them set forth their explanation in general from the shopping centre's scale, content, and management point of view. Although the definitions given by the different countries are not completely consistent, they basically put emphasis on two points: (1) shopping centre is planned, developed, owned and managed as a single property; (2) shopping centre is a multi-functional commercial aggregate. Therefore, the content of a shopping centre is fairly extensive: with regard to the service function, it manifests "Complex" feature; in respect of operation and management, it displays "Unity" characteristics; concerning the service facilities, it embodies "Integrity"; for the scope of service, it shows "Specific" of trade area. In general, the operational mode of shopping centre is not a simple and scattered management, but a unified and highly-efficient operation of an organic whole.

In the thesis, it adopted the internationally standardized definition given by ULI (1947), since every definition analyzed before are all generally based on it, and then further developed, that is:

A group of architecturally unified a minimum of three commercial establishments built on a site that is planned, developed, owned and managed as an operating unit related by its location, size and type of shops to the trade area that it serves. The unit provides on-site parking in definite relationship to the types, total size of the stores, the availability of off-site parking and alternate means of access.[11]

Although from the content, this definition appears quite broad, it actually is rather restrictive and excludes much retail development. This definition emphasizes the central management, i.e. unified operation and management of all the retail formats in the shopping centre. Individual retail stores, even when grouped side by side along streets and highways or owned by a single owner, are excluded if they are not centrally managed. Thus, any number of commercial strips or downtown shopping clusters do not qualify as shopping centres, although they may constitute significant shopping districts. On the other hand, a shopping centre can form the nucleus of a shopping district in an existing or emerging commercially zoned area, or it may represent the first project around which other commercial land uses eventually are developed.

2.2 The Basic Constitution of Shopping Centre

As a multi-functional architectural complex, a freestanding shopping centre in general has following basic components (see Table 2-1):

Table 2-1 Basic Components of a Shopping Centre

Source: Author's Creation

Commercial Facilities	Retail Stores	Anchor Stores (for example: department stores, supermarkets)
		Supplementary Stores
	Service Facilities	Financial Service (for example: bank, insurance, real estate) Personal Services (for example: laundry, hair salon, photographer), Community Services (for example: post office, library, day-care and nursery) Other Services (for example: auto reparation)
	Cultural and Entertainment Facilities	Cinema, Swimming Pool, Art Gallery, Children's Play Gym, Skating Court, Public Hall
	Dining Facilities	Cafeteria, Restaurant, Coffee/Tea House, Ice Cream Parlor, Fast-food Court, Cocktail Lounge
Auxiliary Facilities		Parking Lot
		Hotel

[11] This definition originated from ULI's community Builders Council. The council, established in 1944, formulated many planning and development principles and terms for the shopping centre.

The function of a modern shopping centre tends to be diversified, which usually combines with other functional facilities to form a comprehensive and multi-functional unit. It not only satisfies the needs of shopping, but also meets the demands of cultural, entertainment and dining, so that the appeal of the shopping centre is greatly augmented, and the visiting time is also substantially prolonged. It is noticeable that in the present megamalls, they even contain much wider range of subjects, such as leisure facilities, which to a certain extent become an all-embraced small city.

2.3 Shopping Centre Typology

2.3.1 Traditional Shopping Centres

Traditionally, ULI divided shopping centres into three principal types - neighbourhood, community and regional[12] – each with a clear and distinct function, trade area, and tenant mix, which served the entire metropolitan city in a hierarchical system. In reality, however, the distinction among the three types has not always been clear. Moreover, as specialized market opportunities have been recoginzed over the years, numerous new types of shopping centres have evolved. The difficulty in distinguishing shopping centres by type is becoming more pronounced as the development of hybrids increases. Table 2-2 indicates the characteristics of the principal types of shopping centres. The numbers shown on the table must be considered only as convenitent indicators to define the different types of centres; the basic elements of any centre may change if geared to the changing characteristics of the trade area, including the nature of the competition, population density, and income. Therefore, in all cases, even among variations, the leading tenant classifications play a major role in determining the type of centre.

Table 2-2 Principal Types of Shopping Centres Defined by ULI (1999)

(100 sq. feet ≈ 9.29 sq. metres)

Type of Centre	Leading Tenant	Typical GLA[13] (sq. feet)	General Range in GLA (sq. feet)	Usual Minimum Site Area (acres)	Minimum Population Support Required	Trade Area Radius (km)[14]	Driving Distance (mins.)	Parking Index[15]
Neighborhood	Supermarket	50,000 (4,650m^2)	30,000-100,000 (2,790m^2-9,290m^2)	3-10	3,000-40,000	Up to 2.4	5-10	≤5
Community	Junior department store; large variety, discount, or department store	150,000 (14,000m^2)	100,000-450,000 (9,290m^2-41,800m^2)	10-30	40,000-150,000	1.6-4.8	10-20	4-6
Regional	One or two full-line department stores	450,000 (41,800m^2)	300,000-900,000 (27,900m^2-83,600m^2)	10-60	≥150,000	4.8-11.2	25-30	≤6
Super Regional	Three or more full-line department stores	900,000 (83,600m^2)	500,000-2 million (46,500m^2-185,800m^2)	≥15-100	≥300,000	16+	≥30	5-7

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12 ULI divides regional shopping centres (malls) into two subcategories – regional centres and super regional centres.

13 GLA Gross Leasable Area is the total floor area designed for a tenant's occupancy. It is the space, including sales areas and integral stock areas, for which tenants pay rent.

14 Jones & Simmons, 1993, p216.

15 Parking index is the actual number of parking spaces per 1,000 square feet of GLA in a shopping centre

- Neighbourhood Shopping Centres

The neighborhood centre mainly offers the sale of convenience goods (food, drugs, and sundries) and personal services (those that meet the daily needs of an imediate neighborhood trade area). Normally, a supermarket or superstore that combines grocery shopping with a pharmacy and other convenience goods and services is the principal anchor tenant in most neighborhood centres. Consumer shopping patterns embody that geographical convenience is the most important factor in determining a shopper's choice of supermarkets. A wide selection of merchandise and customer service is a secondary consideration.

- Community Shopping Centres

Initially, community centres were developed around a junior department store or large variety store as anchor tenants in addition to a supermarket. Due to providing increasingly large amounts of shopping goods and, in certain cases, special categories of goods, community centres have experienced and continue to experience the most unpredictably change. The original typical anchor tenants in the community centres were largely supplanted by discount or off-price department stores or by a strong specialty store such as hardware, building/home improvement or furniture or catalog store.

A community shopping centre does not have a full-line department store whereas a regional shopping centre exactly has, but it does have a market area larger than a neighbourhood centre and thus draws customers from a longer distance. It supplies greater depth and range of merchandise in shopping and specialty goods than the neighbourhood centre. Furthermore, it inclines to offer certain categories of goods, especially commodities, which are less likely to be found in regional centres, for example, hardware, garden and building supplies.

Since the community centre is the "in-between" centre, some of them evolved from the potential development of neighbourhood centres, just as some community centres can expand into regional centres. In general, a community centre can be quite vulnerable to competition in metropolitan areas, because it is too large to thrive off its immediate neighbourhood trade area, while too small to make a strong impact on the whole community unless it situates in a smaller city with a population ranging from 50,000 to 100,000.

- Regional Malls

Regional centres and super regional centres share all of the same characteristics except for the difference in the number of department store. Regional shopping centres have one or two full-line department stores, but for the super regional ones, they usually have three or more, although not always, larger. The department store traditionally is regarded as the main attraction for both types of shopping centres, which as a rule has a minimum GLA of 75,000 square feet but about 40,000 square feet in smaller markets and older centres. However, as the appearance of hybrids increase, non-traditional anchors are now becoming commonplace in regional and super regional centres. These new generation anchors include elaborate food courts, large off-price category killers[16], megaplex cinemas, and specialized, large-scale entertainment attractions and the range of tenant types have been continuing to expand in both types. All in all, regional and super regional centres seek to reproduce all of the shopping facilities once available only in central business districts.

2.3.2 Specialty Centres

Shopping centre can no longer be constrained within the major categories; Specialization or subcategorization of shopping centres became a popular trend. Specialty shopping centres is one of the subcategories evolving from the principal types. Although the term is broadly recognized in the shopping centre industry as an proper classification for non-traditional shopping centres, the industry never consent to a clear definition of it and thus it generally means different things to different people. The predominant differentiation of a specialty centre is a lack of a traditional anchor tenant. The role of the anchor tenant might be played by another type of tenant or by a group of tenants that together might function as an anchor tenant or by any number of other variations. Specialty centres, particularly those that have a special architectural character or environmental ambience, have usually been referred to as "themed centres", which are characterized as what they are: "power", "outlet", "off-price", "fashion", "lifestyle", "entertainment", "megamall", "home improvement" and other qualifiers that more accurately define their character, focus and targeted retail segment.

- Power Centres (a planned cluster of big box stores[17]): a type of super community centre (more than 250,000 square feet of GLA) that has at least one super anchor store (minimum 100,000 square feet of GLA), four smaller, category-specific anchor tenants (or category killers) (between about 20,000 and 25,000 square feet of GLA

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[16] Category killer, as a type of big box retailer, is a large specialty store that serves a single market segment with a single class of merchandise. Rather than selling everything from tires to tomatoes like warehouse retail store, category killer concentrates on providing depth of merchandise through a combination of two ways of selling i.e. self-service and open-shelf assistant service.

[17] Big Box Store: a large-format specialized store, such as Membership Club, Warehouse Retail Store, Hypermarket or Superstore, Category Killer (large specialty store), Discount Department Store.
All big box stores have the following common characteristics (Simmons et al. 1996; Jones and Doucet 1998, 1999):

- They are highly specialized and their businesses focus on specific subsectors of retail activities, such as food, building materials, stationery and electronics. Within the subsector, they provide a wide selection of brand-name products
- They are much larger in size than conventional stores in the same retail subsector. Their prices are substantially lower because in these stores face-to-face service is reduced, interior decoration is minimal, and products are often sold in bulk packages.
- They serve the whole region in the form of a chain, with outlets at various locations in the metropolitan city
- They are mostly located at highway intersection accessible only by car. At first, such stores were freestanding outside shopping centres, but eventually several big box stores began to cluster together at one location in the form of a planned plaza, commonly called a “power centre”.

each) and a number of small shops (less than 10,000square feet of GLA each, but collectively totalling no more than 10 to 15 percent of the centre's total GLA.

- Outlet Centres (an aggregation of factory outlet stores): each store is owned by a different manufacturer but managed collectively as any other shopping centre. It has no specific anchor tenant, although one or more of the largest or most prestigious tenants may act in this role. The trade area is regional or extraregional, and such centres can also enjoy a strong tourist trade.

- Off-Price Centres: the centres specialize in name-brand merchandise that is sold significantly below the prices asked in full-line department stores or specialty stores. The trade area is typically between that of community centres and regional centres, with relatively little tourist orientation.

- Urban Entertainment Centres: the most popular concept in real estate integrates elements of entertainment with retailing to form the urban entertainment centre. The predecessors of this concept were festival marketplaces. Urban entertainment Centres are based on a concept of "trinity of synergy", which combines entertainment, dining, and retailing within a pedestrian-oriented environment. The new generation of cinema megaplexes, often approaching category killer status is the most common entertainment attraction.

- Fashion Centres: a concentration of apparel shops, boutiques, and custom quality shops carrying special merchandise, usually of high quality and with high prices. It represents market segmentation by quality, taste and price. Hence, it also distinguishes itself in archtecture with high-cost finishes and materials. The centre has a market area scaled toward a neighborhood, community, or regional centre.

- Festival Centres: Regarded as one of the forerunners of urban entertainment centres, the festival centres are intended to create a special, festive experience. Therefore, a high percentage of festival centres' GLA is devoted to specialty restaurants and food vendors. Retail goods at a festival centre tend to emphasize impulse[18] and specialty items[19]. A strong ambient entertainment theme is often present, with regular informal events, however, there is no major entertainment anchor. The trade area is quite large, since a significant portion of its business activity comes from tourists. Most festival centres are foremost categorized as regional because of their market and then as festival centres because they do not have department store anchors. Typical of the festival centre is its impressive architecture and its connection to other significant land uses, for instance, a historic area.

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[18] Impulse goods: those that shoppers do not actively or consciously seek. Within stores, impulse goods are positioned near entrances or exits or in carefully considered relationships to shopping goods.

[19] Specialty goods: those on which shoppers spend greater effort to purchase. Such merchandise has no clear trade area, because customers will go out of their way to find specialty items wherever they are sold.

2.3.3 Retail Uses in Mixed-use Development

A mixed-use or a multiple-use development is a large-scale real estate project, which relies heavily on the synergistically related major uses within the project. In a well-planned project, three or more significant revenue-producing uses such as retail, office, residential, hotel/motel, and recreation are mutually supporting; With significant physical and functional integration of project components, the project makes a highly intensive use of land, including uninterrupted pedestrian connection; the development conforms to a coherent plan, which often stipulates the type and scale of uses, permitted densities, and related items.

The retail component in a mixed-use development may be configured as ranging from a convenience retailing to a traditional regional shopping centre (in terms of tenant mix and anchor tenants) or as a specialty centre. The retail component of a mixed-use development usually has multiple levels and is often coherently integrated with the other land uses through interconnecting pedestrian pathways, shared parking, and retail stores particularly tailored to the needs of other users in the development. At present, many shopping centres already are part of multiuse developments, so that the shopping centre developer or other landowners can control the surrounding parcels to build up a variety of related land uses, such as office buildings, high-density residential units, restaurants, cinema complexes, and other uses that benefit from the attraction of customers to such a centre.

All in all, Figure 2-1 indicates that the distribution of different types of shopping centres.

Figure 2-1

Source: Author's Creation

2.3.4 Chinese Defined Typology of Shopping Centre

According to the hierarchical level of administrative division, MOFCOM in 2004 categorized the shopping centre into following three types (see Table 2-3):

Table 2-3 Classification of Shopping Centre Types Defined by MOFCOM

Type of Centre	Location	Trade Area Radius (km)	General Range in GLA (sq. metre)	Store Tenant Structure	Number of Parking Spaces
Community	municipal and district levels of commercial nodes	5km -10km	less than 50,000 m^2 (540,000 sq.feet)	20-40 tenants including hypermarket[20], specialty stores, brand-name stores, catering services and others)	300-500 (parking index[21]: 0.5-1)
Central City	municipal level of commercial nodes	10km-20km	50,000-100,000 m^2 (540,000-1100,000 sq.feet)	40-100 tenants including department store, hypermarket, specialty stores, brand-name stores, catering services, groceries and enter-tainment facilities	more than 500 (parking index: ≥1)
City-suburb Periphery	traffic ar-teries of city-suburb fringe	30km-50km	more than 100,000 m^2 (1100,000 sq. feet)	more than 200 tenants including department store, hypermarket, spe-cialty stores, brand-name stores, ca-tering services, grocer-ies and entertainment facilities	more than 1000 (parking index: ≥1.5)

(1 sq. metre ≈ 10.76 sq. feet) *Source: Author's Translation & Edition*

2.3.5 The Typology Used in the Thesis

Based on the classification made by ULI (1999), and referring to the Chinese administrative way of category at the same time, the shopping centre typology defined in the thesis can be organized into two layers. According to the location of the shopping centre, it firstly partitions off into two parts: Central city and Suburb. Then, it follows ULI's measures of category to sort shopping centres, but with three modifications. As mentioned before, since the density of population is utterly different in China from in North America, the concept of "Region" or "Super Region" centre, from urban space point of view, that serves for one city and even crosscities of consumers in the U.S.A. can probably only supply a district or several districts in a Chinese city. In other words, due to the high density of population in China, the trade area radius in Chinese city is much shorter if a same size of shopping centre serves for a same amount of population. Therefore, the category of anchor tenants becomes a key determinant and GLA is also taken as a reference to the type of a shopping centre, but not other indicators shown in the ULI table. In addition, based on a real situation that most Chinese shopping centres have no more than one department store, even in super regional centres, but hypermarkets on the other hand play the same important

[20] hypermarket: a combination of a supermarket and a discount department store under one roof

[21] calculated by author

and popular roles as department stores in the centres, hence leading tenants basis for classification of shopping centres will also have some slight changes. The third modification is to exclude on-site parking, i.e. parking index as a defining trait of shopping centres, for the reason that most shopping centres in Chinese cities are designed for shoppers who do not own an automobile and rely on public transit[22]. Therefore, the classification of Chinese shopping centres used in the thesis can be shown as follows:

Table 2-4 Classfication of Chinese Shopping Centres in the Thesis

Type of Shopping Centre	Leading Tenant	Typical GLA (m^2)	General Range in GLA (m^2)
Neighborhood	Supermarket	4,650	2,790 - 9,290
Community	Junior department store; large variety, discount department store with a supermarket, e.g. Hypermarket - a typical anchor for Chinese shopping centre	14,000	9,290 - 41,800
Regional	One full-line department store with other anchors	41,800	27,900 - 83,600
Super-regional	One full-line department store and one hypermarket with other anchors	83,600	46,500 - 185,800

Source: Author's Creation

2.4 Features of Shopping Centre

2.4.1 Essential Feature

From the above analysis on the definition of a shopping centre, it has been clearly shown that shopping centre from operation and management aspect has its own essential feature, differing from other types of commercial architectures. It adopts the managerial mode of a clear separation of the responsibilities among the owner, manager and merchants, which means that after being developed and constructed in a unified way, commercial spaces in the shopping centre are leased to individual merchants (tenants) who are strictly selected, and operated by central management, but do the business independently. This is the core feature of the shppng centre, which explicitly differentiates between the shopping centre and general commercial institutions.

Centralized management, but separate merchandising business is an advanced way of operation and management. The manager/operator practises unified and centralized management to the shopping centre. Daily operation, public security, sanitation works, maintenance, stock purchasing, marketing and promotion etc. are all carried out in a well organized way. Merchants do not participate in the centre management, but regularly pay a rent to the owner/developer and operating expenses to the manager. The owner and manager do not attend merchandising business, thus there is no direct relationship between rent income and merchandising situation. This way of operation and management differs neither from department stores and super-

[22] From the parking index defined by both countries, it has clearly shown that the United States is much higher than China.

markets, nor from commercial streets/strips and open markets. For the department stores and supermarkets, both of them are regarded as one retail store/unit, which is centralizedly merchandized by one merchant who is also an owner and manager. Although a commercial strip is a cluster of many retail stores, it lacks centralized management, so that an overall operation is overly-loosely organized. While compared with open-market merchants who are unnecessary to be carefully planned and selected, the managerial mode of shopping centre is much more effective, as it not only helps the tenants to promote each other, but also prevents their adverse competition in order to achieve common benefit. It is thus evident that shopping centre is a cluster/ an agglomeration of retail establishments. This cluster/agglomeration is based on a common consensus of unified management, which has a totally different meaning from a group of stores loosely collected together to constitute commercial shopping districts.

2.4.2 Basic Feature

In general, a well-planned shopping centre distinguishing itself from other commercial land uses has following traits:

- A Unified Spatial Arrangement

- A unified architectural treatment, concept, or theme for the building or buildings, providing space for tenants that are selected and managed as a unit for the benefit of all tenants
- A unified site, suited to the type of centre called for by the market. The site may permit expansion of buildings or the parking lot if the trade area and other growth factors are likely to demand them
- An easily accessible location within the trade area with adequate entrances and exits for vehicular and pedestrian traffic as well as transit passengers if necessary
- Sufficient on-site parking to meet demand generated by the retail uses; Parking should be arranged to enhance pedestrian traffic flow to the maximum advantage for retail shopping and to provide acceptable walking distances from parked cars to centre entrances and to all individual stores

- A Carefully Planned Mix of Mutually Supportive Tenants

- A tenant mix and grouping that provide synergistic merchandising among stores and the widest possible range and depth of merchandise appropriate for the trade area

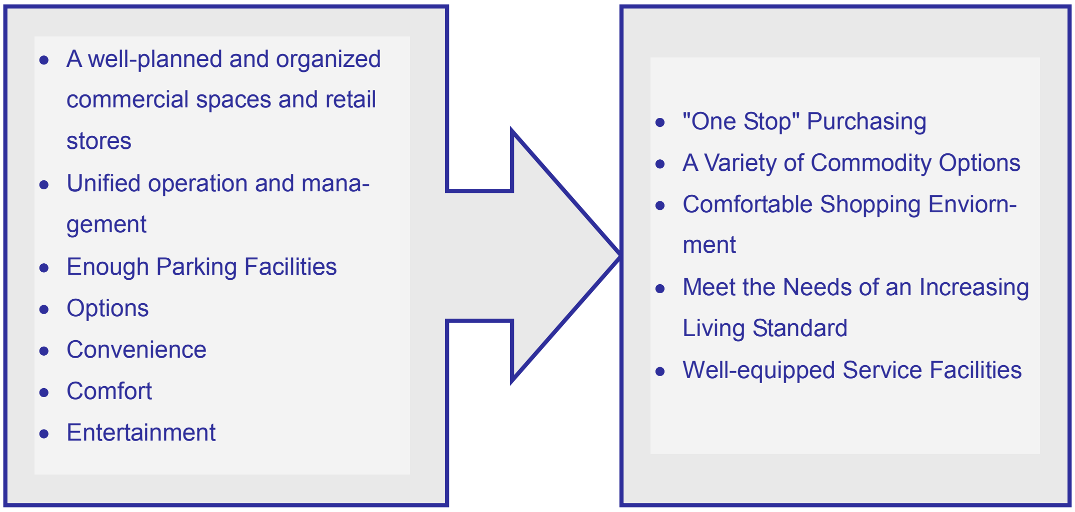
- A Coordinated Development Strategy and Centralized Management Control

- Comfortable surroundings for shopping and related activities that create a strong sense of identity and place

- Site improvements, such as landscaping, lighting, and signage, that create a desirable, attractive, and safe shopping environment
- Service facilities (screened from customers) for the delivery for merchandise

Although some shopping centres may not fulfill all of these characteristics, the most successful shopping centres manifest a strong overall image and a clearly identifiable lifestyle orientation for customers and tenants alike. The characteristics of a shopping centre can be generalized as follows (Figure 2-2):

Figure 2-2



Source: Author's Creation

2.4.3 Integration of Multifunction

Shopping centre, as an innovative retail format, combines architecture development with merchandising business. It not only stresses planning and design of the configuration, but also pays attention to marketing and promotion of the commerce; it not only emphasizes the centralizing/gathering function of the architecture in itself, but also cares about operational skills of the commerce. It has a great difference from other retail formats, and is endowed with a concept of specialized integration. By organic integration of many and varied retail formats, shopping centre satisfies the much higher needs of consumption, living and spirit. The integration function of a shopping centre can be displayed as follows:

- Integration of consumption and Leisure

"'One-stop' shopping and 'Leisure' shopping" as the changes of consumers' behaviour are regarded as the consumption mainstream in the 21^{st} century. Accompanying the progress of society and enhancement of productivity, people's earnings increase, but their working time dramatically decreases. That means people have more chance to dispose of their free time, thus the requests for more leisure activities are also augmented. The citizen's consumption trend gradually moves from station to dynamics, and the life style also shows personalization.

- Integration of consumption and service

Consumers who visit the shopping centre not only purely target shopping, but need more people-oriented on-the-spot good feeling and spiritual enjoyment, i.e. the high quality of life-closeness service. Shopping centre does realize the merchandising business transfering from the selling to the service. In other words, the number of shop assistants are steadily reduced, but an abundance of services are provided to the customers instead.

- Integration of consumption and environment

Shopping centre pays particular attention to the design and planning of the shopping environment, which means that creating an attractive shopping atmosphere to pull the people into the centre is one of the most important marketing and promotion stragegies.

- Integration of consumption and culture

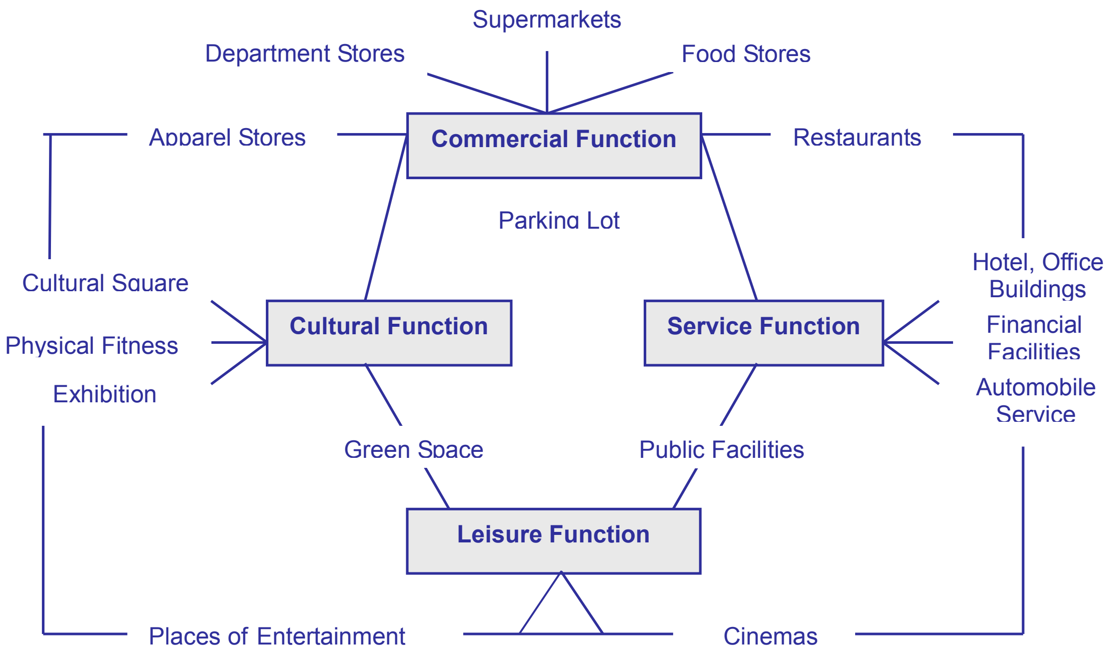
Shopping centre is not only made for selling the commodities, which is different from the shopping way in a supermarket where customers choose their loved necessities in a prompt action. In a certain sense, shopping centre deals with a kind of culture that represents the changes of people's attitude towards the way of living and value concept. It at large is to meet the spiritual and cultural needs of the customers.

- Integration of consumption and education

With a tendency towards rational structure of consumption expenditure, the partition of spending on the education in a household enhances, which lays a good foundation for developing commercial spaces of combining education with recreation in the shopping centre. Some social activities related to education also become a popular way of attracting the flow of population.

The following Figure 2-3 indicates how the respective functions correlate with the diversified retail formats in a shopping centre.

Figure 2-3 Functions Relating to Retail Formats in a Shopping Centre



Source: Author's Creation

2.4.4 Achitectural Features

The prominent features of shopping centre architecture lie in the creation of a comfortable and safe shopping environment for the customers through its pedestrianized and interiorized commercial space, and in the organization of a multitude of retail stores and service facilities in an effort to closely integrate commercial promotions with other social activities by offering perfect functions and services that satisfy various social demands, and by displaying public spaces fused with real social public life.

- Pedestrianized Commercial Space

Shopping centre is a group of architecturally unified commercial establishments built on a site. In order to coordinate the contacts between stores, and stores and customers, it usually makes use of linear streets to connect the stores and organize the flow of traffic. Pedestrianization creates a kind of shopping environment that gets rid of the disturbance from the public traffic where often commercial strips/streets and districts are situated. Shopping centres attempt to establish pedestrianized commercial spaces in order to coordinate the relationship between the people and automobiles – to curb the traffic outside the building by offering a large area of parking lot, which is not only convenient for the vehicles, but also ideally provides a comfortable shopping environment for the customers.

- Interiorized Commercial Space

Since the inventions of the iron-construction arcades and the first artificial construction material glass in the end of the 19^{th} century, they have been extensively implemented in many commercial architectures, such as department stores and supermarkets. Their appearance and implementation to a certain extent pave the way for more advanced development of sophisticated shopping centre architecture. Making use of covering and protective functions of the roof, the shopping centre invites the outdoor commercial activities into the indoor spaces. With the heavy implementation of arcades and glass, not only does the effectiveness of natural lighting in the shopping centre greatly increase, but also the mal-impact as a result of the bad weather condition during the shopping diminishes. Through the artificial environmental control, the shopping centre creates a shopping, leisure and entertainment indoor environment with its comfortable, naturalized, and humanized design.

- Privatized Public Space

Differing from the department store and the supermarket, the shopping centre develops a purely retail commercial space into a multifunctional shopping site, especially combining the commercial businesses with public activities, which gives the retail commercial architecture a new meaning. Thus, shopping centre is a comprehensive site with all the public, consumption, entertainment and leisure activities. Openness is its intrinsic request. At the same time, the function of a shopping centre has also transformed from the stationary form of traditionally pure selling role to the supply of manifold services to the society and consumers. These changes transform the architectural spaces of a shopping centre from a traditional fixed spatial pattern to an open and flexible spatial format. However, although the pedestrian walks are filled up with natural flowers and trees under an agreeable climate and nice environment, it is after all managed privately, i.e. a privatized public space[23], which cannot equate with a real public space. The real purpose of offering public space in a private realm of the shopping centre is regarded as a tool to attract more people's visit.

2.5 Preconditions for development of Shopping Centre

As a more advanced commercial format, shopping centre development in a country or a region must be equipped with certain indispensable preconditions. Local economic situation, people's consumption concept, urban development and relative traffic condition should all reach a certain level so that they are able to support the development.

[23] Privatized public space: "public space" in the shopping centre is owned privately in respect of property and management, but the way of usage of the open space has been already public.

2.5.1 Economic Situation

Economic situation is the first and foremost precondition for the development of a shopping centre. A rise of economic level is the inherent requirement of the shopping centre. Shopping centre as an enormous and multi-functional complex calls for being compatible with the growth of the productive forces and economic level, which is reflected in the consumers' purchasing power and developers' investment and management.

On one hand, a high-level of economic development can enhance people's income and purchasing power, so that their consumption level can also correspondingly increase. Evidently, the higher the gross domestic product (GDP) is, the more disposable income people get. Due to the shopping centre as a multi-functional commercial facility, its development needs strong support of purchasing power. It should be noticed that economic development in different regions/cities is imbalanced. People who live in a developed region/city have comparatively high earnings, so that their living standard, purchasing power and consumption level easily reach the level for developing a giant shopping centre. However, from the other side, an advent of shopping centre cannot generate new business or create new buying power; it can only attract customers from existing buinesses or beyond the trade area that may be obsolete, fulfil an unmet need in the market area, or capture increased purchasing power that accrues with growth in population, number of households, employment, and/or income.

On the other hand, the growth of economy and buying power leads to the robust development of retail industry. The increasing confidence from the investors can motivate the development of commercial facilities especially for the large-scale commercial architectures. As mentioned before, shopping centre adopts the managerial mode of "three-power separation", thus, the investors who participate in the shopping centre's development and construction, and the measures for sourcing channels of their financing-support largely tend to be diversified. Therefore, only in the region where the economic situation is strong enough, and only under the condition that people have full confidence in the commercial development will the investors stake the money on the shopping centre projects.

2.5.2 People's Consumption Concepts and Habits

The continuous growth of the retail industry and the new advent of the retail institution not only need support from the economic side, but also are the inevitable outcomes from the constant changes of people's consumption concepts and habits.

Pursuing the material benefits but low-cost of entering marketing is the ends and means of commercial enterprises. In the highly economic-developed region, owing to the increase of people's income and their life stability, the people's consumption tendency, payment ability, leisure time and consumption behaviour can change accordingly. Only under such alterations can the possibility of the existence for the shopping centre be realized, since the large-sized shopping centres need to be supported by enough consumption volume that can allow the tenants' commodities and the rate of service operating cost to reduce under the rate of social average cost. Only under the circumstance that the comparative cost is worth for the tenants can the shopping centre have its existing necessity.

With the enhancement of living standard and cultural level, people's consumption demand inclines to be diversified and differentiated. Consumers do not constrain themselves from purchasing daily necessities anymore, but request a complete service-package of shopping, entertainment, leisure and obtaining information. When the multi-dimentional satisfaction becomes a new fashion trend, the shopping centre known for its elaborate design and well-conceived organization undoubtedly becomes consumers' favorite.

2.5.3 Urban Planning and Urban Structure

It is an interactive relationship between the shopping centre development and urban development. During the shopping centre development, it must consider the linkage between the shopping centre and urban planning, that is to say, the shopping centre should have a coordinated way of development with the city which it belongs to, its surrounding areas, the original commercial facilities, traffic condition, city infrastructure etc.; meanwhile it should also not disregard the government planning policies that function as a guidance and macro-regulation of the construction of the shopping centre. Furthermore, the designated function and feature of a city, the distribution of a city's population and trade area, the land use and infrastructure of a city, especially traffic system and planning, road condition and traffic volume all become the decisive precondtions for the survival of a shopping centre.

2.5.4 Transportation Facilities and Traffic Condition

The highly-advanced traffic network and the popularization for the use of private cars are the prerequisite conditions for the shopping centre development. Whether a commercial facility is successful or not to a large extent depends on its accessibility. Advanced transporation can greatly expand the range of people's activity and extend the service radius of commercial facility (trade area), which without doubt benefits the success of the retail business. In the Western countries, the shopping centre is called a "Product of Automobile Times", which has strong dependence on the automobile and transporation while the expansion of trade areas relies on the increase of the accessibility to the commercial facilities. A well-organized urban traffic system has a strong capacity of efficiently collecting and distributing the traffic flow.

Additionally, the parking convenience also directly influences the number of visitors to the shopping centre, which is even more obvious in the car-dependent developed countries. Apart from the road and traffic condtions that indicate the accessibility of a shopping centre, the convenience of parking facilities has also an indirect impact since enough free-parking spaces are the importantly attractive source for the shopping centre to pull the customers.

3 Evolution of Shopping Centre in China

3.1 Historical Comparison of Commercial Spaces between the West and China

3.1.1 Is the Shopping Centre a New Commercial Space?

In particularly speaking, most commercial spheres have taken ancient remains, streets, temples or important historical buildings as their leading facilities because of their specific historic-cultural background and commercial environment, which is different from one another in every country.

As an inventor of American shopping centre, Gruen, in fact, took advantage of this commercial giant to console his nostalgia of the urban culture, especially the rich public social life and public spaces of the European city, in which he lived and practiced for the first thirty-five years of his life: Vienna. He paired slides of old European cities with American shopping centres. Through such juxtapositions, Gruen suggested the possibilities for urban activities in the shopping centre to create a commercial space of "an Europeanization of America". Gruen stressed the historical precedents for the shopping centre – the Greek agora, Rome forum, medieval marketplace and the European plaza. He maintained that the shopping centre brought proven laws of retail's past to the new commercial environment. The shopping centre, he wrote, was not an innovation so much as a culmination of everything that had come before. It was the perfection of what architects, financiers, chain stores, and department stores already knew about retailing (Gruen/Smith 1952). From this point of view, Peter Hall, the distinguished planner and historian, seems more apt: "if…you care for variety and vitality, the life of the crowds, the sense of place and the sense of history, then you may allow that these developments give a new quality to the life of the metropolis, while reasserting the oldest values we know" (Hall 1988). The contemporary city is being enlivened by one of the oldest urban functions.

Since knowing the essential intention of creating the shopping centre and its prototype, the researcher believes that it is necessary to trace the history of ancient commercial spaces in both the West and China, that is, European "PLAZA" and Chinese "市井 (shi jing)" so as to have an in-depth understanding of the differences in the modern shopping centres against unlike cultural, social, and spatial backgrounds.

3.1.2 Ancient European "Plaza"

Definition of Plaza

In European language, the word "Plaza" can be traced back to ancient Greek word "Platia" that means "Broad Road" at that time. Similar words existing in Latin word is "Platea", the original meaning of which refers to the wide space between the houses that is a kind of expression terminology about roads and inner courtyards. Another

Latin word "Placo" means "Flat Surface" closely related to the meaning of Italian word "Piazza". These classical language expressions reflect the tendency of "Road" origin in the concept of "Plaza". However, German word "Platz" has double meanings, which not only can refer to a big piece of open space in front of or between the buildings in the centre of a town – English word "Plaza", but also can mean a free space made use of for a particular purpose – English word "Place". Thus from the German expression, it can be discerned that the concept of "Plaza" has two fairly valuable attributes, that is, availability and vacancy.

Since China's urban civilization lacks the real meaning of plaza culture, the concept of Plaza in the modern Chinese is evidently influenced by Western languages. Its literal meaning is totally the same as Western languages. 广 (guang) - broad; 场 (chang) - space; Plaza in Chinese refers to a broad space. This explanation is directly perceived through the spatial character, but obviously without humane connotation.

From academic points of view, according to Cai's (2006: 5) opinion, plaza is of a comprehensive character gathering both the non-material essential factor – social character and material key element – spatial character. In brief, plaza is about the space and people's activities in the space. In a certain sense, this dual character constitutes the basic traits of a plaza. Hassenplfug (2005: 16) also describes "plaza as a social invention of spatial sphere".

Ancient Greece: Agora

The origin of European plaza can be traced back to the Ancient time of Greek Agora. Ancient Greek agora occupied the centre of the city and together with temples controled the whole image of the city. From the very beginning, agora was an open multi-functional place for assembling folks (parliament), for executing justice (juridical court), for taking military duty and for hearing the statements of the ruling king or council. Surrounding the agora, there existed many public buildings, but between them there was no subsidiary (dominant) relationship. This spatial organization indicated that the coexistent right of the different way of life in the agora, which represented an ideology of democracy, freedom, equality, common and pluralism. Later, in the 5th century B.C., agora started to be also served as a marketplace where merchants kept stalls to sell their goods under the colonnades. At that time, agora became the heart of the city and city life. In general, ancient Greek agora covered many important city functions. In that era, it became in the end the most vivid and conspicuous spatial element of the city.

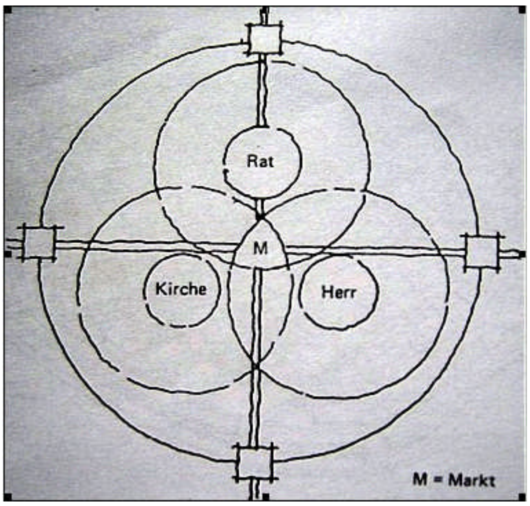
Ancient Rome: Forum

During the Rome Empire time, the successor was ancient Roman Forum. Its meaning was not only assembly and market trade anymore, but also became the specialized space in front of the important architectures. These chief buildings themselves represented a certain kind of power (emperor's power) and thereby clearly postioned Forum concept. The meaning of its existence was for showing political and religious power rather than for assembling and trading purposes. The spatial pattern of Roman forum basically displayed its symmetry, regularity, strictness, completeness and prominent part, which indicated that the democratic consciousness and the democratic system that were the most precious wealth of Greek civilization continually got their extension in the Roman life. By the contrast of important buildings, forum was characterized by "Auxiliary Space" to these architectures. This spatial change implied that people in the Rome Empire Time are on the subordinate status in the society. Moreover, differing from the ancient Greek agora, the forum located the temple as a dominant building directly in its place. The religious belief was also treated as a tool of exhibiting the authority, which coexisting with political power became the most primary factors to rule over the life order.

Medieval Times: Marketplace

With the arrival of medieval times, a large number of marketplaces appeared in the newly developing cities in Europe. They were obviously wearing the tradition of ancient Greek agora. But differing explicitly from agora in motive power of the cause, the advent of medieval marketplace originated in the driving force of trade activities that was of strong economic feature. With the flexible and varied spatial patterns, they appeared in the heart of the medieval cities. City hall, church, chambers of commerce and guilds dominated the space of the marketplace, which showed pluralistic and complex characteristics in the type of market activities, hence, which constituted the centre of public life in the medieval cities. German scholar Schirmacher (1988: 185) regards three pillars of medieval city society – council, patrician, and church – as driving powers for the whole constitution of city space, and the city marketplace is the spatial focus of these three (see Figure 3-1).

Figure 3-1 Functions of Medieval City



Rat: council

Herr: patrician

Kirche: church

Source: Schirmacher 1988: 185

Thus it can be seen that the medieval marketplace was not an absolutely commercial space. All the activities happening on the place far extended economic dimension. The marketplace (German: Marktplatz) in fact is a full meaning of plaza – a total institution, which has been already manifest on German definition of Platz. Traditional European cities used the marketplace as plaza, which can be regarded as a unique culture of Europeans. This mode that combined commercial activity with other public life of the city enabled the marketplace to become a truly multiple-function centre of the city spatial structure.

After Renaissance: Plaza

In respect of the spatial structure of a city, plaza that really freed from marketplace began at the Renaissance when the architect was separated from the craftsman. From then on, plaza truly became a spatial form of its own as a component of urban space. The urban pattern of co-existing several plazas or constituting a cluster of plazas broke the previous medieval pattern of one marketplace controlling the whole urban spatial structure.

From the social aspect, on one hand, after Renaissance, plaza started to develop urban public space of new era with respective spatial characters and activity features, such as memorial plaza, executive plaza and shopping plaza. Especially, entering the 20th century under the influence of the Charta of Athens (1937) by CIAM promoting the idea of a "machine city"[24], this developing trend became gradually intensified. On the other hand, with a steady increase of productivity in the West, especially after the Industrial Revolution, the leisured classes appeared. With more free time and disposable income, people started to pursue a high quality of life. As a result, except for the political, economic, military, religious and social functions, leisure and entertainment also became the important ingredient of plaza functions.

In general, exactly taking advantage of the comprehensive character of the plaza, the modern shopping centre has other than its given name the nicknames - plaza, square or marketplace.

3.1.3 Ancient Chinese "Shi Jing": A Substitute for Plaza

In the history of China's urban construction, there never existed a comparable urban space to European plaza, which was decided by the considerable discrepancy in

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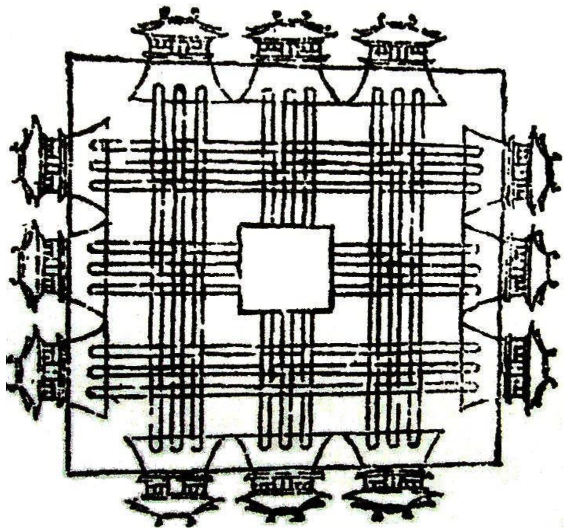
[24] Machine city is aiming at making the city more efficient and urban life healthier. A main spatial feature of it is zoning concept – spatial specialization or differentiation. For example, the pedestrian zone, an idea of banning the cars from the city centres, giving pedestrians the chance to leisurely walk and shop through downtown became the symbol of Germany's economic miracle. The first pedestrian zone named Treppenstraße, was opened in the central German city of Kassel in 1953, and quickly became a national attraction. In the same year, Stuttgart and Kiel began building car-free shopping areas, and over the next few years, most other German cities followed suit. Later on, undoubtedly, this zoning feature of pedestrianization is also applied to the design of modern shopping centres.

ancient China's political structure and a specified configuration of Chinese traditional urban space arising therefrom. Chinese traditional city is an ideal city. The spatial structure of the ancient city clearly embodied the idea of how a feudal emperor administered a country (city), which is a vivid portrayal of Chinese feudal autocracy and centralized culture. This ideal city mode[25] (see Picture 3-1) has had nearly no changes for thousands of years. This kind of history formed a striking contrast to the diversity and variability of Western urban construction.

Picture 3-1 Ancient Chinese Zhou Wang City



Source: Dong 2004: 12

In ancient Greece, the purpose of people constructing cities is for a better life – free, safe and well-off (Aristoteles 1959) while in Chinese ancient cities (especially for capital and prefectural cities), it became a tool for feudal emperors to rule over and administer the civilians; These two totally different motives led to two completely different city spatial values and characters. Chinese word 城市 (cheng shi: city) has two parts: representing the centralized power of 城 (cheng) means wall (墙 qiang) and representing daily life of 市 (shi) means market. From the views directly related to the public life of a city, wall, line and Shi Jing (市井) are three characteristics of Chinese traditional city's spatial structure.

Closed City

Differing from European city space that pursues the goal of extroversion – being keen on external environment, Chinese traditional city space is introverted refrained

[25] The ideal mode of Zhou Wang City (1038 B.C.) shows that 9 latitudes and 9 longitudes cut the city into different hierarchical layers, which constitutes a grid urban spatial pattern of ancient Chinese city. The whole structure of the city is fairly regular and neat, which emphasizes upright, foursquare and symmetry, cooperating very well with propriety and righteousness institution pursued by Zhou Dynasty.

by Confucian thinking[26] and power administration that is defined through the wall. In respect of spatial planning and design, ancient Chinese wall has multiple meanings. Wall can enclose the whole empire (the Great Wall); wall can limit the whole city (city wall); wall can protect the emperor's residence - imperial palace (interior city wall). Additionally, all the city facilities such as yamen[27], market, temple, monastery and academy had their own walls[28], even for the places where the common people lived were limited in the walls (called "fang li" 坊里[29]) under emperors' supervision and governance. The ancient Chinese cities are endowed with the concept of City in City.

Furthermore, in contrast to European traditional cities, Chinese imperial palaces or government offices in the ancient cities by analogy just occupied the central position where plazas as the most public space in European cities were located, which clearly embodied the centralized power and Chinese emperors' majesty; meanwhile, the closed walls declared the non-openness and non-public of the city centre, which was a portrayal of a closed and collective way of city life. Compared with the West, the life in Chinese cities lacked public character.

Linear Space: Grid

Since the wall is an element of linear solid modeling, the city streets as linear spaces are easy to be organically combined with it. The walls' duplication can directly create linear spaces, for example, si he yuan (courtyard houses) that stand side by side creating narrow lanes. Therefore, linear grid system becomes the basic structure of Chinese city space.[30] Exactly owing to the emphasis on the linear pattern, the open space of centralized type in the public space system of the city was overlooked, which did not leave the room for the plaza.

From the beginning of ancient Greece, the main streets and roads in Western cities all led to the city centre – plaza. The end of the streets was a sudden expansion of the space. Such a city centre was an open space that belonged to the citizens. In ancient China, the streets that went to the city centre were all in the end terminated by the walls of the palace/yamen. The end of the streets was a closed wall. Such a city centre was belonging to the governors, but for the common citizens, it was a forbidden area (Forbidden City).

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26 China is a Confucian society that attaches importance to the closeness of a family-based life. Thus it is embodied in the spatial pattern of traditional Chinese cities, that is, wall-gated (introverted) spatial layout.

27 Government office in feudal China

28 The walls that surround a house

29 During Han and Tang Dynasties, Chinese emperors drew up a regulation of closedly administering courtyard residences (compound). Grid pattern of road system was divided into different sizes of fang li. Each fang had fang doors, varying in number from 2 to 4. The thickness of fang walls was between 2.5 metres and 3 metres and the height of fang walls was 2 metres. Each fang was like a small city, and the doors of fang were open or closed during the sunrise and sunset when the tower bell rang.

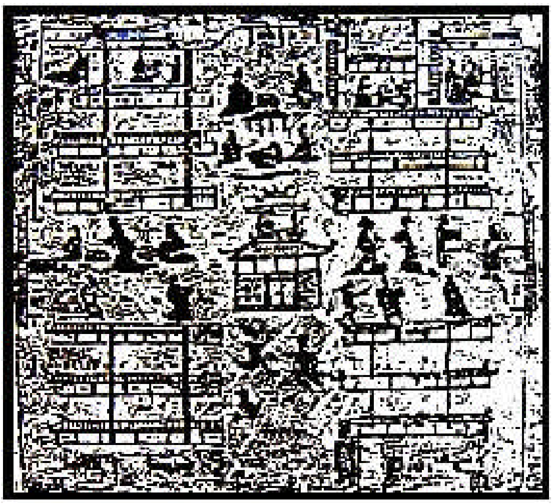
30 Refer to Picture 3-1 Ancient Chinese Zhou Wang City

Ancient Chinese: Shi Jing

Shi Jing is ancient Chinese marketplace (a site for trade and merchandising). The concept of Shi Jing has two different versions of the explanation. Some explained that in the ancient Chinese society, market (市 shi) was often associated with well (井 jing) – market situated in the residential area where the well certainly was, hence Shi Jing originated from. The others argued that the spatial layout of the roads/streets in the marketplace showed the pattern like Chinese picture word 井 (jing), thus the concept of Shi Jing came from its form. Shi Jing is the most humanistic and open commercial space in ancient Chinese city life. Shi Jing life was used to describe citizens' daily living condition in the ancient China. It was like European plaza that also experienced a series of evolutions.

During the period of traditional Chinese System of Weights and measures (Zhou Dynasty), Shi space was mainly an enclosed node pattern, which is the basis for the formation of street space of Chinese traditional commercial streets (see Picture 3-2). According to the historical records (Zhou Li Kao Gong Ji), Shi was a palace market that was an auxiliary facility to the palace life. The spatial layout of it originated from the scene of man administering the state affairs at the front stage while woman managing the family issues at the back stage in the primitive tribes. In Xi Zhou Dynasty, the fixed centralized Shi appeared. With regard to Shi's character, it still belonged to palace market, but was not a commercial space opened for all the civilians' free access to the commodity exchange and merchandising.

Picture 3-2 Dong Han Portrait - Enclosed Node Pattern of Shi Space



Source: Liu 1999

Entering Qin and Han Dynasties, with the continual development of city economy, many kinds of Shi such as Zhao Shi (morning market), Xi Shi (dusk market) and Cao Shi (village market) appeared one after another. Shi gradually evolved into a trade site opened for all the citizens, which became an economic centre of the city. Therefore, Shi changed from purely serving for the palace to working for the whole of the city, and its configuration in the city also correspondingly altered. The principle of Shi arrangement did not follow "Front Administration Back Market" anymore, but Shis were distributed in the east, south and west of the palace. Shis were enclosed with walls, and had gates, towers[31] and even flag pavilions. During the market time, the flat was raised and all the commercial transaction businesses were carried out in a closed space. This market configuration was not only good for the market management, but more importantly facilitated close surveillance to the participants. Therefore, Shi's centralization and closeness was the most effective tool for feudal rulers to control civilians' activities. Under such a management mode, Shi was impossible like the agora/forum/marketplace/plaza in the ancient cities of the West with variations of spatial types. In addition, citizens' trading activities were even more impossible like the West medieval marketplace with political, religious and social characters. In other words, Shi Jing was not an open public space, only a purely open commercial space.

At the beginning of Tang Dynasty, the "fang[32] shi (坊市)" system was strictly practiced. The residential area of Fang and the commercial space of Shi both had enclosures. Shi continued to be in a closed space. But from the mid-Tang Dynasty, with fast development of handicraft industry, some advanced cities started to break the old "fang shi" system. The circumstances of stores' opening in Fang and standing along the streets took place, which made the city pattern have its qualitative change from an enclosed node format to an open linear pattern of traditional commercial street.

In Song Dynasty, from the social dimension, the new stratum – civic stratum[33] emerged, which facilitated the transformation of China's city culture. The popular leisure and relaxing lifestyle brought about the prosperity of Shi Jing culture. At the same time, in respect of city space, with the collapse of traditional Chinese system of weights and measures, the centralized closed Shi steadily disappeared in the city, but the open traditional commercial streets mainly used as the professional-business (industry) came into being instead. Shi began to spring up at every corner of the city. This open commercial space helped to bring about the mixed spatial configuration of residence, commerce and handicraft industry - stores standing alongside the streets with the residential area built upwards, which formed a physical pattern of "up residence down store" or "front store back residence". With a rise of rich-leisure city life, a variety of commercial service facilities, such as restaurants, teahouses, inns, public bathhouses and theatres abundantly emerged. Meanwhile, the courtyard type of commercial space was also greatly developed, such as Miao Shi (庙市 temple fair) and Ye Shi (夜市 night fair). These all can be confirmed in a famous drawing (see

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31 According to the historical records, the tower usually had a height of 2-5 floors.

32 fang (坊) is fang li (坊里): refer to Footnote 29

33 China's civic stratum was also subject to the commodity economy, including rich businessmen, landlords, craftsmen, small retailers, shop assistants, vagrants, officials, odd-job men, prodigals, imperial guards, soldiers and etc. In fact, it was a leisured class - a product of economic development, but had no right to participate in politics. Therefore, it cannot be in the same breath with the civic stratum under the autonomy of European medieval cities.

Picture 3-3) made by Zhang Ze Rui, a prominent painter in Song Dynasty. Since the quality of the space in Song Dynasty was very advanced, this kind of commercial street mode has lasted for more than one thousand years.

Picture 3-3 Street Spaces in the Riverside Scene at the Pure Moon Festival in Song Dynasty

Source: http://www.zhguwan.com

In general, since ancient Chinese cities, especially the capital cities were always built for the symbol of political and emperor's power, palaces and government offices (衙门 yamen) occupied the central position of the city space under a strict social estate system, by the influence of which the form and the development of the city space were obviously restricted. The open space that originally should belong to the masses had to be established in an enclosed wall, thus it had no public value. The governors' rights and interests replaced citizens' wishes. Moreover, although the street markets in Song Dynasty (including all the dynasties afterwards) broke the closed spatial pattern of Shi and the activities on the Jie Shi also showed abundant varieties, the political factor that is the most original force to urge the birth of city plaza cannot be deployed under the governors' oppression. As a result, the street markets could not attain enough public value to evolve into the like of European plaza – a collection place with all the political, economic, religious, social and leisure activities, which was the crucial point that made them totally differ from European medieval marketplaces. Therefore, Shi Jing life as a substitute for plaza culture played an important role in the development of Chinese commercial space.

3.1.4 Commercial Space in China's Modern and Post Modern Era

After the Optium War[34], the Western imperialists set up individual concessions in the developed trading-port cities along the coastal areas of China. In the concession districts a large number of foreign firms, warehouses, docks, and commercial and entertainment facilities clustered together gradually becoming the centre of city life (see Picture 3-4). The areas where the commercial facilities grouped became the busiest commercial streets, for example, Shanghai Nanjing Road (see Picture 3-5) and Huai Hai Road. These areas all had the characteristics of early capitalist cities

[34] Optium War I 1840-1842; Optium War II 1856-1860

and a strong flavour of colonial color at that time while in the inland cities the traditional commercial streets still basically maintained the original pattern of feudal formation. Entering the early 20th century, in order to largely dump domestic goods, the Western capitalists invested in China one after another through agents, and established the department stores in their respective colonial cities, such as Hui Luo and Fu Li on Nanjing Road in Shanghai. In addition, some expatriate Chinese also opened their department stores in the motherland, for example, Sincere (1917), Wing On (1918), Sun Sun (1926) and Yat Sun (1936)[35] on Nanjing Road in Shanghai. Most of these department stores were located at the crossroads of vital communication lines in the city, so that they became the centre not only for the commercial area, but also for the whole city. Thus, the streets like Shanghai Nanjing Road formed a new commercial pattern with three dominant capitals, that is, traditional commercial capital, overseas Chinese capital and foreign capital.

Picture 3-4 Entertainment Centre on Shanghai Fuzhou Road

Source: http://www.lltoday.com/Photo/ShowPhoto.asp?PhotoID=1285

Picture 3-5 Shanghai Nanjing Road in 1911

Source: http://www.lltoday.com/Photo/ShowPhoto.asp?PhotoID=1287

[35] Yat Sun is present Shanghai No. 1 Department Store.

After the second Industrial Revolution, mass production by modern machine replaced private production by handicraft, so that the original workshops were closed down. Additionally, due to the change of lifestyle and a rise of new type of commercial mode, the status of many old industries also had to be degraded. At the beginning of Liberation, according to the urban construction experience from original Soviet Union, the traditional temple fair, night fair and various other fairs were cancelled. All the stores can only be set up in the centre of the city or at the bottom of the architecture that were standing alongside the street. As a result, the traditional professional-business street market gradually disintegrated and disappeared, but the modern commercial streets came into being instead (see Picture 3-6).

Picture 3-6: 1 Shanghai Nanjing Road (1930s)

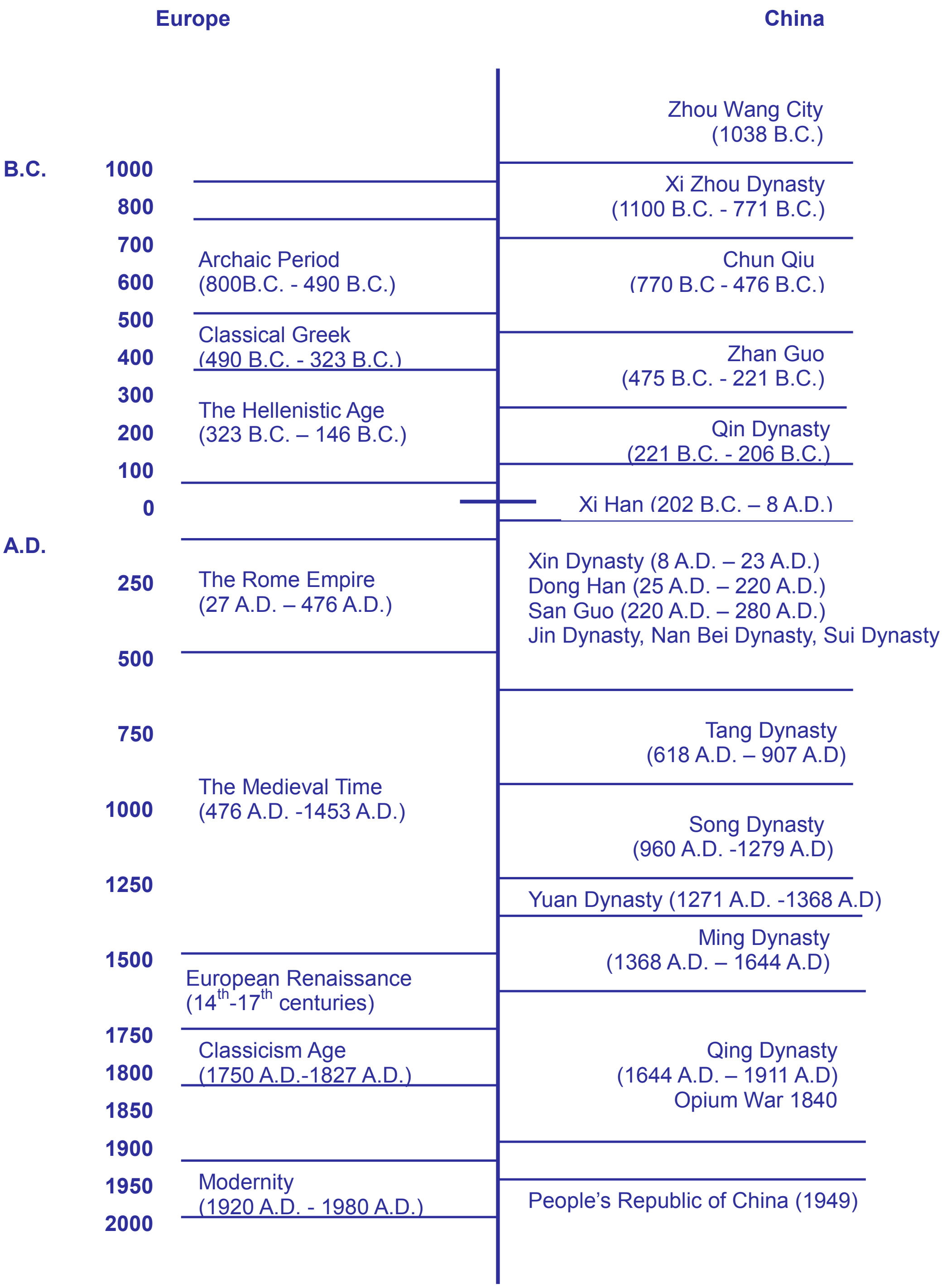
Source: http://photo.sina.com.cn/photo/3d4c4b44440fe407a2ebf

Picture 3-6: 2 Shanghai Nanjing Road (1930s)

Source: http://photo.sina.com.cn/photo/3d4c4b44440fe4079dba4

Figure 3-2

Year Scale Comparison



Source: Author's Creation

3.1.5 Substantial Influence on the Modern Shopping Centre

From the above clear comparison study on the history of commercial space between the West and China, the researcher can draw the following three conclusions.

1) Public Space versus Open Commercial Space

In the West, shopping centre, as a modern style of large plaza, is an important social meeting place of the community. According to Gruen's original intention, he was trying to transplant the concept of European Plaza[36] to his invention of the shopping centre: beyond a store's style, the building with larger social functions. For Gruen, Americans were lack of culture and civilization, thus social functions he believed were crucial to the shopping centre. Therefore, he intended the shopping centre to function as a plaza in the centre of European cities to centralize the people's visiting, not only for shopping, but for social, cultural and civic life. Therefore, to a large extent, the Western shopping centre actually is an artificial city core for people's gatherings on their different purposes.

However, from the above analysis on the ancient Chinese city, it is known that China has no tradition of public space. Basically, the spatial feature of a traditional Chinese city was primarily composed of closed space that manifested the closeness of China's family-based confusion society, whereas the rest of open space was mainly used for retailing business or commercial purposes (activities) apart from the function of traffic mobility. Even for the commercial space (Shi Jing), it experienced from its closeness to its openness. Although the open space is the precondition for the development of a public space, due to ancient China's emperor system (feudal autocracy and centralized culture) Shi Jing life wavered on the road towards the plaza culture, in other words, being lack of the civic society support, the open commercial space – Shi Jing could not in the end evolve into public (civic) space like European Plaza.

In Chinese cities, no matter whether in the ancient time or modern time, the commercial function always plays an overwhelming role in the development of Chinese open space, because public life is not the Chinese feature. For Chinese, plaza is an imported culture. That is why when the modern style of European plaza – shopping centre are transplanted to China, it is misinterpreted by Chinese as a modern style of Chinese marketplace (Shi Jing) – a mono-commercial space.

2) Centre Idea of a Shopping Centre

For the most of American people, living close to nature with more fresh air and green space comes from their inner spiritual farming life, or being a farmer, which has been rooted in their minds. Since the 1920s, the invention of the automoble and its massive production have realized American dreams of leaving comparatively high density of cities for low density of green suburbs with "detached lives in detached

[36] Although the modern plaza or marketplace has been gradually leaving away from its original implications, here it is illustrated to represent its symbolic significance as A Total Institution.

houses". Because of that, a cetain scale of land for residence and commercial strips were exploited randomly by the private investors. They built taxpayers[37] to gamble on a lot's anticipated appreciation. Since then, the United States became "a nation on wheels" with "distant sprawling suburbs".[38] During the period of 1940s-60s, development of American cities was mostly decentralized. Under this circumstance, the retail innovation of the shopping centre as if a plaza in a centre of old European city created a central concept (an urban sub-centre) in the American suburb, which halted the spread of formless, soulless suburban strips and united all commercial buildings under one roof. As Guren said, he hoped to offer a corrective to this grim and soulless American environment through his shopping centre designs. A well-planned shopping centre is built for cleaning up the strip's neon, turning a tidy profit, and forging a community. Generally, it has a potential way of stopping both 1. suburban sprawl and 2. rampant real estate speculation.

On the other hand, it is always the case that the healthier the central district, the healthier the outlying districts. A sick urban area inevitably means a sick suburban area. When the automobiles took more and more people moving outside of the city centre, the shopping centre applied the same techniques that have made shopping centres so successful in the suburb with equal value helping revitalization of the downtown areas, by which Gruen re-created the hustle and bustle of a suburban shopping centre to bring the people who have become discouraged from using the city core for cultural and civic gatherings back into American downtown.

In the United States, the shopping centre can function properly as a role of "centre" in both the suburb and the city due to American's weak centre idea coming from its agricultural background. By borrowing the centre idea from European plaza, the shopping centre, to a certain extent, controls the formless growth of the American cities.

However, for Europe, the thoughtless copying of the American shopping centre has been truly catastrophic. This was certified by Gruen's opening a gigantic shopping centre in the south of Old Vienna. After building this shopping centre, he stated that the city's soul had been destroyed. "Small independent shops" were forced out of business. The city core and twenty-three neighborhoods throughout Vienna had been seriously threatened (Gruen 1967). Vienna's centre once had been killed by a shopping centre. From this case, it was understood that since European cities were thousands of years old, the rise of the shopping centre could compete with and destroy opportunities "for culture, for the arts and civic virtues" which old European plaza ever had, if it is not carefully well-planned. Europeans, Gruen wrote to a col-

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[37] The Oxford English Dictionary (1971) cites the first reference to "taxpayer" as a real estate term in 1921, reflecting the rampant speculation in commercial properties at the time. Taxpayers were retail buildings that allowed developers to collect enough rent from the tenants to pay the city taxes on the property.

[38] Urban sprawl, also known as suburban sprawl, decentralization, unplanned dispersion or disperse growth refers to the phenomena that people move from the high density of city centre to the low density of suburb even beyond suburb area, which is a low density of urban growth occurring when the rate of land conversion and consumption for urban uses exceeds the rate of population growth for a given area over a specified period of time.

league in 1966, "do not necessarily have to repeat everything which was done in the United States." He chose to emphasize that as "magnets of attraction for other activities," European shopping centres could spur the development of new downtowns.

In respect of China, through a previous historical review of Chinese urban space, it is learned that the Chinese ancient marketplace (Shi Jing) as a substitute of European plaza has experienced a long history of evolution into modern Chinese commercial streets. Today, if a Chinese person mentions "going to the city centre", it is undoubtedly means to a central area for shopping or a shopping cluster. Like each European city has several plazas, every Chinese city has at least more than one central area for shopping. So naturally, the "the fake of urban centre" concept of Western shopping centre in the context of Chinese urban space becomes weaker than it is in the West (especially in the United States). In fact, as a fashionable and modern commercial space, Chinese shopping centres except the ones in newly developing areas are largely playing a supportive or stabilizing or strengthening and supplementary role to the original Chinese commercial centres, but not playing a revitalizing, even not an overwhelming or a competing role to the city centre. The Western shopping centre in China is treated as a normal but only giant shop in the commercial centre.

3) Arrangement of Interior Spatial Organization

As a modern style of Plaza, the Western shopping centre is a multifunctional centre, which needs abundant public space or facilities for the people's public and social life, such as, amenity, communal functions of a library, a post office, a community room, even a lounge for tired shoppers. Hence, the big size or even huge size of shopping centres can be acceptable in the United States. By comparison, however, in the commercially overwhelmed Chinese shopping centre, the interior spatial organization is very much influenced by the business profit. The ideology of the Chinese shopping centre design is taking full advantage of any interior space to make maximum business profits. Consequently, to a large extent, it is much more related to the purely "market" oriented design. Therefore, for Chinese people who are weak in the awareness of public and social life, the size of the Chinese shopping centre should be comparatively smaller as the non-profitable public space and its facilities in the centre occupy much less scale than in the Western one, and sometimes even are neglected by the designs.[39]

[39] Refer to Interior Features of Chinese Shopping Centre in 4.2.2 Heterogeneous Characteristics on Spatial Organization: Planning and Design

3.2 A Comparison of Shopping Centre Developments between the United States and China

3.2.1 The Shopping Centre Development in the United States

A Background to Development of American Shopping Centre

To a large extent, the appearance of shopping centre is a direct result of the large-scale of retailing dispersion and sub-urbanization in the big cities. The trend of retailing sub-urbanization in the United States shows especially conspicuously. The shopping centre, as one of the symbols of Western retailing revolution, was established in the United States first. After the 1950s, the similar situation to the United States also appeared in succession in other Western developed countries. However, owing to the different individual actual situations, the shopping centre development in these countries also had its difference. The United States in the shopping centre construction always keeps its leading position, which exerts a significant influence on Europe, Australia and even Asian countries.

First, the standard of economic development is a crucial factor in triggering the shopping centre development. With the fast development of industralization in the 20s of last century, GDP per capita in America was greatly increased. According to Western experience, the starting point for developing a shopping centre is US$3,000 GDP per capita. When GDP per capita reaches US$15,000, the shopping centre development enters a high-speed growing phase.[40] From this aspect, in light of the relevant statistics reported by ICSC, as American GDP per capita got to US$12,000, the shopping centre development went to its maturity stage. While at about US$9,000 GDP per capita, American consumption structure started to have its change. This is because different commercial format has its own specific consumption group that needs to be satisfied. At that time, accompanying the growth of American economy and disposable income, people's increasing demand and the request for variety urged American consumption pattern to move towards a more advanced and newer commercial format. The old commercial formats such as warehouse store and department store did not enable to totally satisfy the market demand, whereas the shopping centre characterized by "Shopping with Leisure" conforming to the changes of Americans' consumption demand makes its development in the United States become possible.

Second, the creation and evolution of the shopping centre in the United States depended and continues to depend largely on the use of automobiles. In the early decades of the 20th century, when cities spread beyond established transportation lines, the mass-produced automobile developed by Henry Ford came into greater use to meet a variety of transportation needs. According to ICSC data, when the car ownership rate in the United States approached 60%, the shopping centre development just started to be mature. As the world largest car-production country, at that

[40] Refer to Wang, X. J., 2002, pp. 18-21

moment the number of vehicles in the United States ranked No.1 in the world. Based on the statistics, in the United States beginning as early as the 1920s, the productivity of automobile has already exceeded the birth rate, and the provision of parking for vehicles became a necessary adjunct of retail facilities. In 1930, every five people had a car. In 1947, the number of cars broke through 30 million while in 1971, the number reached 113 million, increasing 3.8 times.[41] The popularization of using cars at the same time promoted the development of traffice network system. In 1956, the United States Congress enforced the plan of Interstate Highway System that thoroughly changed the distribution of American cities and facilitated the mobility between the central city and suburbs. Furthermore, with a sharp increase of American population, especially within the 20 years after World War II, the total population in the United States grew 38% which sped up the pace of people's mobility from the inner city to the suburbs. In consequence, the United States has become a sub-urbanized country since the early 1970s. The city was totally sprawled.[42] According to historical record, from 1950 to 1960, the population in the suburbs of American cities got a raise of around 17 million, among which 12 million moved from the central city. In 1910, the percentage of population in the suburb and in the central city to the total American population was 12% and 26% respectively. However, according to the 1960 census, the suburban population was nearly equal to the city centre population, that is, 30% against 32%. In the late 1960s, the suburban population had overtaken the city population.[43] In general, the United States up till now is still a vast but thinly populated country. Advanced traffic network and widespread use of cars became the prerequisite factor for the shopping centre development in the United States; meanwhile, an increase of population and sub-urbanization rendered the constantly intensified consumption demand for retailing to realize its transference from the city to the suburbs, which paved the way for the advent of new retail business - shopping centre.

However, from the other side, in the American inner cities, the narrow and shallow strip commercial lots in established downtown business districts and along major streets could not readily accommodate the on-site parking needed. Nor did established retail locations lend themselves to large-scale redevelopment as shopping centres because of multiple owners and high land costs, so the downtown retail business was inertial. On the contrary, in pursuit of the shifting locational pattern of purchasing power, retailing had to decentralize. Under this circumstance, a variety of shopping centres were springing up being constructed one after the other in suburbs, where the modern shopping centre industry was gradually coming into being. From 1958 to 1963, the retail sales in the downtown business districts of American cities

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41 Refer to Shi, X. Y and Tu, Q. (Eds.), 1999, pp. 107

42 There are two important spatial types of urban growth resulting from sub-urbanization: low density of urban growth “Urban Sprawl” and high density of urban growth “Urban Compact Development”. U.S.A. is the former representative while China is the latter one.

43 Refer to Boorstin, D. J., 1988, pp. 423

decreased whereas it in the whole urban areas increased 10%-20%.[44] From the research statistics, in the 1940s, one fourth of American total retail sales came from the suburban shopping centres; in the 1950s, the figure reached to one third; in 1984, the retail sales of existing 25,508 shopping centres in the United States occupied two thirds of American total retail sales.[45]

Phases of American Shopping Centre's Development

In detail, according to the retail life cycle concept[46], the development of American shopping centres in general experienced the following five phases:

- Early Experiments Phase (1920s-30s)

The United States is the cradle for modern shopping centres. In the early 1920s, due to the traffic cost, American retail purchasing often happened at the nearest commercial node from people's dwellings. Because of this reason, unified commercial ventures were often identified with high-quality residential communities fostered by forward-looking developers. Hence, the modern shopping centre, which includes everything from small suburban strip centres to the million-square-foot superregional malls, had its genesis in the 1920s.

During the early experimental phase, although the shopping centre was still comparatively primitive, it had some basic traits. In 1922, J.C. Nichols, a prominent developer of commercial and residential real estate in Kansas City of the United States, succeeded in developing his Country Club Plaza in the outlying area of Kansas City. He inaugurated stylized architecture and unified management policies, sign control, and landscaping amenities. The parking spaces were provided in designated parking stations and along public streets that crossed the district. This plaza owned about 280 retail stores with 9.78 million square feet retail space (approx. 910,000 square metres). In the strictest sense, Country Club Plaza is not a shopping centre but a shopping district for a large-scale residential development.

In 1931, in Dallas, Tex., Highland Park Shopping Village developed by Hugh Prather was considered by many experts as the first unified commercial project in which stores faced inward, away from the surrounding streets, a revolutionary design. Like Country Club Plaza, its individual stores were unified under one image, built and managed as a unit under the control of single ownership, but as a single site, Highland Park is all in one piece unbisected by public streets and the amount of on-site parking determined by parking demand. Afterwards, Highland Park Shopping Village was categorized as the prototype for today's planned shopping centre.

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[44] Refer to Cohen, L., 1996
[45] Refer to John C. van Nostrand, 1983, pp. 1-23
[46] Refer to 1.1.1 Review of Rules of Evolution of Retail Institution

The River Oaks Centre founded in 1937 was as an adjunct to Hugh Potter's renowned Houston residential community, River Oaks. A contemporary style of architecture including cantilevered canopies along the storefronts was experimented in the design. It owned 47 tenants with 32500 square metres of GLA. River Oaks initiated many operational practices-for example, percentage leases[47] and a merchants' association-that became standards in the shopping centre industry.

These pioneers of the 1920s-30s, each working to meet the needs of a particular area but without significant precedent to guide them, established the patterns of development that ultimately determined the merchandising concept that became today's shopping centre.

- Formation Phase (1950s)

The 50s of 20th century is the formation period of American shopping centres. After World War II, American suburban development boomed with a wave of residential and commercial development sweeping through the country, forming "bedroom" suburbs. During the decade of 1950s, it produced successful practices and innovations that led to proved procedures for shopping centre planning. Gradually, the shopping centre became recognized as a distinct building and land use type. The early 1950s marked the opening of the first two shopping centres anchored by full-line branches of downtown department stores. Northgate in Seattle, Wash. opened in 1950. - the first suburban regional shopping centre and also the first centre to feature a central open pedestrian mall (two strip centres face-to-face with a pedestrian walkway in between) with a service truck tunnel below, which became an early building pattern for regional centres. In 1956, Southdale Centre in Edina outside of Minneapolis opened as the first fully enclosed mall with a two-level design. It had central air-conditioning and heating, a comfortable common area and, more importantly, it had two competitive department stores as anchors. After its establisment, the shopping centre as an industry came of age in 1957 and the modern concept of shopping centre came into being.

- Vigorous Growth and Diversification Phase (1960s-70s)

In the 1960s, development of shopping centres rapidly increased. Variations of standard types began to appear, with the enclosed, heated, and air-conditioned mall emerging as the dominant building form for regional centres. By the second half of the 1960s, previously developed open mall centres were being converted to covered malls, but the single-level form was still the most popular concept till the end of the 1960s. However, by the end of the 1970s, most regional malls were multilevel and

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47 The percentage lease is an instrument in which the tenant agrees to pay a rent (minimum rent) equal to a stipulated percentage of the gross volume of the tenant's sales (breakpoint). If the gross sales are lower than the breakpoint, the tenant still need to pay minimum rent. However, when the sales are higher than the breakpoint, the tenant pays minimum rent plus the percentage of the overage. The percentage lease with a minimum guarantee (minimum rent) is commonly used for most types of shopping centre tenants.

many began to include structured parking, primarily in urbanizing locations with high property values. There were 7,600 shopping centres in the United States in 1964, but the number had already doubled to 13,174 by 1972 (see Table 3-1).

Furthermore, diversification of uses also occurred during the 1970s. While the typical mall development of the 1960s was simply locations for retail sales, beginning in the 1970s, the focus of developing some community activity in the mall became very common. For example, in addition to retail shopping, some regional malls started to offer food, cinemas, and other forms of family recreation or leisure activity. Consequently, the common area mall of the regional shopping centre became a new form of downtown Main Street-a place to meet people, a place to see people.

Additionally, during the 1970s, the community shopping centre also began to diversify in various ways - the most obvious being a change in anchor tenants. The discount department store or the superstore[48] became the major tenants. The average neighbourhood shopping centre grew larger. Supermarkets expanded and the drug superstore[49] became popular.

Last but not least, the most powerful new concept to emerge in the United States during the 1970s was the mixed-use development[50], which frequently included a major retail component. This concept was identified and defined firstly by ULI in 1976.[51] The project of Water Tower Place opened in Chicago in 1976 was regarded not only as the debut of the American first urban vertical mall, but also as a preeminent example for a mixed-use project in the United States. With the opening of Water Tower Place and Faneuil Hall[52], the shopping centre industry had returned to its urban roots.

- An Unparalleled Period of Growth (1980s)

The 1980s saw an unparalleled period of growth in the shopping centre industry in the United States with around 15,000 centres built between 1980 and 1990 (see Table 3-1; Figure 3-3). This was also the period when superregional centres (malls larger than 800,000 square feet) became increasingly popular with shoppers. The shopping centre industry had reached the end of a historic era that transformed the retail landscape of the United States into a decentralized hierarchy of shopping centre types and locations by 1989. The shopping centre industry reached maturity after decades of rapid construction. Generally, the average American had four trips to the mall per month at that time.

- Remaking the Shopping Centre (1990s and afterwards)

Overbuilding and recession brought shopping centre construction to its lowest point

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48 Superstore: drugstore, junior department store, and grocery store all under one roof

49 Drug Superstore: a combination of drug, sundry, variety, garden, and automotive supply goods

50 Refer to 2.3.3 Retail Uses in Mixed-use Development

51 Refer to Witherspoon, R. E. et al., 1976, Mixed-use Development: New Ways of Land Use, ULI

52 The Rouse Company developed Faneuil Hall Marketplace in Boston, Mass. in 1976, which was the first of the "festival marketplaces" built in the United States.

in decades by 1990. Between 1989 and 1993, new shopping centre development dropped nearly 73%, from 2,120 of new constructions starts in 1989 to 577 starts in 1993 (see Table 3-1; Figure 3-3). On one hand, with the ending of the great wave of shopping centre construction necessitated by the sub-urbanization of American cities, few retailing markets were unserved by the complete range of shopping centre types, but on the other hand, competitions from nonstore retail options - internet retailing or buying online and newer retail formats of shoppng centres, such as power centres, outlet centres, urban entertainment centres, quietly entered the overbuilt market to change American consumers' interests and shopping preferences.

Since 1991, the primary vehicle for growth in the shopping centre industry has been renovation and expansion, not new construction. Much of the huge stock of shopping centres built in the 1950s, 1960s, 1970s, and 1980s is now outdated. In order to enhance their competitive advantages, some owners are trying to extend their trade area penetration by transforming regional shopping malls into entertainment hubs and community social centres. Some of the worst performing enclosed malls are being closed, or de-malling[53] or redesigned as power centres. For example, Sycamore Plaza at Kenwood in Cincinnati, Ohio.

Furthermore, in the 1990s, ownership of shopping centres was also gradually transfomed from mostly an independent entrepreneuial development activity into an activity driven by large public corporations. The shopping centre industry was increasingly dominated by innovative national giants such as Simon Property Group, General Growth Properties, and Taubman Company Centres. Construction was increasingly funded by large institutional investors, including REITs[54], pension funds, and insurance companies.

All in all, in the late 1990s, the overall importance of shopping centres to the U.S. economy was at its apogee. In 1997, the volume of sales of American shopping centres achieved US$1.47 trillion and it reached to US$1.67 trillion in 1999 (see Table 3-1).

In the 21st century, shopping centres continue to evolve and serve communities' social and economic needs. With the combination of fashion, food, entertainment, and services, they have greatly expanded their role in the communities they serve. The shopping centre, as a predominant commercial format in American retailing, has become an indispensable constituent of American life. Although the shopping centre development in the United State has reached its maturity and the number of shop-

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53 “de-malling” by opening up mal-performing old enclosed malls with outward-facing stores and creating street front or town centre retailing

54 REIT: a real estate investment trust is a corporation or business trust that combines the capital of many investors to acquire or provide financing for all forms of real estate, according to the National Association of Real Estate Investment Trusts (NARWIT). REITs have two characteristics differing from other publicly held corporations: 1) a REIT’s assets and income must be grounded principally in real estate, and 2) REITs do not pay federal corporate income taxes if they distribute their taxable income as dividends and meet other requirements for ownership and operation. REITs are similar to mutual funds except they own real estate rather than securities.

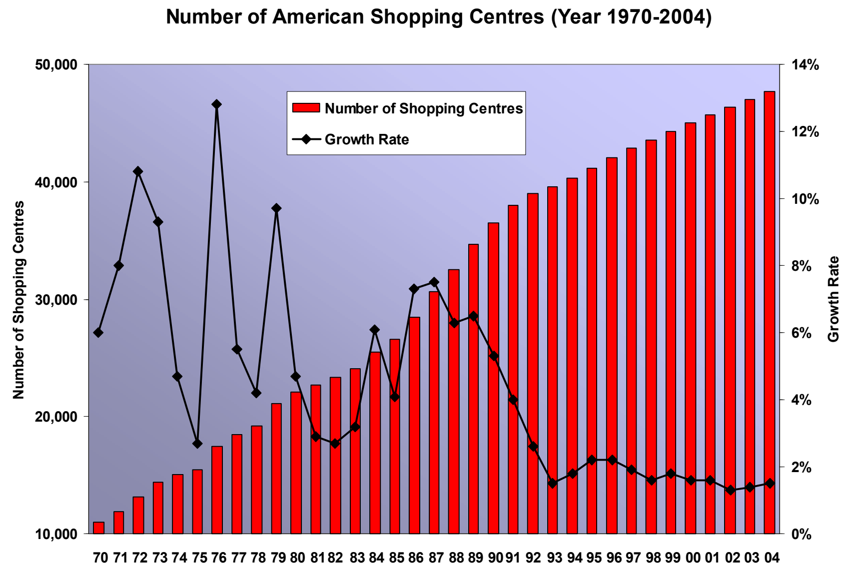
ping centre is also relatively stable year by year, even showing gradually decrease, sales generated by the shopping centre is still showing an upward trend in a straight line (see Figure 3-4). According to American Shopping Centre Census, the sales every year have maintained steady growth since Year 2000: 5.4% in 2000; 4% in 2001; 3.7% in 2002; 3.8% in 2003; 2% in 2004. Meanwhile, the size of the shopping centre also intends to be smaller than before, which mainly focuses on the neighborhood and community centres, together covering 97.2% of the total number: neighbourhood 80.3% and community 16.9% respectively (see Figure 3-5). Last but not least, energy shortages, environmental concerns, changing consumer demands, shifting demographics, and overbuilding have been and will be still determined as key measures for the success of a current shopping centre.

Table 3-1 American Shopping Centre Census

Year	Number of Shopping Centres	Growth Rate (year over year)	Retail Sales in Shopping Centres (in trillions of U.S. dollars)	Total Leasable Retail Area (in billions of square feet)
1970	11,011	6.0%		1.49
1971	11,895	8.0%		1.56
1972	13,174	10.8%		1.65
1973	14,403	9.3%		1.80
1974	15,074	4.7%		1.87
1975	15,480	2.7 %		1.97
1976	17,458	12.8%		2.28
1977	18,420	5.5%		2.40
1978	19,201	4.2%		2.50
1979	21,061	9.7%		2.79
1980	22,050	4.7%		2.96
1981	22,688	2.9%		3.10
1982	23,304	2.7%		3.24
1983	24,046	3.2%		3.32
1984	25,508	6.1%		3.38
1985	26,553	4.1%		3.47
1986	28,496	7.3%		3.52
1987	30,641	7.5%		3.72
1988	32,563	6.3%		3.95
1989	34,683	6.5%		4.21
1990	36,515	5.3%		4.39
1991	37,975	4.0%		4.56
1992	38,966	2.6%	$1.16	4.68
1993	39,543	1.5%	$1.21	4.77
1994	40,274	1.8%	$1.29	4.86
1995	41,145	2.2%	$1.34	4.97
1996	42,041	2.2%	$1.41	5.10
1997	42,853	1.9%	$1.47	5.23
1998	43,546	1.6%	$1.56	5.33
1999	44,309	1.8%	$1.67	5.46
2000	45,005	1.6%	$1.76	5.57
2001	45,713	1.6%	$1.83	5.68
2002	46,328	1.3%	$1.90	5.77
2003	46,990	1.4%	$1.98	5.86
2004	47,718	1.5%	$2.12	5.95

Source: National Research Bureau; U.S. Department of Commerce, ICSC

Figure 3-3

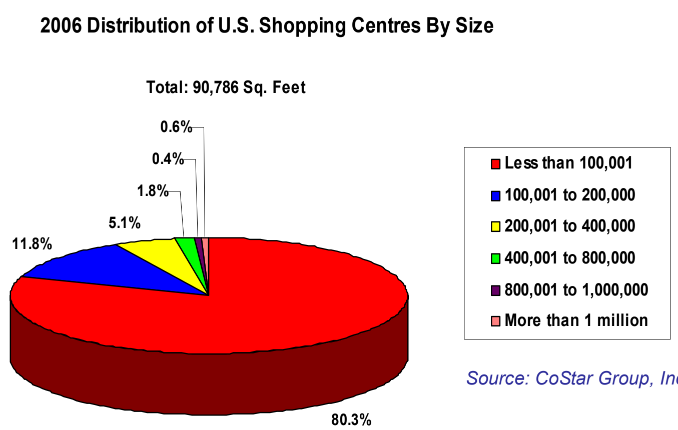


Source: National Research Bureau, U.S. Department of Commerce, ICSC

Figure 3-4

Source: National Research Bureau, U.S. Department of Commerce, ICSC

Figure 3-5



Source: CoStar Group, Inc.

3.2.2 The Shopping Centre Development in China

A Background to Development of Shopping Centre in China

- China's Economic Development Creating Opportunities for Shopping Centre Development

Since the implementation of its "open-door" policy in 1978, China has drawn the world's attention because of its rapid GDP growth, and the potential of its enormous consumer market. Particularly, since the 90s of last century, China's economy has realized its high-speed growth. From 1978 to 2006, the 28-year period, China's GDP growth from 364.5 billion yuan to 20.94 trillion yuan, an average annual growth rate of 15.8% (see Table 3-2). The rapid economic development has significantly improved people's living standards which opens up a vast range of prospects for commercial development.

Table 3-2 China's GDP and GDP per capita

Year	**1978**	**1979**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**
GDP (100 million Yuan)	3645	4063	4546	4892	5323	5963	7808	9016	10275	12059
GDP per capita (Yuan)	381	419	463	492	528	583	695	858	963	1112
Year	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
GDP (100 million Yuan)	15043	16992	18668	21782	26924	35334	48198	60794	71177	78973
GDP per capita (Yuan)	1366	1519	1644	1893	2311	2998	4044	5046	5846	6420
Year	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	
GDP (100 million Yuan)	84402	89677	99215	109655	120333	135823	159878	182321	209407	
GDP per capita (Yuan)	6796	7159	7858	8622	9398	10542	12336	14040	15931	

Source: Author's creation using data from China Statistical Yearbook

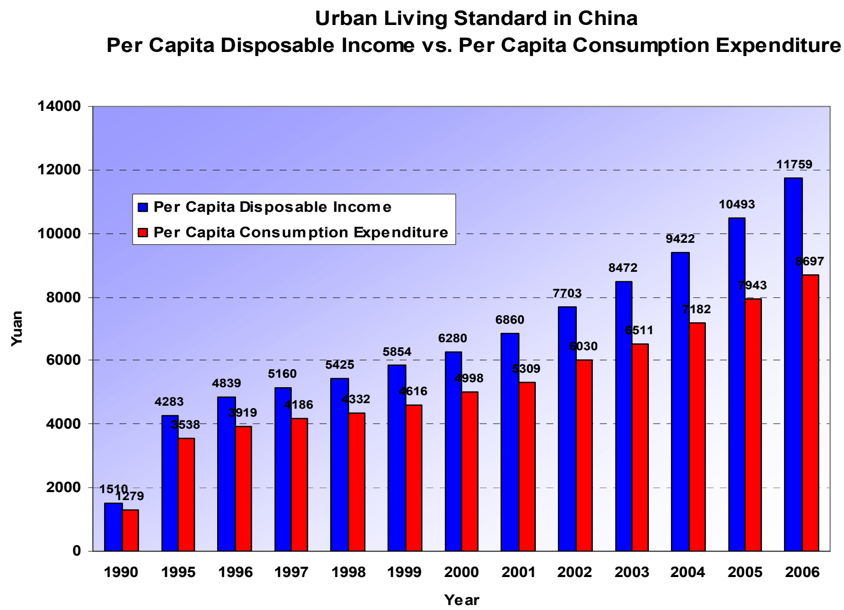
Since 1978 with a steady progress of China's economy and a fast increase of national income, personal consumption power has been enhanced, as a result of which a stable augmentation of consumption level was created, which became a dominant driving force for China's retail revolution and innovation. According to China Statistical Yearbook, from 1978-1990, disposable income per capita of urban households grew from 343 yuan to 1510 yuan. In the end of 2006, the number achieved 11759 yuan (excluding Hongkong and Macao). Urban living standard in China has steadily increased (see Figure 3-6). In general, the consumption pattern in China is found to be similar to that described in Engel's Law[55], that is, the proportion of expenditure on

[55] (Ernst) Engel's Law is the weight (ratio) of food expenditure in the total consumption expenditure during a certain period. As income rises, the proportion of income spent on food falls, even if actual

basic items such as food tends to decrease as income increases (Wu 1997). From 1990 to 2006, Engel's coefficients of rural and urban households decreased from 58.8% to 43.0% and from 54.2% to 35.8% respectively (see Figure 3-7). Therefore, people's consumption structure gradually changed from essential consumption to selective consumption. The potential income used for commercial purchasing was incrementally accumulated. The conspicuous feature of sustained and rapid decrease of Engel's coefficient provides a basic condition for the shopping centre development. A rise in shopping centre construction in China just coincided with this time.

Obviously, the economy is fueling retail expansion. The economy, particularly the indicators that influence retail sales are growing exponentially. Total retail sales of consumer goods in Chinese market greatly enhanced, and the fast-growing giant retail market provides a fertile ground for the shopping centre development. Consumption expenditure per capita of urban households in China increased from 405 yuan in 1978 to 3538 yuan in 1995, and in 2006, the figure was 8697 yuan, 21.5 times of 1978 (see Figure 3-8). In 2006, the total retail sales of consumer goods got to 7.64 trillion yuan, an increase of 13.7% to the previous year (see Figure 3-9). China has become the fastest-growing consumer market in the world. According to the Western experience, the sales of shopping centres should at least cover above 40% of total retail sales of consumer goods. Apparently, shopping centre development in China has its broad prospects.

Figure 3-6



Source: Author's creation using data from China Statistical Yearbook

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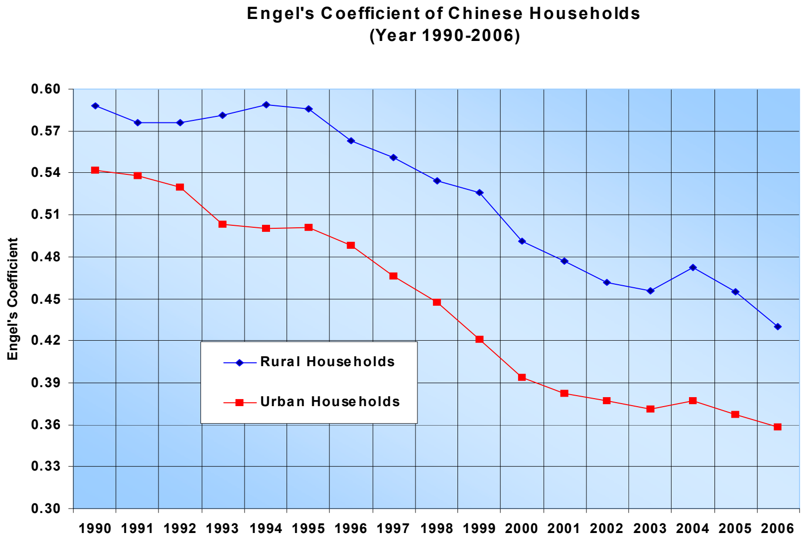
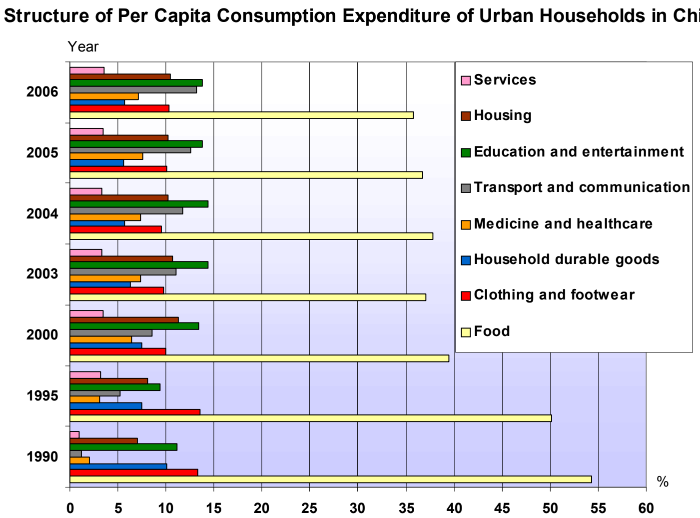
expenditure on food rises. In other words, the income elasticity of demard of food is less than 1.

Figure 3-7



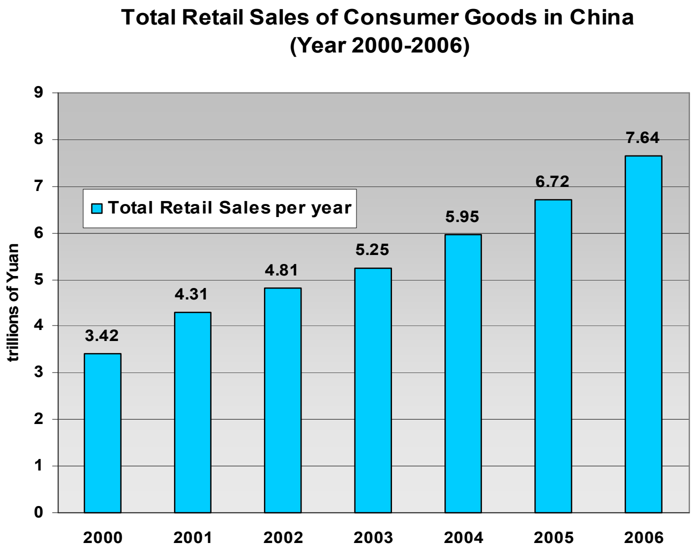
Source: Author's creation using data from China Statistical Yearbook

Figure 3-8



Source: Author's creation using data from China Statistical Yearbook

Figure 3-9



Source: Author's creation using data from China Statistical Yearbook

- The prosperity of China's Retail Market and Changes of Consumption Pattern Offering a Broad Market for Shopping Centre Development

China's retailing industry has been undergoing a rapid change. In 1992, it was decided to open the retail market to foreign investors by China's central government, the strategy of which is to accelerate the country's tertiary industry growth, and to create more job opportunities (Lam 1995; Shi and Yang 1998). This policy of liberalizing the retail sector provided the impetus for more co-ordinated retail development and investment, and broadened the channels for foreign retail investors to tap into China's 1.236 billion population (National Bureau of Statistics, 1998). Since then, joint venture retail enterprises as the only approved form of FDI have come into being in China's retail sector. Until the mid-1990s, the industry mostly still consisted of state-run department stores, small independent shops, and many street markets. These all continue to exist. As at the end of 1997, only 18 joint venture retail enterprises had been approved by China's central government but more than 200 had been established with the approval of the local authorities (Chang 1998; Wang and Liu 1998; Zhang 1998). But, foreign investment in China's retail sector has been expedited since Dec.11, 2004 owing to the elimination of the quantity, geographical and equity share restrictions on foreign-invested companies in accordance with China's WTO obligations.[56] The new retail rules of China include following six important changes: (1) Foreign retailers may own 100% of their Chinese subsidiaries – acquisitions or green-field ventures[57] (2) Foreign retailers may operate in any geographic location within China[58] (3) Foreign retailers may open an unlimited number of stores per year. (4) Foreign retailers are no longer required to have a minimum size[59] (5) Foreigners may source global brand merchandise locally[60] (6) Foreign companies may integrate all aspects of distribution including transportation, wholesaling, and retailing, in other words, a possibility of creating vertical integration of value chain. The vast potential consumption power of the Chinese population lures foreign investors onward grabbing for the first-mover in China's retail market. By the end of 2005, altogether 1341 foreign-invested retail enterprises had been approved by China's central government with committed foreign input of US$4.9 billion. 5657 foreign-invested stores were built up covering an area of 13.88 million square metres.[61] Such leading retailers as Carrefour (France), Metro (Germany), Wal-Mart

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56 The speech: Hand in Hand for a Splendid Future – The progressing and more liberalized Chinese market by Mr. Jiang Zengwei , Vice Minister of Commerce of RPC. July 5, 2006. Ministry of Commerce of P.R.C. (MOFCOM) source: Network Centre of MOFCOM.

57 Note: many retailers still prefer to engate in joint ventures as there are benefits such as obtaining local market knowledge, government connections, and spreading risk.

58 In the past, foreign retailers must get local government permission to open stores, but under the new rules, they can open stores wherever they want, which motivate most of the foreign retailers to create national chains in China.

59 In the past, foreign retailers were only permitted to enter China if they had a minimum size in terms of sales, capital, or assets, in other words, medium-sized retailers were kept out of China's retail market.

60 Under the new retail rules, foreign manufacturers not only can export most of what they produced in China, but sell these products as much as they want in the local market, even import freely.

61 The speech: Hand in Hand for a Splendid Future – The progressing and more liberalized Chinese

(America), Ikea (Sweden), and B&Q (UK) to name a few have been at the forefront of retail investment in China (see Table 3-3).

Table 3-3 Year 2005: Leading International Retailer's Performance in China

Company	Country	Sales (billion RMB)	Number of units
Carrefour (家乐福)	France	17.3	218
SuGuo (苏果)	Hongkong	13.9	70
Trust Mart (好又多)	Taiwan	12	88
HuaRun WanJia (华润万家)	Hongkong	11	476
RT-MART (大润发)	Taiwan and France (Auchan)	9.5	40
Wal-Mart (沃尔玛)	USA	7.6	43
Parkson (百盛)	Malaysia	7.4	30
Ekchor-Lotus (易初莲花)	Thailand	7.4	41
Hymall (乐购)	Taiwan and UK (Tesco)	7	31
Metro (麦德龙)	Germany	6.5	23

Source: Translated from www.linkshop.com.cn (2005)

On the other hand, there are now also existing several leading local retailers in China that operate modern formats with great success. These include Lianhua (the largest domestic retail chain in China), Hualian, and Wumart, each of which operates hypermarkets and supermarkets. In addition, there are some leading local specialty chains such as Gome, a large chain that sells electronics. Last but not least, in order to compete with global retail giants, the Chinese government has been making efforts to create large retail conglomerates by the merger of Chinese chains. For example, Shanghai Bailian (Brilliance) a retail conglomerate created in April 2003 through a government sponsored merger of four state-controlled (albeit joint stock in ownership) enterprises, that is, Shanghai No.1 Department Store Group, Shanghai Hualian Group, Shanghai Friendship Group (the parent of Lianhua - China's largest supermarket chain) and Shanghai Material Trading Co. Ltd.[62], with total capital of 28 billion yuan and over 4,000 retail stores. The new group plans to consolidate its resources and streamline its business activities, operating retail chains in such subsectors as department stores, supermarkets, hypermarkets, specialty stores, and shopping centres. The following Table 3-4 shows leading domestic retailers' performance in 2005.

Table 3-4 Year 2005: Leading Domestic Retailers' Performance in China

Company	Main Format	Sales (RMB billion)	Increase over 2003 (%)	Number of Units	Increase over 2003 (%)
Bailian (Brillance)	Department store, General merchandise, Convenience, Specialty	67.6	22	5,493	25

market by Mr. Jiang Zengwei , Vice Minister of Commerce of RPC. July 5, 2006. Ministry of Commerce of P.R.C. (MOFCOM) source: Network Centre of MOFCOM

62 Chinese name: 上海物资贸易中心股份有限公司

Company	Main Format	Sales (RMB billion)	Increase over 2003 (%)	Number of Units	Increase over 2003 (%)
Beijing Gome Electrical Appliance	Specialty Store/Category killer (Home Appliance)	23.9	34	227	63
Dalian Dashang	Department store, Supermarkets, others	23.1	27	120	25
Suning Electrical Appliance	Specialty Store/Category killer (Home Appliance)	22.1	80	193	30
Beijing Hualian	Supermarket, General merchandise, Department store	16	18	70	13
Shanghai Yongle	Specialty Store/Category killer (Home Appliance)	15.8	62	108	71
NGS (Agro-business)	Supermarket, General merchandise, Convenience, Discount	13.7	11	1,232	2
Beijing Wumei	Supermarket, General merchandise, Convenience	13.3	56	608	17
Sanlian	Specialty Store/Category killer (Home Appliance)	13.3	24	254	26
Chongqing Shang-she	Supermarket, General merchandise, Convenience, Department store, Specialty	1,311,315	18	153	16

Source: Translated from 2005 top 100 retailers in China (Chinese Chain Store and Franchising Association) www.linkshop.com.cn

The huge consumer market in China is geographically fragmented, with consumption patterns being signigicantly different between consumers living in coastal areas and inland areas, and among consumers from various parts of China (Schmitt 1997). Generally, there are seven regional disparities in China according to economic development, consumer purchasing power and distribution channels, compounded with cultural and custom differences and variations in provincial administrational regulations defined by Cui and Liu (2000) (see Picture 3-7). Meanwhile, government policies, infrastructure development, and a host of other factors that influence business activities are also prone to vary from one city to another (Liu et al., 1999). For example, in China, first-tier cities refer to cities being granted approval by China's central government to set up joint venture retail enterprises. The first-tier cities include Shanghai, Beijing, Guangzhou, and the special economic zones (SEZs), such as, the city of Shenzhen. Second- and third-tier cities are those without such approvals but with good potential due to their advantageous location of being in close proximity to first-tier cities. For instance, Suzhou and Wuxi are located in the Yangzi Delta in the vicinity of Shanghai while Shantou and Zhuhai are situated in the Pearl Delta near Guangzhou. Although foreign investors traditionally favor coastal areas (Han and Yan 1999), some inland provinces and cities such as Hubei, Sichuan Provinces and Chongqing city are also gradually becoming more attractive for foreign retail investment, since some of the favorable policies that the Chinese government has implemented include decreasing or waiving the land transfer fee and land use fee for the western China development[63] and since these areas currently represent a much

[63] Reported by Sichuan Provincial Department of Commerce

higher retail spending power than the rest of the country as illustrated in Picture 3-8. Given the fact of the coexistence of wealth pockets and vast underdeveloped inland area, for both international and domestic retailers who want to enter the inland market, the greatest challenge confronting them is to understand the diverse, fragmented and constantly evolving needs of the customers so as to develop their adjustment capacity and provide the right offer.

Picture 3-7

China's Seven Regional Markets

Note: The regional boundaries are simplified, thus do not reflect the actual demarcations
Source: Cui and Lu (2000)

Picture 3-8

Retail Spending Per Capita by Province

Source: IGD retailing in China Report, 2005

Apparently, with a rapid growth of urban economy, the citizens' consumption psychology, consumption tendency and consumption characteristics all have significant changes. People's life demand inclines to be more diversified and comfortable, and consumption structure ascends to the development- and enjoying- type, which is one of the primary reasons to promote shopping centre development in China. The growth of the "new-rich", increasingly affluent middle class consumers in China's society, appeared in the big and coastal cities. Their purchasing power and consumption level has been enough to support the existence of a regional or a super-regional shopping centre. At present, in some big cities like Shanghai and Beijing, the number of people whose yearly earnings exceeds US$5,000, US$8,000 and even US$10,000 unceasingly increases. Their sophisticated tastes and pent-up demand for retail, entertainment, and recreational activities – especially for Western labels, makes the retail market across China change rapidly. A study conducted by Shanghai University of Finance & Economics on six representative Chinese big cities (Beijing, Shanghai, Guangzhou, Tianjin, Wuhan, Chongqing) in 2005 reveals the main consumption trends of urban consumers in China:

- Leisure cosumption becomes the mainstream;
- Security requirement[64] is the core demand of consumption;
- The percentage of housing consumption is obviously increased;
- Credit consumption gets more and more popular among consumers.

The characteristics of the shopping behavior of urban consumers in China reflect:

- Consumers basically hold positive attitude to the quality of commodities in the current market;
- Most consumers consider the prices of the commodities they have bought reasonable;
- Consumers think the retailers have relatively larger profit margins in China;
- Generally speaking, consumers change brand frequently;
- Consumers' brand consciousness has become stonger and stronger;
- Consumers show low loyalty to shopping places;
- Consumers expect the services can be further improved by retailers

Compared with past several years on distributions of consumption expenditure of China's urban households, it is observed that consumption demands of urban residents in China have shown new changes and adjustment (see Table 3-5).

[64] Security here refers to quality secured. Its antonym is counterfeit.

Table 3-5

Composition of Per Capita Consumption Expenditures of Urban Households in China							
RMB, current prices							
	1990	**1995**	**2000**	**2003**	**2004**	**2005**	**2006**
Food	693.77	1771.99	1971.32	2416.92	2709.60	2914.39	3111.92
Clothing and footwear	170.90	479.20	500.46	637.72	686.79	800.51	901.78
Household durable goods	108.45	263.36	374.49	410.34	407.37	446.52	498.48
Medicine and healthcare	25.67	110.11	318.07	475.98	528.15	600.85	620.54
Transport and communication	40.51	183.22	426.95	721.12	843.62	996.72	1147.12
Education and entertainment	112.26	331.01	669.58	934.38	1032.80	1097.46	1203.03
Housing	60.86	283.76	565.29	699.38	733.53	808.66	904.19
Services	66.57	114.92	171.83	215.10	240.24	277.75	309.49
TOTAL	**1278.89**	**3537.57**	**4998.00**	**6510.94**	**7182.10**	**7942.88**	**8696.55**
Per Capita Consumption Expenditures Share of total							
	1990	**1995**	**2000**	**2003**	**2004**	**2005**	**2006**
Food	54.25	50.09	39.44	37.12	37.73	36.69	35.78
Clothing and footwear	13.36	13.55	10.01	9.79	9.56	10.08	10.37
Household durable goods	10.14	7.44	7.49	6.30	5.67	5.62	5.73
Medicine and healthcare	2.01	3.11	6.36	7.31	7.35	7.56	7.14
Transport and communication	1.20	5.18	8.54	11.08	11.75	12.55	13.19
Education and entertainment	11.12	9.36	13.40	14.35	14.38	13.82	13.83
Housing	6.98	8.02	11.31	10.74	10.21	10.18	10.40
Services	0.94	3.25	3.44	3.30	3.34	3.50	3.56
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Author's creation using data from China Statistical Yearbook

The strong growth in overall per capita consumption expenditure of urban households in China was due to rapid economic growth yearly resulting in substantially increased household income. From the above Table 3-5, in 2006, per capita consumption expenditure of urban households was RMB 8696.55 of which roughly 35.78% was spent on food. That was down, however, from 54.25% in 1990. Such decline is to be expected when an emerging country economy grows thereby leading to greater discretionary spending power. Thus during those past years, the share of consumer spending going to food and apparel declined, while most other categories increased their share of spending. These included medicine and healthcare, transportation, telecoms, education, housing, services and entertainment, among which the share of transportation spending increases dramatically from only 1.20% in 1990 to 13.19% in 2006, which is majorly due to a great change in China's recent automotive market. Since China's entry into the WTO, the import tariffs on automobiles were largely reduced, the consequence of which is the stock of passenger cars in China increased from 2.3 per 1,000 people in 1998 to 11.3 per 1,000 people in 2006 (see Table 3-6). This number is expected to increase rapidly in the next several years.

Table 3-6 Automotive Statistics in China

	1998	2001	2002	2003	2004	2005	2006
New passenger car registrations ('000)	508	754	1,225	2,083	2,421	2,931	3,923
Stock of passenger cars (per 1,000 population)	2.3	3.2	4.0	5.4	7.0	8.8	11.3
Retail sales of petrol ('000 tonnes)	33,278	35,509	36,107	37,653	39,276	40,991	43,198

Source: Economist Intelligence Unit

Regarding food expenditure, although the share of consumer spending on food decreased, this does not mean that Chinese people don't like to eat. Eating still plays a main role in Chinese people's daily life. But, with an increase of living standard level, Chinese people pay much more attention on the quality of eating. When it comes to meals eaten at home, the market for fresh foods is dominant and freshness is critical given that most Chinese have relatively small homes and limited storage space, and given the people's desire to eat only fresh foods, so frequent shopping becomes daily routine. Therefore, to some extent, the one-stop convenience of a big modern store is mitigated by the behavior of consumers. On the other hand, eating out generally has been gradually becoming a mainstream for the Chinese people. In urban China, millions of consumers love to eat away from home in countless, small restaurants, especially for the young dual income professionals. The success of fast food and quick service restaurants, such as KFC, Pizza Hut, and Macdonald has been notable ubiquitously.

In respect of spending on apparel and fashion, the rise of a middle class, as well as a small affluent class, is creating a huge opportunity for selling more than just basic, low priced clothing. Today, a middle level of apparel is developing in China. This involves quality brands both Chinese and foreign, at a relatively high price point being sold in department stores and specialty chain stores - the latter mostly foreign operated or franchised. This market includes such companies as Giordano and Esprit. It is this segment where considerable growth is possible in the coming years. Moreover, owing to the changes of rules governing foreign investment in China's retailing market, it makes the entrance of foreign invested medium sized retail chains to China become possible. This growth involves a number of well known global brands that have yet to enter China, such names as C&A (Germany), Gap (US), H&M (Sweden), Zara (Spain), Uniqlo (Japan). The rapid development of shopping centres in China has provided fertile territory for these chains.

From the Table 3-5, it is found that education and entertainment ranks the second biggest share of per capita consumption expenditure of urban households since 2000. In 2006, it occupied 13.83% of total expenditure. This means that a hallmark of a modern, affluent economy gives rise to consumer spending on non-essential services, which include tourism, entertainment, and other forms of leisure. Affluent societies or those that aspire to affluence also experience substantial consumer spending on education. All of this is true in China today.

- China's Urbanization Making the Room for Shopping Centre Development

The process of the shopping centre development and the city development always coordinatedly interplay to each other. The city development provides the preconditions for the formation of the shopping centre while the shopping centre construction on the other hand brings about a great advance in city development. The existence of shopping centres is on the basis of enhancement of a city standard. Since 1980s, the level of urbanization in China has substantially increased. According to the indicator of the proportion of urban population contributed by China's National Bureau of Statistics, in 1978, urban population accounted for 17.9% of China's total population. In 1990, this ratio increased to 26.41%, and in 2006, the figure reached to 43.90% with a total urban population of 577.06 million, an increase of 275.11 million population compared with Year 1990. The regional distribution of the urbanization level is also varied. In China, the whole country is divided into three meta-regions: coastal, central and western. In 2006, the level of urbanization in these three regions is 54.60%, 40.4% and 35.7% respectively. The highest level of urbanization is the city of Shanghai (88.7%), followed by Beijing (84.3%) and Tianjing (75.7%). Between 1978 to 2006, the total number of cities in China increased from 193 to 661. During the same period, the city scale also tended to be getting bigger. The number of megacities with the population of more than 1 million grew from 13 to 49; the big cities with the population of 500,000 to 1 million increased from 27 to 78; the medium size of the cities with the population of 200,000 to 500,000 augmented from 59 to 213; and the small cities with the population below 200,000 enhanced from 115 to 320. In the east of China, it even has started to form multi-level and functional-complementary conurbations centred in megacities nearby. A high-speed urbanization brings a large number of urban consumers, and an upgraded demand of consumer market accelerates the retailing development.

Since "floods" of migrants moved to cities, such as Shanghai and Guangzhou, a high-density growth of population has proposed new requirements to the urban land. Demands for the land of residence, commerce and office buildings constantly increased, which resulted in the continuous expansion of land use area. Some big cities constantly expanded to the fringe areas, and people's living appeared a sub-urbanized tendency. The new residential areas in the suburbs offered new locations for commercial architectures. Meanwhile, the city centre was also faced with renovation and reconstruction in order to gear to the needs of future city development, which all brought good opportunities for the shopping centre development.

➊ Sub-urbanization: suburban compact growth

Since the fast city development in China, the population in some megacites such as Shanghai, Beijing, Guangzhou and Shenzhen dramatically grew and focused on the central area of the city, which caused the inner city much trouble – overcrowded space, deteriorated living conditions, overburdened infrastructure and heavy traffic congestion. The limited land in the central city could not satisfy the claims for the spaces of residential, commercial and office buildings anymore, which certainly led to the outward expansion of urbanized area to the periphery of the city. According to the record of China's census, in China's big cities, the suburban population increases gradually year by year, and in some megacities, the people who live in the suburb have already surpassed the city dwellers in number. This kind of people-gathering speed by newly developed communities in the suburbs, to a certain extent, far exceeded the pace by natual multiplication of the population in the central city for decades. According to Shanghai Bureau of Statistics, in 2006, the population in the central area of Shanghai, that is, an area within the outer-ring of the city (total 667.8 square kilometres) reached more than 9.1 million. This density of population is far over New York City, Paris and London. By all sorts of means, Shanghai municipal government plans to control the central population under 8 million in the next 17 years, which means it will be about 1.1 million people moving to the suburbs. The process of urbanization forced the large-scale emigration of residents from the city centre to the suburbs. It is learned that the megacities like Beijing, Shanghai, Guangzhou and Shenzhen have already been at the stage of sub-urbanization. However, differing from the sub-urbanization in the North America, owing to the deficiency of land resources in Chinese cities, it is impossible to develop a large volume of free-standing single family houses as a main living style of residential community. Since June 2006, China has prohibited the supply of land for building luxury villas and the land supply for low-density and large houses is also strictly controlled announced by Ministry of Land and Resources (MLR). Hence, housing increasingly in many suburban communities like in the central city still mainly takes the vertical form of multistory apartment buildings. Therefore, without a doubt, compared with America's suburban sprawl, that is, low-density, horizontal, single-use, automobile dependent type of development, China's suburban development is high-density, vertical, mixed-use, bicycle and public transport dependent type, that is, compact growth.[65] With China's urbanization, the urban pattern in general is planned step by step to transform from its original super-dense and mono-centric city to a multi-centric and multi-corridor grouping form. This kind of new concept of Chinese urban form changes the old linear shape of commercial streets, but fits the node radial pattern of commercial configuration for the shpping centre. This urban pattern not only creates the condition for the development of every grouping style of residential community (Compound), but also makes it more possible that the shopping centre can become a necessary convenient facility serving this comparatively solitary living space in the vicinity. Additionally, although the purchasing power of private automobiles in China has obviously increased, the use of private cars cannot be popularized in a short time. At present, bicycles and public transporations are still the main traffic tools for the city dwellers, thus people's activity sphere is somehow constrained. Therefore, focusing on supplying various corresponding services for a community or several communities

[65] There have been many attempts to define exactly what a compact growth is, "…but in general (it) is taken to mean a relatively high-density, mixed-use city, based on an efficient public transport system and dimensions that encourage walking and cycling" (Burton, 2000).

in the suburbs becomes the main target for the commercial real estate in China.

In general, sub-urbanization in China creates many opportunities for the commercial facilities developed in the periphery area of the city. The driving forces behind it can be shown as follows:

- Renovation and reconstruction of the central city was consequent on the emigration of the people and the transference of the purchasing power. The existence of commercial facilities depends on the spending power of the residents within its service radius. When the large number of the residents moved out from overcrowded inner cities, the population within the trade radius of commercial facilities in the central area dramatically decreased, so that the structure of shopping centralized in the downtown was broken.
- The commercial facilities in the central city reached saturation point. In a certain sense, commercial facilites rely on an agglomerative effect of mutual promotion and joint enhancement of business attraction.[66] Driven by this conception, many investments in the commercial business overly concentrate on the inner city, thus incline to be saturated.
- Land use and infrastructure in the central city is limited. Through many years' development, the commercial scale has reached its limitation in the central city, and there will be little room for future development. Limited land use cannot meet the needs of commerce, parking and storage. Heavy traffic jams, inconvenient logistics and transporation, and little greenspace compel commercial business to seek new fortune.

❷ Renewal of the City Centre

As far as transforming Chinese cities from "production cities" according to ideology to livable cities that provide residents with high quality of life is concerned, the downtown retailing centre has also been a turning point of its development in the context of sub-urbanization. During the whole process of Chinese cities' development, city centre was always the centre for public activities and the central area of commerce. With the launch of market-oriented reform and the rapid growth of cities, a large-scale of urban construction further strengthened the city centre's comprehensive intellectual power of commerce, finance and business. The weight of tertiary industry was also intensified in the city development. Since the great augmentation of urbanization, crowds of migrants have poured into the city bringing about overload use of resources in the central area of Chinese cities, which not only resulted in the environmental deterioration, but also the aging problem became more and more serious. Traditional commercial area in the downtown far could not meet the people's desire for comfortable shopping environment and the consumption demand for diversification so that renovation of old commercial facilties became an extremely ur-

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[66] Refer to 1.1.2 Review of Retail Agglomeration: Agglomeration Economies and Inter-store Externalities

gent task.

On the other hand, China's public land-leasing system was formally adopted in 1988.[67] Since then, the market-oriented land policy reform has apparently facilitated the changes in land use composition, i.e. an internal spatial restructuring of the city has taken place simultaneously with the outward expansion of its urbanzied area. Land use in the inner city was reconfigured, with significant amounts of residential and industrial land converting to commercial land after 1988. This general pattern of land conversion is consisitent with the economic transformation of the Chinese city, and is realized through urban renewal and real estate development in the central city, especially in the inner city, where truly bring "golden place" into full play of "golden profit", and creates the most possibility for the advent of mordern commercial architecture - shopping centre in China.

❸ Formation of Conurbation

Since China's "open-door" policy, Chinese cities have sped up their development. The radiation effect from core cities steadily intensified. In the 1990s, major objectives for setting up international cities were put forward by more than forty of China's core cities such as Beijing, Shanghai, and Guangzhou. Afterwards, in the 21st century, the main theme of development of core cities in China is urban modernization, internationalization and topicalization. The advent of conurbation is an inevitable result when the city's development reaches a certain level.[68] The regularity of urbanized expansion is from the node, to the line and to the surface. From the perspective of urban fabric, when the contact demand between cities is stronger than the need between city and its centre, an attractive interaction can arise among the cities that could lead to the formation of conurbation. At present, along China's eastern coastal area, three economic zones and five conurbations have been formed by geoeconomy, that is, the conurbation of Yangzi Delta Economic Zone centred in Shanghai; the conurbation of Pearl Delta Economic Zone centred in Guangzhou, Shenzhen and Zhuhai; the conurbation of Jing Jin Ji centred in Beijing, Tianjin and Tangshan; the conurbation of middle-south Liaoning Province centred in Dalian and Shenyang; and the Shandong Peninsula centred in Qingdao, Jinan and Yantai. The last three to-

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67 Public land-leasing system (or the transfer (让予) of land use right): In 1988, China officially adopted land leasing as the basis for assigning land use rights to urban land users. Being predicated on the principles of the separation of the land ownership and the land use right, state reserves the land ownership as the precondition to transfer its land use right. There are two types of transfers of the use right of state-owned land in China: the “allocated land use right” (土地使用权划拨) and the “granted land use right” (土地使用权出让). The granted land use right means the acquisition of land use right by paid way. Through the ways of auction (拍卖), public bidding (招标) and negotiated agreement (协议), land use right with certain price, service year and purpose is transferred to the grantee (land user). The transferred land use right also can be conveyed, mortgaged, let and used for other legally economic activities. The conveyance of the transferred land use right to others (also called "re-transference of land use right") includes sale, exchange and donation. In respect of land use right, the granted type changes past free and indefinite-period use of land to paid and given-period use of land, which makes the land use right enter the market really according to the attributes of a commodity.

68 Conurbation refers to an extensive urban area, which results from the expansion of several complementary, inter-dependent cities or towns to form a network with a centrally located large city.

gether constitute the Circum-Bohai Economic Zone. Furthermore, another four conurbations will also be realized in the middle and western parts of China resepectively in the coming years.[69] These economic zones and conurbations do and will propel the regional and even national economy, which create many good opportunities for the development of malls and mega-malls in-between or in the satellite cities serving the whole conurbation region.

- Improvement of Transport Infrastructure

With a further intensification of the process of urbanization in China, a request for improving the convenience of traffic accessibility between the central city and suburbs also gradually strengthened. In order to solve the problem of heavy traffic congestion in the central city and offer convenient city travel for suburban residents, many Chinese cities in recent years have made great efforts to develop public transportation system and emphasize on the road constructions, for example, increasing the number of public buses, stepping up developing rapid rail transit (RRT), extending public routes, adding more public bus stations, and rebuilding or constructing traffic arteries (expressways, city ring roads and elevated roads), in order to establish a rapid and convenient long-distance traffic network system connecting the central city and suburbs. Particularly, the traffic transport system in some megacities such as Shanghai, Beijing and Shenzhen has been highly developed. The representatives of rapid mass transit - metros, light rail transits and maglevs have already been fully implemented in these cities.

Additionally, as mentioned before, although the number of new passenger car registrations in China increases rapidly – above yearly 20% increase of family cars in the recent years, the populization of private cars is still a long and slow process. Owing to the limited urban land in China, private car development is strictly restrained by certain objective city problems, such as parking site, road space and environmental pollution so that most of Chinese city dwellers at present still largely rely on the private bicycle as their city journey tool. According to the survey results shown by urban planning academy of Ningbo, the typical transport structure at the moment in most of Chinese cities is walking and cycling (over 50%), together with diversified transports. Most urban land pattern is centre outward expansion and crowded arrangement, thus land use is compact and centralized with high-dense population. Therefore, the frequency for short and medium distance journeys among the city residents is much higher, and the journey distance on an average is comparatively short. Nevertheless, to provide an efficient transport-interchange linkage between the private traffic tools of bicycles and family cars and the public transports of buses, metros, and light rails, and to build up a well-organized connection between public transport nodes and

[69] The plan of conurbations in the middle part of China, that is, the conurbations of the middle reach of Yangzi River centred in Wuhan, the middle of Henan Province - Zhongyuan centred in Zhengzhou, the south to the middle reach of Yangzi River - Changzhutan centred in Changsha and Zhuzhou and the south to the middle-lower reaches of Yangzi Rive r- Wanjiang centred in Maanshan and Wuhu, in the western part of China: the conurbations of Chuanyu centred in Chengdu and Chongqing and Guanzhong centred in Xian

important crowded public places are two crucial points for China's urban traffic network system. To some of the advanced Chinese cities, developed public transport infrastructure and relatively increased number of private cars have expanded the scope of residents' outdoor activities, especially because the accessibility to the important commercial facilities has been enhanced and the trade radius of these businesses has also been enlarged, which undoubtedly benefits the success of retail business and becomes a precondition for the shopping centre development.

Phases of Shopping Centre's Development in China

In general, shopping centre development in China has hitherto experienced four phases:

- Embryonic Stage (Late 1980s - Early1990s)

Shopping centre development in China has not existed for a long time. The earliest signboard of shopping centre appearing in China was in the late 1980s when a batch of star-rated hotels showed up in the big cities. These hotels were often attached to a store that mainly served the hotel customers, thus the hotel operator named the store "Shopping Centre", for example, Kunlun shopping centre attached to Beijing Kunlun Hotel. Later on, there were so-called "Shopping Centre Stores" emerging one after another in many big cities' commercial districts, such as Beijing Xidan Shopping Centre, Beijing Saite Shopping Centre, and Beijing Longhua Shopping Centre. These shopping centres were all located in the commercial districts, and the business area of each in general was around 20,000 square metres with good shopping environment and a small size of parking lot. However, at that moment, most of shopping centres were not in the real sense of the term. Although they all called themselves shopping centre, these stores in fact neither had the functions nor the scale of a shopping centre, and some even were common stores or groceries. This name chaos brought about many misunderstandings among the shoppers and retailers. People could not differentiate between shopping centre and department store that resulted in the cognitive confusion. During this period of time, so-called shopping centre was not a real meaning of shopping centre. From combination of merchandising business perspective, they were only department stores. Therefore, this period is regarded as an embryonic phase for the shopping centre development in China.[70]

- Formation Phase (mid-1990s)

Entering the 1990s, when the shopping centre development in Western countries especially in the United States was tending towards slow down[71], in China, it was just in its beginning stages. Shopping centres in China that totally qualify the international standard appeared in the mid-1990s. At that time, with a batch of Hongkong real estate magnates such as Hutchison Whampoa, Cheung Kong and Hang Lung Group

[70] Refer to Li, F., 2003, pp. 32.
[71] Refer to 3.2.1 The Shopping Centre Development in the United States

setting up high-rise office buildings in the golden commercial and financial districts in the big cities like Beijing, Shangahi and Shenzhen, most of these office towers chose large-sized stores as their podiums, thus HongKong characterized shopping centre steadily came into being. These shopping centres, as completely letting-type of properties, broke the pure merchandising business mode of department store, which integrated simple and small-scale of entertainment and catering projects into their business contents, for example, original Shanghai Square[72] and Hongkong Plaza. Against the momentum of commercial development in mainland China, these Hongkong shopping centres rapidly broke through the bottleneck of business recruitment and became very successful in commercial business. Certainly, their success played a demonstrative role in shopping centre development in China's retail industry. During this period, a total floor area of shopping centres in China was less than 1 million square metres, with only about 10 units, and each of them was relatively small size scattered in megacities like Beijing and Shanghai. Moreover, since these shopping centres often were built up together with hotels and office buildings, the shopping centre characteristics in respect of functional integration, architectural form and spatial configuration could not explicitly show up and the complexity of retail formats in the shopping centre was comparatively low. At this stage, shopping centre development in China was of experimental and functionally complementary intention. Hence, this period is treated as the shopping centre formation stage in China.

- Growth Phase (Late 1990s)

In the end of the 1990s, with the openings of Shanghai Grand Gateway Plaza, Guangzhou Tianhe Centre and Beijing New World Centre, a group of highly-complex and large-scale shopping centres have gradually started to be developed in China. During this period of time, total floor area of shopping centres in China was below 10 million square metres with a total number of shopping centre nearly 50 units. At this phase, the distribution of shopping centres in China started to expand. More than 10 commercially-developed cities owned a certain number of shopping centres. With the increase of floor areas and numbers, shopping centres from a functional perspective also began to be diversified. Apart from leading retail businesses, quite a number of shopping centres started to integrate other consumption service functions into their merchandising businesses, and more interestingly, atriums or front squares as representative public spatial elements for the shopping centre were also tentatively implemented in many designs of Chinese shopping centres, for example, Grand Gateway Plaza in Shanghai and Tianhe Centre in Guangzhou

[72] Shanghai Square, as the first Shanghai shopping centre opened in 1993, was reconstructed and renamed as Infiniti Plaza in 2006.

- Vigorous Development (After Year 2002)

Since the Year 2002, shopping centre development in China has entered its vigorous growth stage, which embodied the dramatic increase of its total number and the much wider scope of its city distribution. In this period, super-regional shopping centres started to appear in the big cities, such as Super Brand Mall in Shanghai; meanwhile, many shopping centres also sprang up in the suburbs of the city. Hence, in a certain sense, it indicated that the development capability of shopping centres in China had significantly enhanced. For its development, the competition among the shopping centres geographically developed from originally in the city, to the inter-city and even to the inter-region, thus the source of customers did not only come from within the trade area, but were attracted from much broader regions. According to the statistics from China General Chamber of Commerce (CGCC), the Year 2003 for the growth of shopping centres in China was a drastically accelerative year. Only within this year was there an increase of 89 shopping centres, a sharp contrast to the previous Year 2002, with a growth of 37 units. At this stage, not only did the number of shopping centres increase, but also the structure had conspicuous changes. Firstly, the distribution of the shopping centres geographically expanded from originally only concentrating on megacities (first-tier cities) of Beijing, Shanghai and Guangzhou to the second-tier cities, such as Zhuhai and Ningbo, but the number of shopping centres was greatly disparate among the cities. Secondly, the size of shopping centres tended to be getting bigger and bigger. It was from beginning around 100,000 square metres for the most of shopping centres to the present for some of them about 200,000 square metres. Thirdly, driven by the sub-urbanization, shopping centres started to be developed in the suburbs of the city. Since expansions of traffic network system, new constructions of convenient traffic transports and an increasing number of private cars, shopping centres turned up at the fringe areas of the city as supporting facilities for the citizens' suburban living, for example, ZHIYE Plaza – a typical suburban shopping centre in Shanghai. Fourthly, shopping centres that were characterized with highlighted themes had priority to be developed. During this period, the theme form of the shopping centre was developed from a mono-concept to a diversified awareness, for example, the advent of the themes of shopping, life, leisure, entertainment, culture and tourism. Infiniti Plaza in Shanghai for example created Life Experience as its theme.

Current Situation of Shopping Centre in China

According to the statistics offered by China General Chamber of Commerce in 2006:

- Total Number of Shopping Centres

In the end of Year 2006, the total number of shopping centres in the Chinese cities[73] reached to about 450 units (below called total number), an increase of 44 times to

[73] These Chinese cities refer to first- and second-tier cities.

Year 1995; Year 2003 was the fastest growing year with growth rate of 84.8% to Year 2002. In respect of opening year, Year 2005 has opened the most shopping centres with an addition of 91 units occupying 20.26% of total number. With regard to both growing speed and quantity, Year 2006 showed relatively slow performance compared with previous year, with altogether new built centres of 80 units, an increasing rate of 21.7%. From Figure 3-10, it indicates that since Year 2003, the growth of total number has been stable, maintaining a yearly increase of 85 units on an average, which implies that shopping centre development in China has stepped into a stable growth phase.

Figure 3-10

Source: Author's creation using data from CGCC

- Commercial Area of Shopping Centres

From the analysis of commercial area of shopping centres owned by cities, in the end Year 2006, among the top of 15 Chinese cities, Beijing covered altogether 4.24 million square metres of commercial area for shopping centres, ranking No. 1 in the country, followed by Shanghai (2.94 million square metres) and Chongqing (1.84 million square metres). By comparison between Changchun (No. 15) and Beijing (No. 1), the ratio gap of commercial area for shopping centres has displayed clear disparity, that is, 1:7 (see Figure 3-11). In the meanwhile, with regard to the front two cities of Beijing and Shanghai, owing to the reforms of China's retail industry[74] in 2004, commercial area of shopping centres in both cities grew very fast in the year, with an increasing rate of 95.4% (1.07 million square metres) and 61.5% (678,000 square metres) respectively (see Figures 3-12 and 3-13). For Beijing, due to the driving force of Olympic Games in 2008, Year 2006 was the largest increasing year in commercial

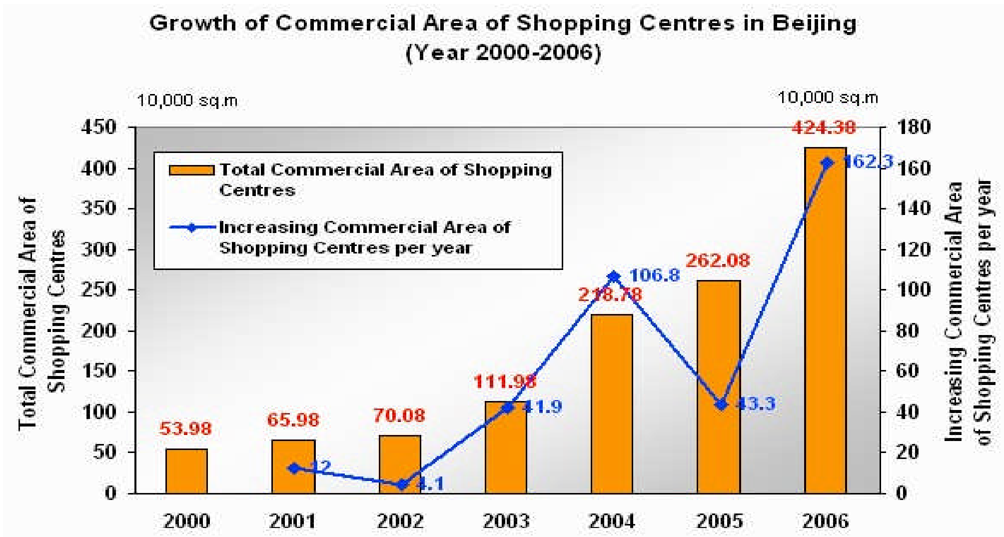
[74] Refer to A Background to Development of Shopping Centre in China

area of shopping centres over the years, an increase of 1.62 million square metres (see Figure 3-12). In contrast to the shopping centre development in Beijing, since 2006, the growth of shopping centres in Shanghai has inclined to be slower, but general industry maturity is relatively high, ranking first in the country. From the statistics, it can be seen that the feature of imbalanced distribution of shopping centres in China is distinct, and development levels of shopping centres among the cities present a wide gap. At present, most shopping centres still mainly focus on the commercially developed cities, but for the rest of China, the absolute number of shopping centres is relatively low and in some cities, there is still even a gap. Hence, there is a great disparity in number among the cities. According to CGCC's forecasting, in the next few years, shopping centres will be further developed in the second-tier cities of Guangdong Province, Zhejiang Province, Fujian Province, Jiangsu Province and Shandong Province while they continue to keep their momentum in the first-tier cities.

Figure 3-11

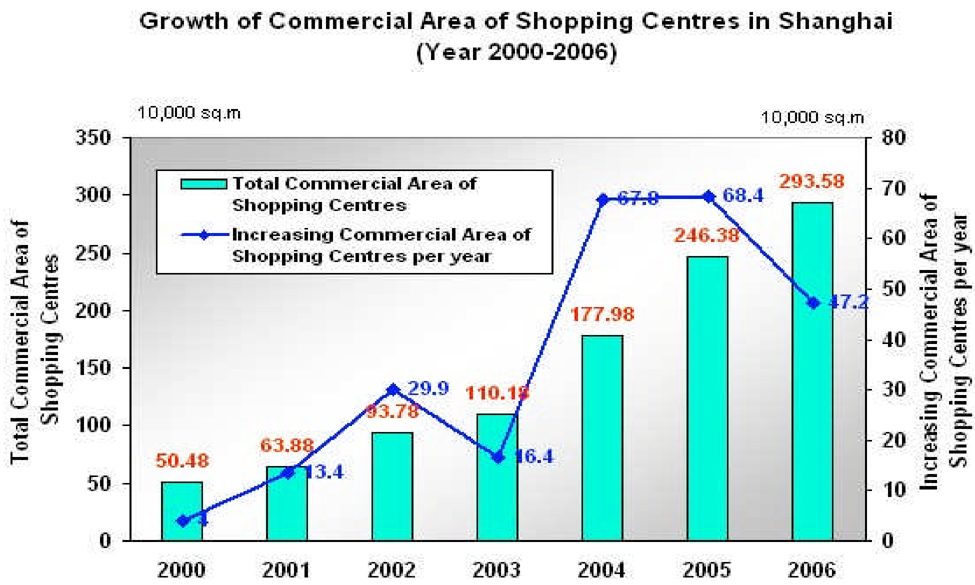
Source: Author's creation using data from CGCC

Figure 3-12



Source: Author's creation using data from CGCC

Figure 3-13

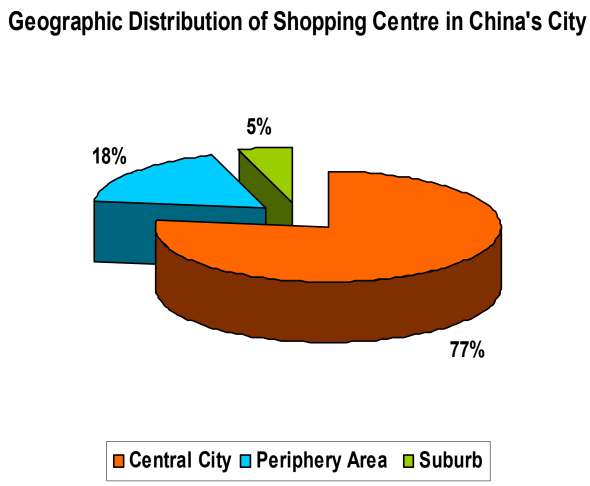


Source: Author's creation using data from CGCC

- Location of Distribution

During the process of China's urban development, inner city is always the centre of public activities and the central district of commerce, thus naturally it also becomes the birthplace of the shopping centre. Owing to the combined effect of a long time formation of the differences between urban centre and suburbs, population density, commercial configuration, and trafiic conditions, the overall distribution of shopping centres in a Chinese city is still mainly focusing on the central city from a nationwide perspective, although with the pace of sub-urbanization, the ratio of suburban shopping centres in economically developed big cities like Shanghai, Beijing and Shenzhen has augmented. According to the statistics of CGCC, at present, 77% of shopping centres are located at the urban centre, 18% at the periphery and only 5% of the total in the suburbs (see Figure 3-14).

Figure 3-14

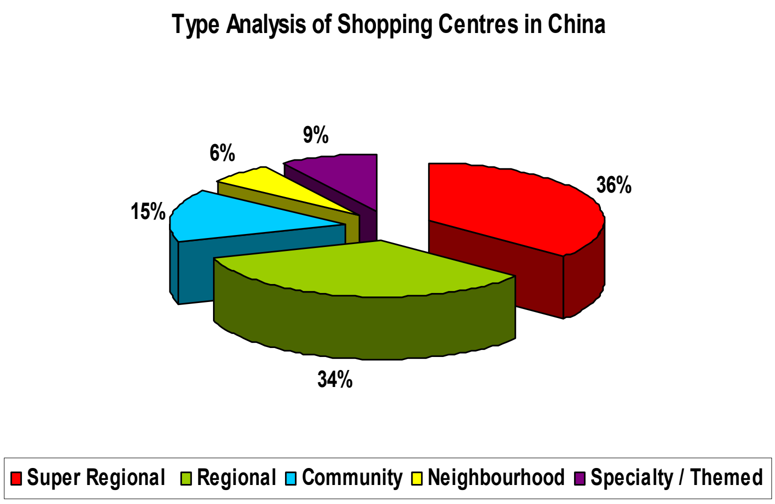


Source: Author's creation using data from CGCC

- Basic Types of Shopping Centres

According to the categories of shopping centres stipulated in the thesis, that is, the centres of neighbourhood, community, region, super-region and specialty, at present, the two major types of Chinese shopping centres are regional- and super-regional shopping centres. Most of the shopping centres are super-regional shopping centres, covering 36% that is 2% more than regional shopping centres. Both together occupy 70% of the total number, which constitutes the main body of Chinese shopping centres. Moreover, this weight exceeds the sum total of neighbourhood, community and specialty shopping centres by a big margin (see Figure 3-15). However, it has been foreseen by some experts that neighbourhood and community types of shopping centres certainly will have great latent potentialities in newly unified-developed residential areas and satellite city towns, accompanying by the renovation and reconstruction of the old cities and the acceleration of urbanization.

Figure 3-15



Source: Author's creation using data from CGCC

- Construction Mode

At present, the construction mode of Chinese shopping centres in general can be divided into two types, that is, re-construction and new construction.

❶ Re-construction Type

- Renewal of old city areas

During the evolution of Chinese cities, old city areas are usually the traditional commercial centre of the city, but for many reasons, traditional commercial areas in the Chinese cities tend to get aged. In order to re-vitalize the status of old city areas, many cities have engaged in renewal of old city areas. Since the shopping centre is characterized with its vast capability of absorbing the flow of population, it becomes an attractor/a magnet for the city. Because of this, many traditional commercial areas have been restructured into modern shopping centres, for example, Yuyuan Tourist

Mart restructured from a large piece of traditional commercial area in the centre of Shanghai.

- Restructuring of Traditional Department Stores

From the development trends, China's large traditional department stores are constantly moving towards the multi-functional orientation, which have many similarities to the shopping centres, and some have already succeeded in restructuring into shopping centres. In the past, traditional department stores were always the mainstream of China's commercial architecture. However, since the 1990s, excessive quantity, too fast growth, and over-concentration of distribution have led many big department stores to be in a poor operating condition – many problems arising from landslide of retail effectiveness, especially after 1996. Year 1998 was called "Bankruptcy Year". Some big department stores fell into dilemmas in succession till their closedown. At the same time, due to the changes of customers' shopping concept, various new retail formats arose one after another in the commercial domain. Confronted with fierce competition, department stores in the end completely lost their No. 1 position, which directly resulted in the shrinkage in the department store industry. Under this background, the advent of shopping centre that is famed for its optimal combination of commercial formats in China broadened the idea for the traditional department sotre. Since the traditional department stores in the downtown hardly satisfied the people's demand for leisure shopping, they realized commercial-format transformation by changing functionally outdated commercial facilities, but adding brand stores, supermarkets and specialty stores and integrating new patterns of services such as finance, entertainment and leisure to enhance overall functions in the locating area, and some even constructing extended commercial areas. It was more crucial that the managerial and operational mode had also corresponding changes during the whole process of restructuring – from unified one entity mode of owner, manager and merchants to a separating mode of these three. The department store itself was also a key retailor when it acted as a manager managing other retail tenants, but its business was totally independent from other supplementary tenants. Thus, when maintaining the original appearance of architecture, the department store realized its essential leap from traditional department store to modern shopping centre by restructuring and extended construction of interior commercial space and import of managerial and operational mode of the shopping centre. This type of shopping centre, as a hybrid of a traditional Chinese department store and a Western shopping centre is a specially localized product, which can be regarded as not only a smart reaction to the previous market failure of department stores, but also a strategy for developing a new type of shopping centre, i.e. a hybrid centre that became a type of its own - a typically Chinese type of shopping centre. This was a novelty that was produced as Western commercial culture was bred under a specified Chinese retail commercial environment. The researcher calls this type hybridism type or department store type of shopping centre. Ruimiersi (2005), executive vice president of USA Global Development Company believes that the most obvious feature of China's commercial development is the department store is being in the process of its transformation to the shopping centre mode. At present, New World City on Nanjing (W) Road in Shanghai is one of the successful restructuring projects.

In addition, it should be mentioned that during the transformation from the traditional department store to the shopping centre in China, there also exists a transitional type of retail format between the department store and the shopping centre. Its specialty mainly lies in its managerial mode that is neither similar to the traditional department store nor the shopping centre. It takes centralized management and operation, but cooperative merchandising business. Driven by the brand effect, department stores lease their commercial spaces to brand retailers and cooperate with these tenants in jointly merchandising department store business, thus they still present a department store image as a whole to the public. By changing the way of merchandising business, department stores relieve themselves from the pressure of bearing all the business risks alone, so that they can get rid of the difficulties and improve the businesses. In respect of the spatial organization of these stores, they have displayed an ambiguous mixed posture. For this type, the typical examples are Shanghai Landmark Department Store and Shanghai No.1-Yohan Department Store[75], both of which are on the way of transformation. Even the new constructions, Shanghai Qibao Famos Square and Shenyang Zhuozhan "Shopping Centre" also belong to this transitional type (see Picture 3-9).

Picture 3-9 Zhuozhan "Shopping Centre" in Shenyang

Source: Author's photo

[75] The Japanese Yaohan and its Chinese partner-the Shanghai No. 1 Department Store jointly opened Asia's largest department store Shanghai No.1-Yohan Department Store in Pudong's Lujiazui Financial and Trade Zone in late 1995. In 1997, Japanese retailers, Yohan and Jusco, withdrew from their respective joint ventures due to bankruptcy.

❷ New Construction Type

In China, new construction type of shopping centres mostly appear in the new city towns (satellite towns), new developing districts, and new residential compounds at the periphery of the city, with mainly free-standing and large-size building figure, whereas when in the central city, it is mostly developed as a component of a large-scale urban complex project.

In the city centre, by way of auction, public bidding or negotiated agreement, developers pay a certain price for the transferred or conveyed land use right of a piece of land and use it for commercial purpose of shopping centre construction. According to <Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas> stipulated by the State Council in 1990, the transferred land use right for the different purposes has its determined maximum number of years: residential land for 70 years; industrial land for 50 years; education, science and technology, culture, health and sports sites for 50 years; business, tourism and entertainment sites for 40 years; or other integrated land use for 50 years. In the light of Article 22, the life span of the conveyed land use right[76] is the remaining years that the service years stipulated in the contract of the land use right transfer deducts the years that have been used up by the original land user. For land users who want to change the original land use that was stipulated in the contract of land use right transfer after obtaining the conveyed land use right (called "land conversion"), they must ask for the agreement from the transferor and get the approval of the land management and urban planning authorities to sign a new contract of land use right transfer according to Article 18.

In the suburbs, accompanying the development of new city towns, new districts and new developing residential areas, the construction of shopping centres there often uses undeveloped lands, for example, New Shanghai Commercial City - its construction related to the development of New Pudong District. Compared with the high density of population in the city centre, the construction of shopping centres in the suburbs is much easier in relation to land availability and has relatively fewer problems of housing demolition.

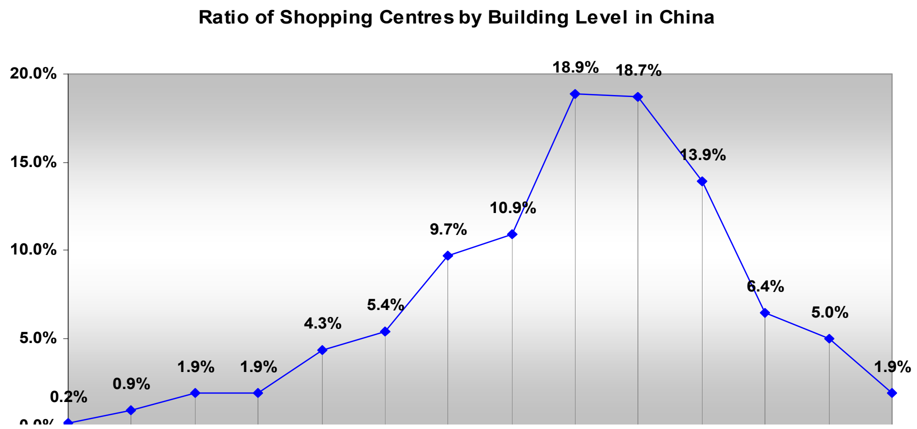
- Overall Architecture Form

According to the analysis of the overall height of shopping centres in China by CGCC, the average building level of the shopping centres in China is 4-6, covering above 50% of total number; 7-8 levels of shopping centres occupies 20%; higher than 9 levels of shopping centre projects is 15%; 2-3 levels of shopping centres have only 10%, mainly focusing on the South China region (see Figure 3-16). From the statistics, it shows that due to the high-cost limited urban land resources, the overall architecture form of shopping centres in China presents a vertical development, thus effective arrangement of top-level tenants becomes the crucial point for the com-

[76] The conveyance of land use right is also called "re-transference of land use right", which includes sale, exchange and donation.

mercial recruitment and operation.

Figure 3-16

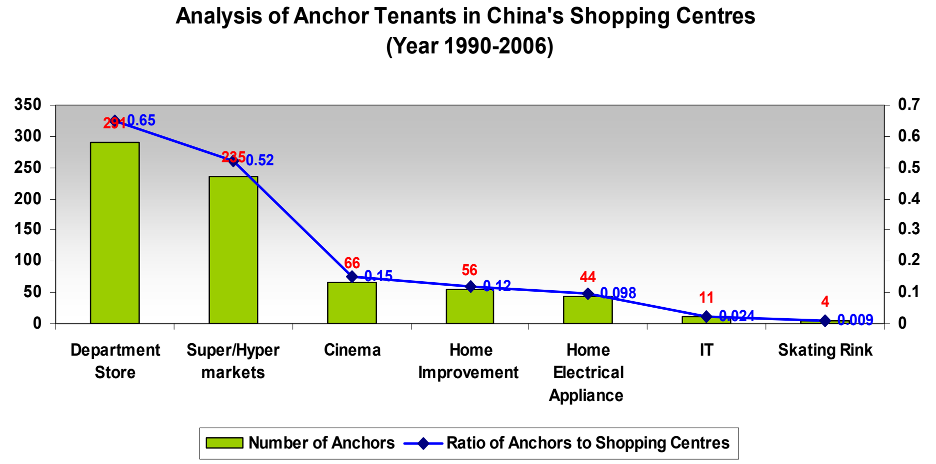


Source: Author's creation using data from CGCC

- Anchor Tenants of Shopping Centres

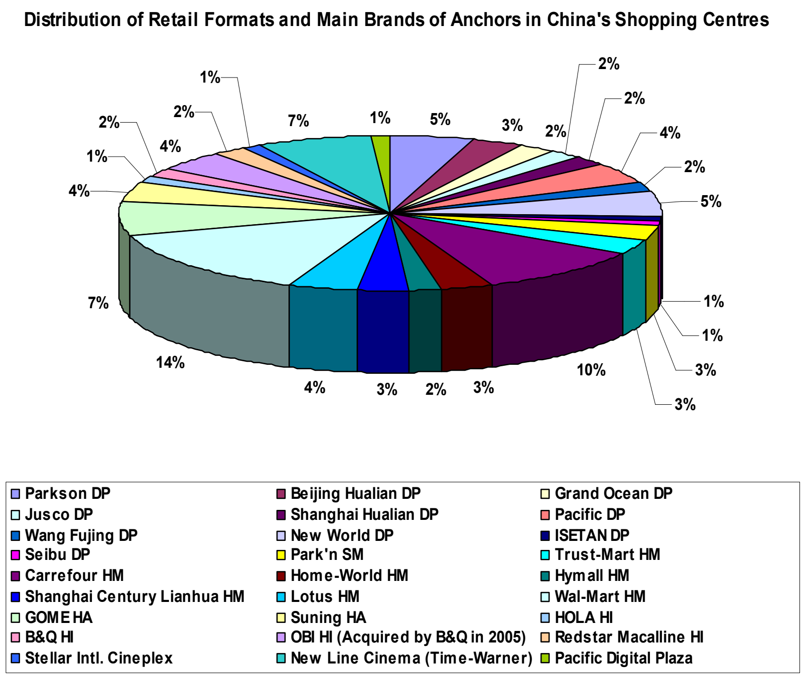
Anchor tenants in the shopping centre are dynamically changeable. The traditional shopping centre used department stores and supermarkets as its core tenants, which suited the market demand at that time. Spurred on by the variety of brands and the changes of consumption, the spectrum of anchor tenants in Chinese shopping centres is further expanded. With the emergence of many new retail formats represented by multiplex cinemas, home-based category killers, hypermarkets and catering stores, the shopping function in the shopping centre is gradually getting weaker. Based on the 2006 statistics of CGCC, the anchor tenants in China's shopping centres mainly focus on the department store and the hypermarket/supermarket, the ratio of which to total number of shopping centres in China is 0.65 and 0.52 individually (see Figure 3-17). Although shopping function still plays a main role in the shopping centre development, the change of the combination of anchor tenants will become the general trend for China's shopping centre industry. At present, limited quantity of anchor tenants but high concentration on a few brands largely features the anchor tenants of Chinese shopping centres, which to a certain extent have an influence upon the selective recruitment for the commercial real estate projects. From the distribution of retail formats and main brands of anchor tenants in China's shopping centres, it can be seen that Carrefour and Wal-Mart are the main players in the hypermarket business, covering 10% and 14% respectively of the total number of anchors, which together exceed one fourth of the whole. Since the advantage of department store chains in China still does not come into being, professional department stores that qualify for being an anchor in the shopping centre are still not so many, among which the brands of Parkson, New World and Pacific play the leading role, occupying 5%, 5% and 4% individually to the total number of anchors. For specialty big boxes (category killors), the leading anchors in the shopping centre are China's popular home electrical appliance chains of GOME and Suning, and English home improvement chain of B&Q (see Figure 3-18).

Figure 3-17



Source: Author's creation using data from CGCC

Figure 3-18



DP=Department store; SM=Supermarket; HM=Hypermarket;
HA=Home Electrical Appliance; HI=Home Improvement
Source: Author's creation using data from CGCC

3.2.3 Compared Analysis of Shopping Centre Developments between two countries

By the analysis of the shopping centre development in the United States and China, the researcher found out that there exist many significant differences in respect of development background, development experience and even the shopping centre itself in these two countries. To sum up, the major differences are shown in the following Table 3-7.

A Comparison of Shopping Centre DEVELOPMENT between the United States and China

Table 3-7

Compared Items		the United States	China
Development Background			
1. Economic and Retail Situation		Living standard (US$3,000 GDP per capita)	GDP growth, "Open-door" Policy, Retail Foreign Policy (Year 1992 and Dec., 2004)
2. Urban Development			
Sub-urbanization:	Starting Time	Starting at 1920s, Climax in 1950s-60s	Starting at 1980s – Sub-urbanized Living Beginning
	Main Reason	searching for comfortable living environment e.g. fresh air and green space	owing to China's urbanization, a high density of population occurring in the central city that leads to many city problems, e.g. overcrowded, deteriorated living conditions, overloaded infrastructure, heavy traffic congestion
	Trigger for migration	Invention of the automobile	The reforms of urban land use institution and housing policy[77], pushing the industry and residence to move from high-cost inner city to low-rent suburbs
	Migratory Behavior	Spontaneous/active atction	Passive and organized migration reacting to the renewal of the inner city through renovating the old and rebuilding the new by land conversion
	Pattern of Urban Growth	Urban Sprawl – Low Density of Urban Growth	Urban Compact Growth – High Density of Urban Growth
	Migratory Distance	a common phenomenon residing in far-suburb more than 20 km away from the inner city	Migrate to nearby suburb within 10 km away from the inner city
	Magnetic Tendency	Central City < Suburb (1950s-60s) - decentralized (central city on the decline and depression, but suburbs getting prosperity)	Central City > Suburb – non-decentralized city centre as a focus of public and commercial activities (suburbs constantly developed when the commerce, trade, finance and service industry maintaining prosperity in the central city)
3. Transport Infrastructure			
Traffic Network System		Complex highway network	Complex public transportation network
Way of Travel		Private Car-related	Bicycle and Public Transport-related
Development Experience			
1. Phase of Formation of SC		In 1950s (more than 50 years' development)	In the mid-1990s (less than 20 years' development)
2. Relation of Urban Planning and SC		SC Development before Urban Planning	SC Development integrated into the whole process of Urban Planning, although the consistency between the planning process and the approval mechanism sometimes deviate due to the intransparency.

[77] Housing Policy Reform: The Chinese government in the early 1980s launched sweeping reform of the structure of institution that governs housing allocation. The reform changes a state-controlled public housing system, a system of the allocation of housing determined by an employee's social status and length of employment in a work unit or danwei, a state-owned enterprise that serves as a vehicle for structuring economic activity and social organization, i.e. a multi-functional entity of employment, residence, education and commerce into a commercialized housing system, a system introduced market forces into the housing policy arena/privatization of the state-controlled housing sector

Compared Items		**the United States**	**China**
3. Direction of Development Process of SC		Suburb → Central City	Central City → Suburb
4. Role of SC:	Suburbs	Stopping urban sprawl and rampant real estate speculation by creating a fake of "urban centre" in the suburbs	Enhancing the life quality in sub-urbanized residence (auxiliary/supporting facilities for people's suburban living in order to attract / activate more people moving out of the central city
	Central City	for Downtown Revitalization	for stabilizing or strengthening or supporting to the downtown to make it more prosperous
5. Stage of Life Cycle of SC		Remaking/Rejuvenation stage	Vigorous growth
6. Way of Accessibility to SC		Car-related shopping (at the junction of freeways)	Heavily depend on urban public transport (bus, rail transport of metro, light rail transit-LRT, maglev) and bicycles, but less private car-related (at the junction of public transport stations)
Shopping Centre			
1. Architecture Form of SC	Suburbs	Horizontal shape with huge parking lot in front	Vertical shape of architectures overwhelming horizontal ones
	Central City	Vertical shape with parking lots underground or roof or on the respective levels	Vertical shape with parking lot mostly underground
2. Size of SC		neighbourhood and community shopping centres covering the most	Regional and super-regional shopping centres covering the most

Note: SC = Shopping Centre

Source: Author's creation

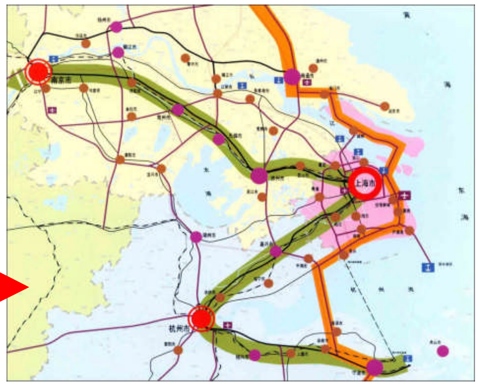
4 Transformation of Western Shopping Centre in China: A Case Study of Shanghai

4.1 Why Choose Shanghai as a Research Location

4.1.1 Comparative Maturity of Urban Development in China

The Chinese word of "Shanghai" is composed of two characters: "Shang", meaning "on", and "hai" meaning "sea", hence the real meaning of Shanghai can be explained a city "on the sea". Shanghai is located at the midpoint of China's eastern coast and sits at the south of the mouth of the Yangzi River, at the junction of the east coastal economic belt and the Yangzi River Basin economic belt (see Picture 4-1). The city of Shanghai, as one of the largest city in China, consists of 19 administrative divisions – 18 districts and 1 county[78] with 13.7 million registered people[79] spreading over 6340.5 km^2 of land, which is approximately 0.06 percent of China. Shanghai's central city defined by the 1999-2020 Master Plan of Shanghai as a total land area of 667.8 km^2 inside the Outer Ring (Highway A20) that mainly includes 9 urban districts[80], while the other 9 districts and 1 county outside the Outer Ring form the suburb. The area within the Inner Ring is regarded as the inner city or the urban core of Shanghai (see Picture 4-2). The central area[81] occupies only 5% (289.44 km^2) of the total land of Shanghai, but contains 45% (6.2 million people) of the city's population according to Shanghai Year Book 2007. Population density in the central area is therefore extremely high, with 21,400 persons per km^2, compared to 1,200 in the suburb (see Picture 4-3).

Picture 4-1 Geography of Shanghai



Source: Author's creation based on http://www.shghj.gov.cn

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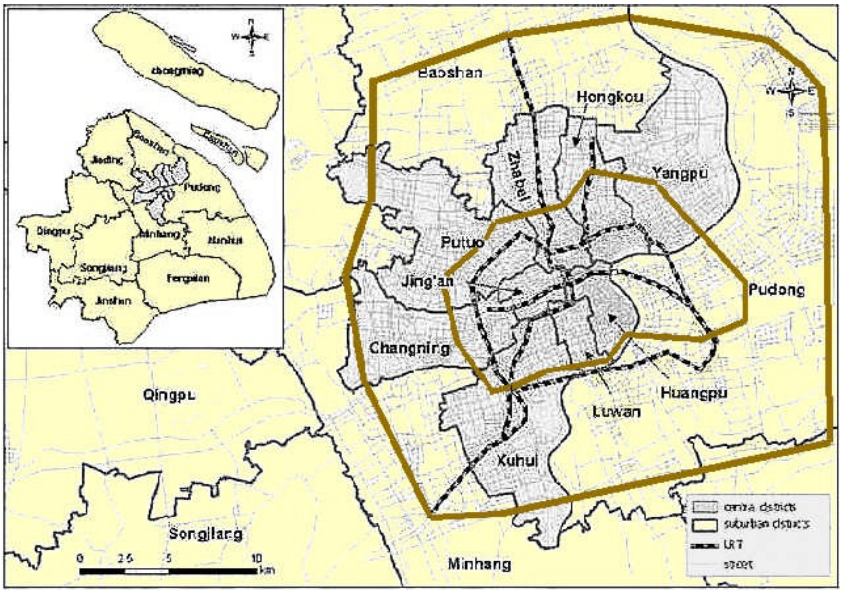
78 18 Districts: Huangpu, Luwan, Xuhui, Changning, Jingan, Putuo, Zhabei, Hongkou, Yangpu, Pudong, Baoshan, Minghang, Jiading, Jinshan, Songjiang, Qingpu, Nanhui, Fengxian; 1 County: Chongming

79 Registered People: Shanghai residents with permanent resident papers

80 Strictly, the central city of Shanghai covers 14 districts, however, major parts of 5 districts (Pudong, Nanhui, Minhang, Jiading and Baoshan) of which are in the suburb partitioned by the Outer Ring.

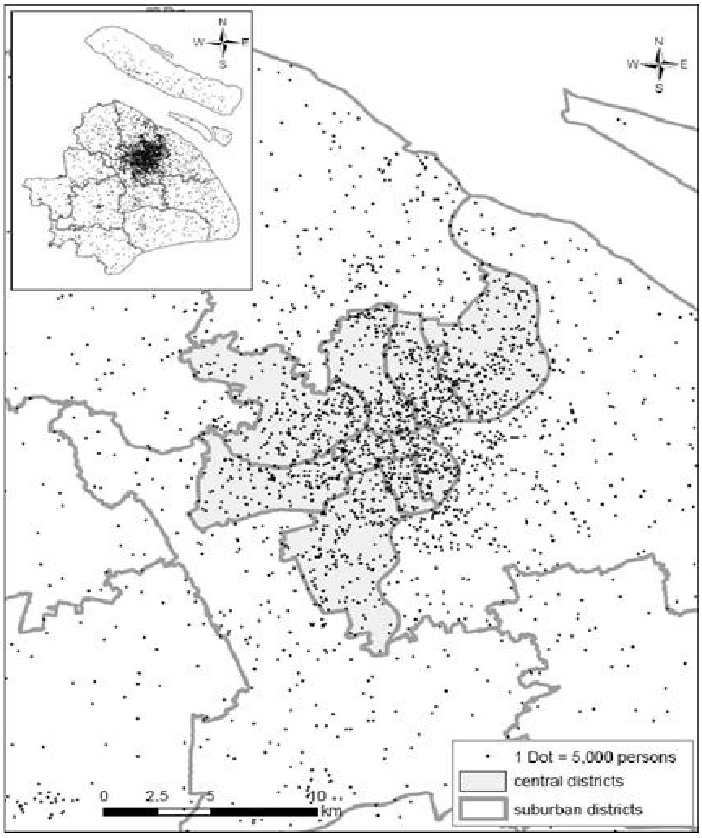
81 The central area comprises 9 districts, that is, Huangpu, Luwan, Xuhui, Changning, Jingan, Putuo, Zhabei, Hongkou and Yangpu.

Picture 4-2 Administrative Divisions of Shanghai



Source: Author's creation based on the map of Shanghai

Picture 4-3 Population Distributions in Shanghai

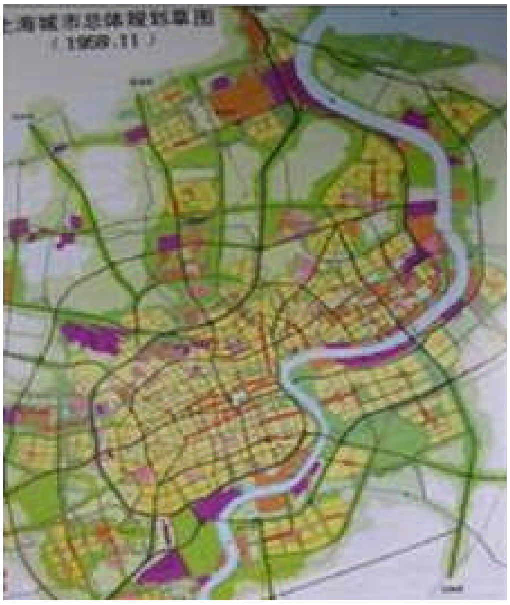


Source: http://www.shghj.gov.cn

As known from before, urban development of a city can be physically embodied in its spatial evolution, which usually involves two processes, that is, an internal reorganization of land use in correspondence to urban functional and structural adjustments and an outward expansion of urbanized area steered by urbanization and economic growth.

Like other Chinese cities, Shanghai, as economically the most important city in China, has experienced unprecedented urban renewal and expansion over the past 20 years. For Shanghai, urban expansion is a well-organized strategic plan. In early 1958, in order to support the development of Shanghai, the central government decided to transfer ten counties from Jiangsu Province to Shanghai[82], the intention of which was to decentralize the overcrowded population and factories from the central part of the city. As a result, the total area of Shanghai was dramatically expanded to 5910 km^2, nearly 10 times more than 636 km^2 in 1949. An outline of a master plan was settled in 1959 (see Picture 4-4). According to this plan, the urban planning policies projected controlling the population growth in the central area of Shanghai not to exceed 3 million, in the pherphery around 1 million and in the suburb towns 2 million. Meanwhile, owing to the shortage of land for the expansion of factories and the heavy air pollution generated in the central area of Shanghai, more than 3,000 factories were planned to move to the 10 near suburb industry area[83] and 17 satellite towns[84].

Picture 4-4 Shanghai Master Plan (1959)



Source: Author's photo from Shanghai Urban Planning Exhibition Hall

[82] Ten counties are Jiading, Baoshan, Shanghai, Songjiang, Jinshan, Chuansha, Nanhui, Fengxian, Qingpu and Chongming.

[83] 10 suburb industry area: Wusong, Yunzaobang, Pengpu, Taopu, Beixinjing, Caohejing, Changqiao, Zhoujiadu, Donggou, Gaoqiao

[84] 17 satellite towns: Minghang, Wujing, Jiading, Anting, Songjiang, Beiyangqiao, Qingpu, Tangkou, Nanqiao, Zhoupu, Chuansha, Zhujing, Fengjing, Fengcheng, Nanhui, Chongming and Baozheng

However, until 1980s, Shanghai was still confronted with many city problems, such as disorder in land-use, lack of infrastructure, traffic congestion and limitation of residential space. To guide the development of Shanghai city, Shanghai Master Plan Outline was approved by the State Council in 1986, which is the first city master plan authorized by central government (see Picture 4-5). In this plan, it clearly defined Shanghai as an economic, science and technology and culture centre in China. It aimed at controlling the total area of central city to under 300 km^2 in 2000 (149 km^2 in 1982), and meanwhile building up a convenient transport connection (no more than 1 hour travel) between central city and suburb towns. Furthermore, four levesl of city-town structure were formulated in this plan, that is, the central city of the first level, the industry towns and satellite towns in near suburb (20-40km away from central city) as well as "two wings"[85] of the second level, the suburb towns of the third level and little rural towns of the fourth level. Last but not least, this plan advocated making full use of Pudong spacious area to develop it into a new visual angle of Shanghai.

Picture 4-5 Shanghai Master Plan (1986)

Source: Author's photo from Shanghai Urban Planning Exhibition Hall

In 1990, the central government declared the open and development policy of Pudong new area, which was the most significant urban expansion for the city of Shanghai. Prior to its development, Pudong was a rural county of 523 km^2 on the east side of the Huangpu River, connected to the central area only by ferries. The master plan of Pudong New Area defined two development corridors - North-South

[85] Two wings (two huge industry constructions): the petroleum chemical plant of Shanghai built in 1972 in Jingshanwei close to the Hangzhou bay with a distance of 72 km to the city centre; Baoshan iron and steel plant built in 1978 on southern bank of Yangzi river

along the east side of Huangpu River and East-West from Lujiazui (the financial district) to Zhangjiang (Hi-tech Park). After 18 years of extensive construction, the western segment of Pudong has been transformed into a brand new urban area, a "globally oriented urban space" (Wu 2003), with the typical features of a world-class city (see Picture 4-6). In order to facilitate intra-urban movement and to unify Pudong with the rest of the city, a series of key transportation links were also built. By the end of 2007, 2 ring roads, 5 bridges[86], 7 tunnels[87], and 3 lines of metro[88] across the Huangpu River had been constructed.

Picture 4-6 Bird View of New Pudong

Source: http://www.shghj.gov.cn

In contrast to the fast development of Pudong New Area[89], the construction of other satellite towns comparatively lagged behind in the 1990s. The following statistics show that the performance of some of the satellite towns fell short of expectations (see Table 4-1).

Table 4-1 Statistics of Some Shanghai Satellite Towns Construction (Year 1990)

Source: Department of Urban Planning, Tongji University

Name	Primary Industry	Distance to Centre (km)	Land Use (km^2)		Population (10,000)		Year of Starting
			Current	Plan	Current	Plan	
Minghang	Machinery	32	20.7	60	10.65	50	1958
Wujing	Chemical	25			2.52		1958
Jiading	Science and Research	33	7.6	21.4	7	25	1960
Anting	Car	40	5	16.7	2.7	15	1959
Songjiang	Machine Tool / Light Industry	40	7.3	20	8.2	25	1960
Jinshawei	Petrol chemical	70	10	71	10	45	1972
Baoshan	Iron and Steel	20	44.8	105	24	50	1983
Total			95.4	294.1	65.07	210	

86 5 bridges: Nanpu (1991), Yangpu (1993), Fengpu (1995), Xupu (1997), Lupu (2003)
87 9 tunnels: Dapu (1971), East Yanan (1989), Bund Sightseeing (2000), Outer Ring (2003), Dalian (2003), East Fuxing (2004), Xiangyin (2005), Shangzhong (2008), South Xizang (2008)
88 3 lines: Line 2 (2000), Line 4 (2005), Line 8 (2007)
89 In 1992, Chuansha County was renamed as Pudong New Area

However, in the latest Shanghai City Master Plan (1999-2020) approved by the state council in May 2001, it clearly indicated that the planning weight of Shanghai would put much emphasis on the development of suburban area, i.e. the development of new towns to make them new growth pillars to serve their surrounding area. "One City and Nine Towns", as the first trial implemented-step of Shanghai Master Plan (1999-2020), was listed on the agenda in the 10^{th} Five Year Plan (2001-2005) of Shanghai Government. In this project, the suburb urban construction was focused on the development of Songjiang New City (an area of 40 km^2, 40 km away from central city as the southwest gateway of Shanghai) and nine other suburb towns. Each of these towns was designed on purpose to represent one of the Western countries. (see Table 4-2)

Table 4-2 Statistics of "One City, Nine Towns" Project

No.	Name	Representative Country	Plan Land Use (km^2)	Plan Population (10,000)	Year of Starting Construction	District/ County
	Songjiang New City/Taiwushi	England	60	50	Aug., 2001	Songjiang
1	Anting	Germany	4.9	8	Jul., 2001	Jiading
2	Pujiang	Italy	15.8	10	Jan., 2002	Minhang
3	Gaoqiao	Netherlands	34.78	8.5	Jan., 2002	Pudong
4	Zhujiajiao	Tranditional Chinese	4.18	5.5	Apr., 2002	Qingpu
5	Fengcheng	Spain	16.08	7.2	Jun., 2003	Fengxian
6	Luodian	North Europe	6.8	3	Jan., 2003	Baoshan
7	Fengjing	North America	8	7.5	Aug., 2003	Jinshan
8*	*Zhoupu*	*Europe*	-	-	-	*Nanhui*
	Lingang New City	Ideal City	95	83	Nov., 2003	Nanhui
9*	*Bao*	*Australia*	-	-	-	*Chongming*
	Chenjia		15	12	Dec., 2004	Chongming

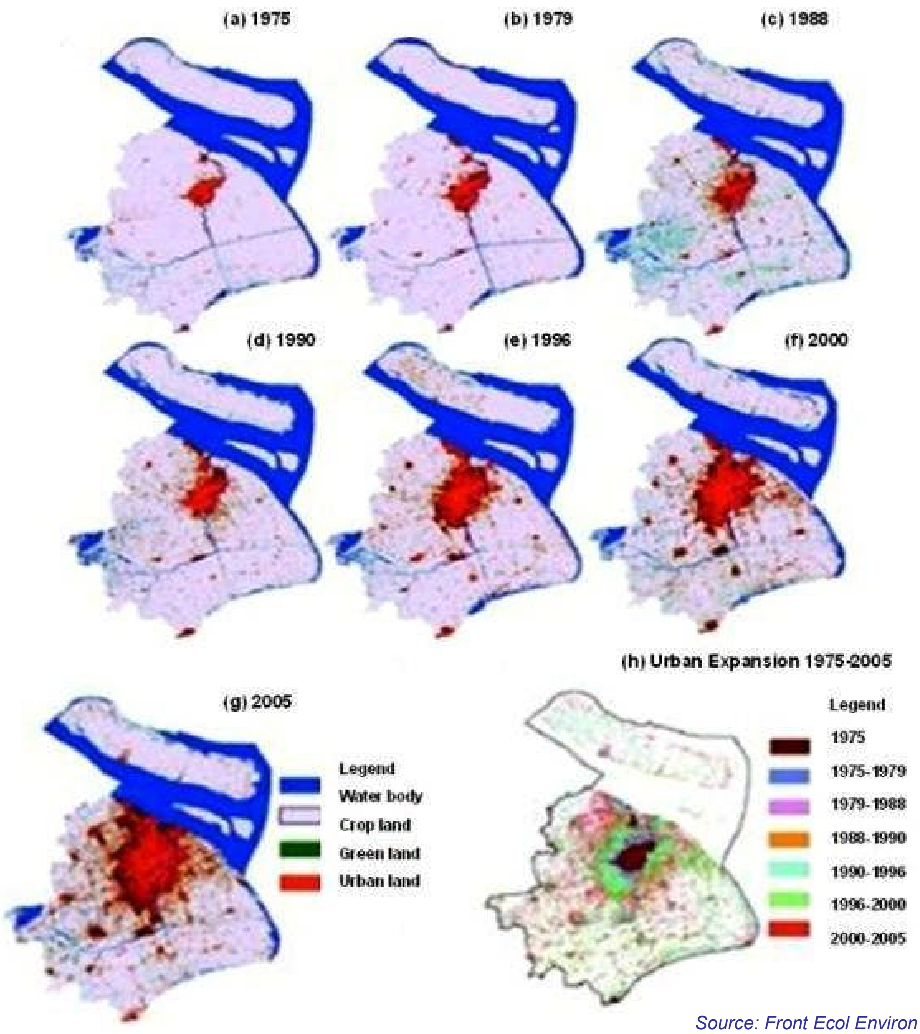
** During the whole process of implementation, Lingang New City and Chenjia Town instead of Zhoupu town and Bao town became the foremost areas developed due to the imperative need and conditional allowance.*

Source: Author's creation using information from a Chinese magazine of Real Estate News

Through the great efforts on the development of new cities and core towns, the city is planned to gradually reverse its current situation of "making a pancake" - an expanding city centre with scattered suburbs, which is often described by Chinese city planners, but to shape into a multi-centre and multi corridor spatial layout of modern city-town system.

From the land use data of Shanghai in 1975-2005, it shows that land use in Shanghai has been greatly altered over the past three decades, as a result of the rapid expansion of the urban area (see Picture 4-7). The urbanized area increased from 159.1 km^2 in 1975 to 1179.3 km^2 in 2005 (see Table 4-3). There were distinct phases in the urbanization process. Between 1975 and 1988, the urbanized area in Shanghai increased relatively slowly, but became significant after 1993 and dramatic after 1996. This accelerated pace of change is consistent with the effects of China's adoptions of land-leasing system in 1988 and housing commoditization in 1996, as well as the effects of urbanization, economic growth and transformation and transportation development on the spatial restructuring of Shanghai.

Picture 4-7 Rapid Expansion of Urban Area in Shanghai



Source: Front Ecol Environ (2006)

Table 4-3 Urban Physical Expansion in Shanghai

Year	Urbanized area			Central City					
				Residential Land		Industrial Land		Commercial and Public Land	
	Total (km^2)	Annual increase (%)	Population Density (persons/sq.km)	Total (km^2)	Annual Increase (%)	Total (km^2)	Annual increase (%)	Total (km^2)	Annual increase (%)
1975	159.1	-	-	-	-	-	-	-	-
1979	179.46	-	1830	57.81	-	50.90	-	21.58	-
1984	210.55	3.25	1948	65.51	2.53	56.66	2.17	23.08	1.35
1988	231.07	2.35	1991	72.95	2.73	60.00	1.44	24.96	1.98
1993	371.00	9.93	2042	95.83	5.61	99.40	10.63	27.44	1.91
1996	447.05	6.41	2057	112.95	5.63	107.32	2.59	29.48	2.41

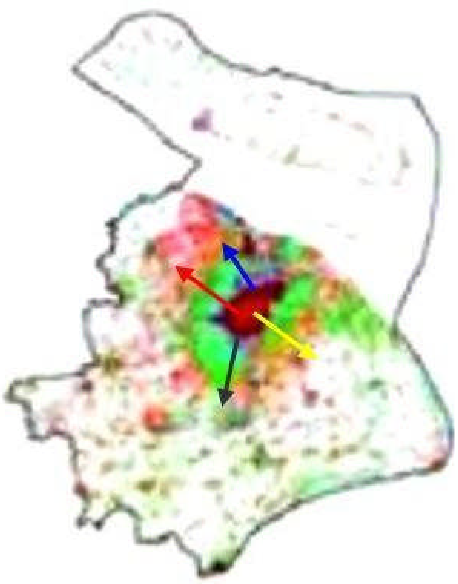
	Urbanized area			Central City					
Year	Total (km^2)	Annual increase (%)	Population Density (persons/sq.km)	Residential Land		Industrial Land		Commercial and Public Land	
				Total (km^2)	Annual Increase (%)	Total (km^2)	Annual increase (%)	Total (km^2)	Annual increase (%)
2002	773.76	9.57	2104	155.92	5.52	137.80	4.25	59.17	12.31
2005	1179.3	-	2145	-	-	-	-	-	-

Source: Author's creation using data from Shanghai Statistical Yearbook

It is important to note from the table that the annual rate of expansion of commercial and public land was comparatively low until 1996, when the pace started to pick up. Between 1996 and 2002, the annual rate of expansion had a dramatic increase to 12.31%, the main reason for which was that the growth of the residential land creates new demand for commercial services, i.e. most of the commercial facilities were built to serve local residents and located near where residents live. Although rapid commercial development occurred virtually almost everythere in the city, the prominent commercial expansion was pronounced in the directions of northeast and southwest after 1996. These spatial orientations were largely due to the planned developments of Wujiaochang in the northeast and Xujiahui in the southwest as secondary centres for the central city of Shanghai. Apart from that, the rapid development of Pudong District, especially the construction of Lujiazhui CBD on the east bank of Huangpu River also created a huge potential for the commercial expansion towards the east.

Therefore, it is quite conspicuous that city planning has effectively guided urban expansion in Shanghai. Generally, the urbanized area has indeed expanded along the four growth corridors defined in the Master Plan of Shanghai. These growth corridors led the expansion of the urbanized area, individually, in the directions of Minhang, Jiading, Baoshan and Pudong Airport (see Picture 4-8).

Picture 4-8 Direction of Urban Expansion in Shanghai



Legend:

Black - Minhang District

Red – Jiading District

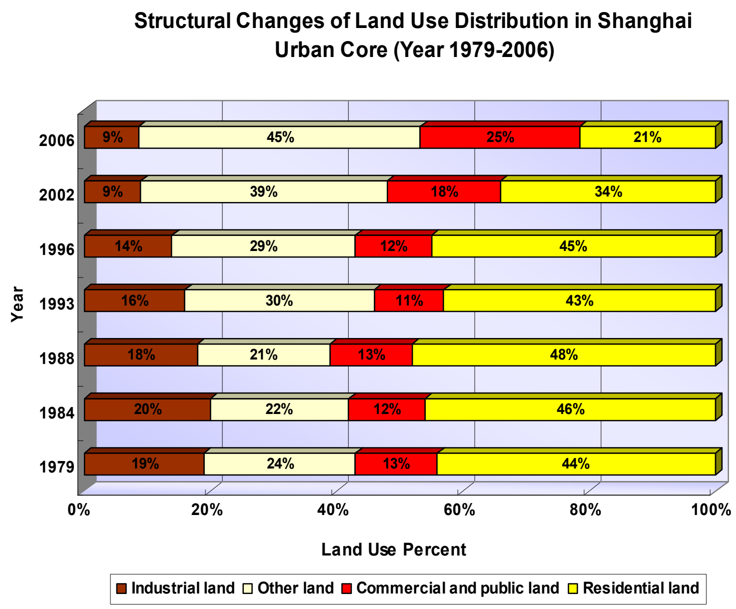
Blue – Baoshan District

Yellow – Pudong Airport

Source: Author's Creation

Urban renewal as from the other perspective to demonstrate the development of a city partly relied on the redevelopment of the central area, especially the urban core. From the middle of the 1990s, the central area of Shanghai has experienced a large scale of urban renewal - leasing the land, removing the industrial sites and encouraging the service industry development. To make room for new development, both residential and industrial relocation became necessary (Wu 1999), and many of these old residential and industrial sites were rezoned for commercial use. During the last five years of the 1990s, 470,000 households were re-housed to the city fringe, but the pace of commercial development was accelerated and facilitated by the construction of large public buildings in the urban core. Land use in the urban core was reconfigured through the land conversion based on the law of land-leasing system. The following figure summarizes the past changes in the land use constituent of Shanghai's urban core taking place between 1979 and 2006 (see Figure 4-1).

Figure 4-1



Source: Author's creation using data from Shanghai Statistical Yearbook

The figure evidentially certifies that land use in the urban core before 1988 was not hinged on the market force, and in consequence, the proportion of the total area distributed for commercial use was too limited. The market-oritented land policy in 1988 obviously did foster the re-structuring of land use components in the centrally located land, which is usually best used for commercial activities. As a result, the land used for industrial and residential purposes decreased substantially, from 19% and 44% respectively of the total in 1979 to 9% and 21% in 2006, but for commercial and public intention, on the other hand, increased significantly from 13% of the total in 1979 to 25% in 2006, and as a whole, a more rational land use structure in Shanghai's urban core was formulated, which was consensus to the economic transformation of the locality, and also showed the improved efficiency of land use.

All in all, the pattern of residential, industrial and commercial land use changes in Shanghai, like the city's expansion, largely complied with the Master Plan of Shanghai (see Picture 4-9).

Picture 4-9 Shanghai Land Use Plan (1999-2020)

*note: red legend shows commercial and public facilities

Source: http://www.shghj.gov.cn/

In general, Shanghai has been pursuing the urban planning policy to transform the city from a super dense, mono-centric city to a multi-centric and multi-corridor urban pattern to decentralize its population and economic activities for a long time, which is a planned compact growth clearly shown in the Shanghai City Master Plan (1999-2020) (see Picture 4-10).

Picture 4-10 Shanghai Master Plan (1999-2020)

Source: http://www.shghj.gov.cn/

With an ambitious vision of Shanghai City Master Plan (1999-2020) on building Shanghai as an international economic, financial, trade and shipping centre, "1966 City-town System", as the second leaping-implemented step of Shanghai Master Plan (1999-2020), was put forward on the agenda in the 11th Five Year Plan (2006-2010) of Shanghai Government. The objective of this plan is breaking the segregation between the city and the suburb, leading to the increase of population in the suburb towns, eliminating the "dual structure" between the city and the suburb by a new "City-town" hierarchical system. According to the new spatial structure, there will be:

FIRST LEVEL:

One central city - an area inside the Outer Ring with a permanent population of 8.5 million. The spatial pattern of the central city which is regarded as a principal part of the whole Shanghai region will be multi-corridor, multi-level and multi-core. The public activity centre of the central city refers to:

- Central Business District (a total area of 3 km^2) - Lujiazui in East Huangpu River and Waitan (Bund) in West Huangpu River
- Main Public Activity Centres - Municipal Level of Centres and Secondary Centres, that is:

- Municipal Level of Three Centres – People's Square as the heart surrounded by four commercial streets (Nanjing Road, Huaihai (M) Road, Xizang (M) Road, Sichuan (N) Road), Yuyuan Commercial Centre and Ever Bright Commercial District
- Municipal Level of Four Secondary Centres – Xujiahui (a planned area of 2.2 km2 in the southwest Xuhui district), Huamu (a planned area of 2.0 km2 in the New Pudong district), Wujiaochang (a planned area of 2.2 km^2 in the northeast Yangpu district) and Zhenru (a planned area of 1.6 km^2 in the northwest Putuo district)

SECOND LEVEL:

Nine New Secondary Cities in the suburbs, that is, Songjiang, Jiading, Lingang, Baoshan, Minhang, Qingpu, Jinshan, Nanqiao in Fengxian district and Chengqiao in Chongming county with a total population of 5.4 million, of which Songjiang (University City/high-tech economic base), Jiading (Automobile manufacturing and logistic base) and Lingang (waterfront/maritime base)[90] are planned to accommodate 0.8-1.0 million people

These nine new cities are envisioned as independent communities with the entire infrastructure and the industrial, residential, commercial, educational and cultural facilities needed to support each city's population.

THIRD LEVEL:

Sixty new small towns with a total expected population of 50,000 -150,000

FOURTH LEVEL:

Six Hundred agricultural-based "Central" Villages - a new type of modernised rural village, each with a population of about 2,000

4.1.2 An Advanced Urban Transportation System

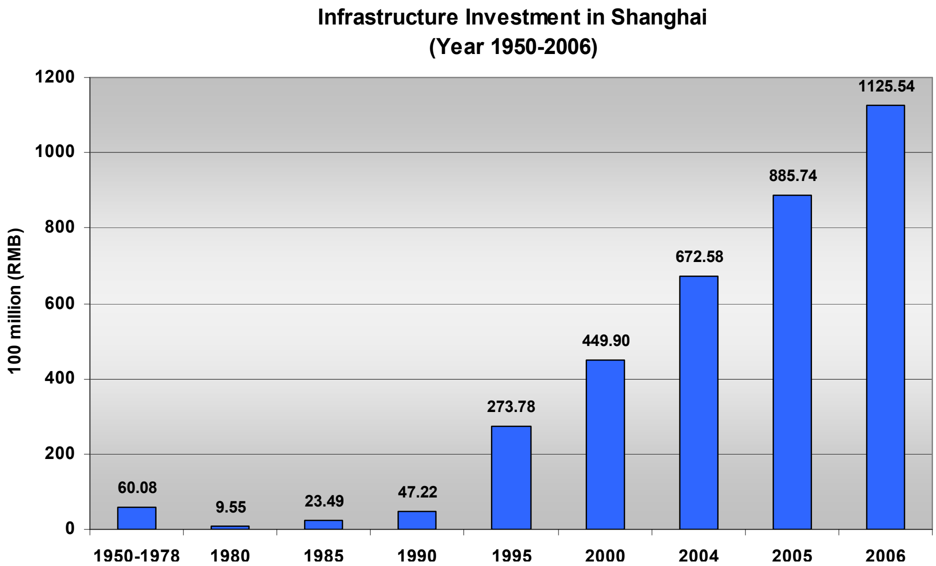
Given the fast pace of urban development, Shanghai is also accelerating the construction of its transportation network, from which not only the network of highways and rapid mass transit is conductive to intra-urban shopping flows, but the expanded

[90] Lingang is a new waterfront city against Yangshan, a new deepwater port of Shanghai, as well as China's largest port.

transportation network has created many accessible locations for the construction of large retail facilities, either adjacent to highway interchanges or near subway/LRT stations.

Before 1978, the municipal investment in urban infrastructure lagged far behind urban and industry development. From 1950 to 1978 in almost 30 years, the total investment was only 6 billion. In 1990, the road space per capita was 4.55 km^2, while in the central area only 2.29 km^2. Long distance travel used to be very difficult, so that people preferred to live in the city centre where the service facility was in a walking distance (See Figure 4-2).

Figure 4-2



Source: Author's creation using data from Shanghai Statistical Yearbook

However, after 1990, the municipal government made great efforts to put much more emphasis on the construction of an urban traffic system, which is clearly indicated in the above Figure 4-2. Since then, with such a high-intensive investment on and accelerated construction of Shanghai transport facilities, the urban traffic in Shanghai gradually entered a period of multi-level and three-dimensional development[91]. A net distribution pattern made up of inner and outer ring roads, connecting with roads in-between and with road networks within inner ring road has come into being. The elevated road with the shape of Chinese character "申"(shen) - a nickname of Shanghai, the six trunk roadways stretching evenly (3 vertical lines of north-south and 3 horizontal lines of east-west) and the framework of primary and secondary roads comprise the basic pattern of integrated transportation on both sides of the Huangpu River (see Pictures 4-11 and 4-12)

[91] A three-dimensional integrated network system of highway, external rail, road and urban rail transport, i.e. four networks convergence with convenient access

Picture 4-11 Shanghai Elevated Roads
申 (shen) Pattern

Source: http://www.shghj.gov.cn

Picture 4-12 Shanghai Major Road System Plan
(1999-2020)

In order to make new cities and towns in the suburb play a full role of functions and attract more people to stay to truly realize the scale and accumulation effect, a city-wide transport plan was also put forward to support the spatial structure, where each important town will be connected by Urban Rail in the near future (see Picture 4-13). Therefore, the potential locations for shopping centre development would also arise, such as suburban areas adjacent to future subway/LRT stations, new suburban residential subdivisions, and the emerging suburban business districts. Well-positioned shopping centres can intercept suburban shoppers who otherwise would ride the rapid transit to the central area shopping centres.

Picture 4-13

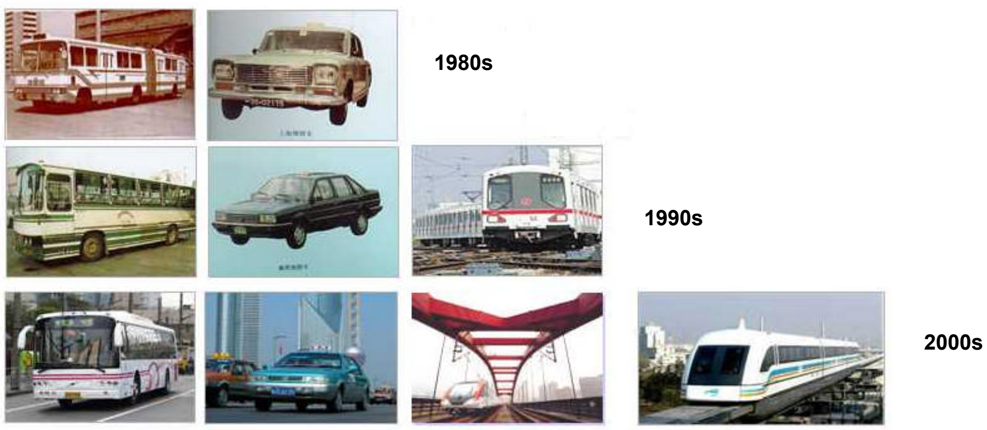
The Urban Rail Plan and Sub-city
in Shanghai Region

Source: Shanghai Urban Transport White Paper,
Shanghai People Press, 2002

Meanwhile, the Express Highway Network is also on the way of construction steadily toward the Goal of "153060" within the city: all major industrial zones, major towns, transportation hubs, and passenger (or freight) distribution centres will be reached in 15 minutes at most from the express highway network; travel time between the central city and the new sub-cities, or between the central city and provincial boundaries will be at most 30 minutes; travel time between any two points on the express highway network will be less than 60 minutes. Additionally, seven express highways, including the Shanghai--Ningbo Expressway, Shanghai--Hangzhou Expressway, and Shanghai--Chongming-Jiangsu Expressway, integrate with the express highway systems of Zhejiang Province and Jiangsu Province, which make Shanghai and its surroundings a real meaning of Yangzi Delta conurbation.

In Shanghai, where private automobile ownership is still low by Western standards[92], and where the density of population is still very high, especially in the central city, in order to ensure effective ways of commuting for its population, municipal authorities of Shanghai are giving top priority to rail trains and buses, and designating special bicycle lanes while placing less priority on private automobiles, which is an echo to the earlier guidelines issued by China's Ministry of Construction that public transport in such megacities like Shanghai and Beijing should account for at least 30% of local traffic volume (see Picture 4-14).

Picture 4-14 Development of Transport Modes in Shanghai after 1978



Source: http://2006.moc.gov.cn/06shanghai/

Latest statistics in 2006 indicate that public transportation – represented by mass-transit rail facilities and urban bus systems – accounts for about 25.5% of the overall traffic volume in Shanghai, compared with 19.6% in 2000 and 16% in 1998, and daily public-transport passenger carrying capacity reaches to about 12.25 million. At present, the general situation of public transportation in Shanghai is shown as follows (see Table 4-4):

92 Averagely, only 7% of the households in Shanghai have a car in 2006 (Shanghai Statistics Bureau, 2007)

Table 4-4 Public Transportation in Shanghai (Year 2006)

Buses and trolley buses	18,000 operating public vehicles with 940 lines and daily passenger carrying capacity about 7.48 million covering 61% of total
Rail transport lines	6 lines (include Meglev Line), with a total length of 148 km and daily passenger carrying capacity about 1.8 million covering 15% of total
Taxi	45,000 vehicles and daily passenger carrying capacity about 2.96 million covering 24% of total

Source: http://2006.moc.gov.cn/06shanghai/

Presently, although the traffic situation has been greatly improved compared with the past, the very high density of population in the central part of the city still contributes relatively less motorized travel, as over 50% of people travel by foot and bicycle. Traffic jam and parking problem are still the focused complaint for car owners. Some 2006 statistics from Shanghai Traffic Bureau showed that the driving speed on six trunk roadways in the central area was 16.6 km/h. on an average, but only 12 km/h. on the west-vertical trunk during rush hours. In mid-2002, a white paper on urban transportation in Shanghai was compiled, which stipulated the strategy of "integrated transportation" and "giving priority to public transportation." In this paper, it noted, "The bicycle is the most popular transport tool by the citizens…" and proposed a solution of actively guiding the transfer of long-distance travel by bicycle to public transit. Furthermore, based on major policies settled in the paper, Shanghai will have formed a basic urban rail transport network with a total length of 510 km by building 13 rail lines including the extension of current metro lines by 2012 (see Picture 4-15). These Urban Metro lines and Regional Express lines will link new towns to the city, which will not only increase consumer mobility, but also open up new areas for construction of commercial spaces (see Picture 4-16).

Picture 4-15 Shanghai Metro (Year 2012)

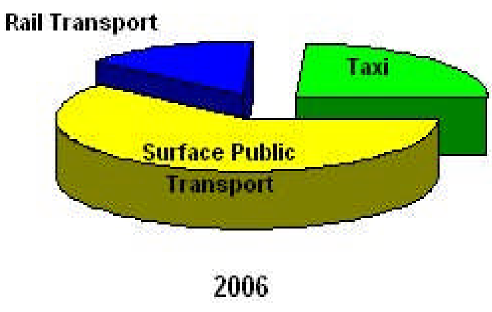
Source: ttp://www.urbanrail.net/as/shan/shanghai.htm

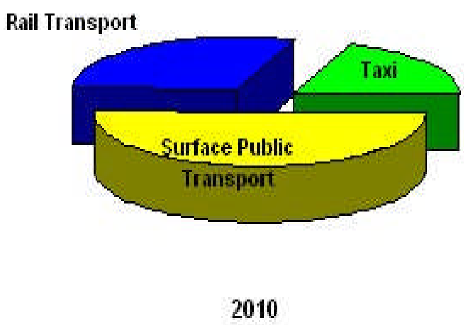
Picture 4-16 Shanghai Mass Rapid Transit Plan (1999-2020)

Source: http://www.shghj.gov.cn/

The length of bus routes also will be extended from currently about 40,000 km to 300,000 km in 2010. The estimated daily passenger carrying capacity by public transportation will be 16.9 million, of which surface public transport, rail transport and taxis will reach 8.6 million, 5 million and 3.3 million respectively in 2010 (see Figure 4-3).

Figure 4-3 Comparison of Daily Journey Passengers in Shanghai





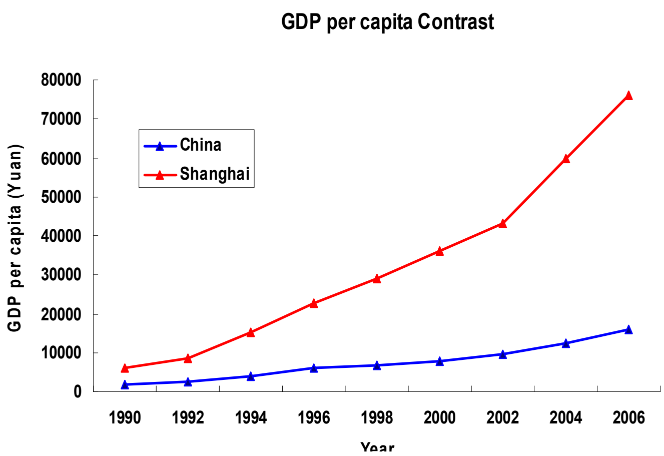
Source: Author's creation based on http://www.shucm.sh.cn/gb/node2/index.html

Overall, all the efforts are targeting an objective in the white paper, that is, to build a transport-link system with multi-mode combined transport, in other words, provide convenient and fast interchange services to passengers through positioning passenger transport hubs and compact stations; Realize the effective interchange between the public transport and private transport through "park and ride" system[93]. Connect the external traffic facilities such as airport, harbour, railway station and highway bus stations closely to the urban transport through comprehensive hubs, roads and rails to the city.

4.1.3 Robust Economy Stimulating Retail Expansion

Two decades of reforms and economic stabilization have injected the city of Shanghai with new vitality. According to the latest data from the Shanghai Statistic Bureau, Shanghai's economic growth continued its rapid pace. In 2006, the city's GDP exceeded 1.04 trillion yuan (US$125.32 billion) with the per capita GDP reaching 75990 yuan (US$9160). Since 1992, the city has successively maintained 15-year 2-digit growth rate. Within recent five years, the city's yearly growth rate of GDP on average is 11.9%, and its real development capacity ranks No.1 in the national spectrum according to Development Report of Chinese Cities 2006 (see Figure 4-4). Moreover, the city's tertiary industry also represents a growing part of Shanghai's economy. Finance and insurance, commerce, real estate, tourism and information have become the key sectors for development. In 2006, the tertiary industry accounted for 50.6% of the city's GDP (see Figure 4-5), among which wholeasale and retail industry achieved a 10.5% growth to the previous year. Consumption market has been buoyant, underlined by the double digit growth in total retail sales of consumer goods since 2004. In 2006, the city's total retail sales of consumer goods reached 336.04 billion yuan (US$40.49 billion), with an increase of 13.03% to Year 2005, which kept uprising momentum and became the fastest growth year since 1999 (see Figure 4-6).

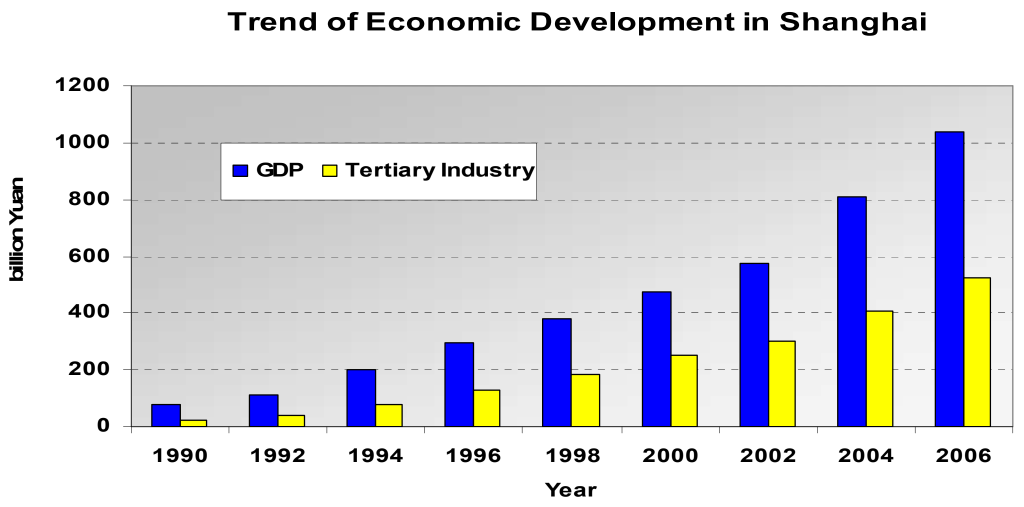
Figure 4-4



Source:
Author's creation using data from Shanghai Statistical Yearbook

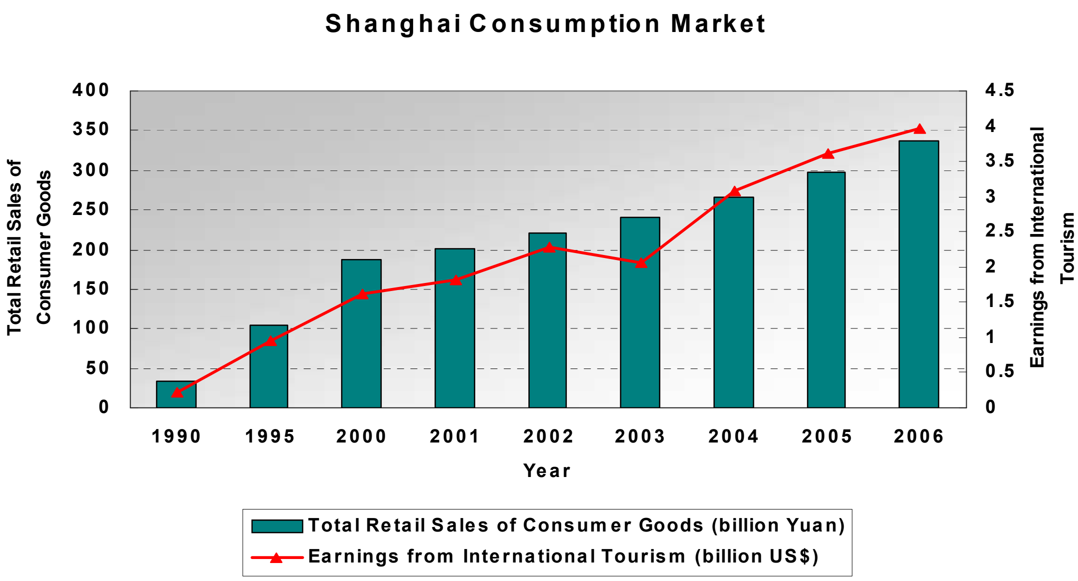
[93] Providing adequate Park and Ride facilities at hubs outside central city for both cars and bicycles

Figure 4-5



Source: Author's creation using data from Shanghai Statistical Yearbook

Figure 4-6



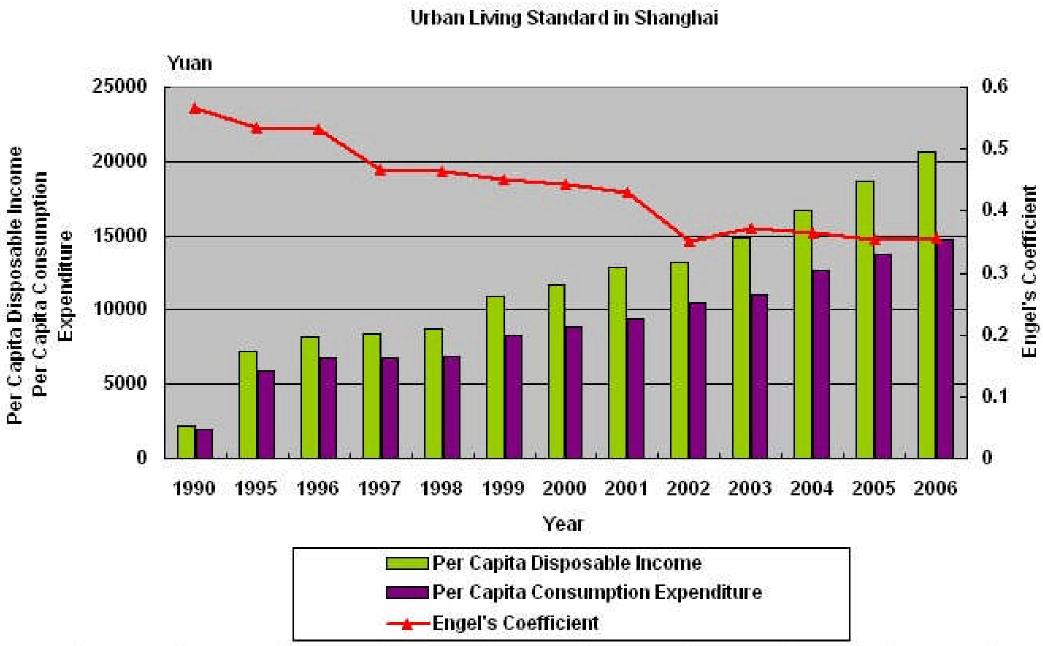
Source: Author's creation using data from Shanghai Statistical Yearbook

The economic growth has similarly boosted the strong growth in per capital income of urban residents. Based on the data from Shanghai Statistics Bureau, Shanghai per capita disposable income of urban households in 2006 broke through 20,000 yuan, leveling at 20668 yuan. With the substantial rise in urban household income, per capita consumption expenditures also elevated in all consumption categories, with the total expenditure from 1937 yuan in 1990 to 14762 yuan in 2006 by 8 times more[94] (see Figure 4-7). This period witnessed a number of changes in local residents' consumption pattern and shopping behaviour beyond the overall increase in

[94] Value is before the cost of living adjustment, due to the lack of data on inflation

expenditure. For instance, as a proportion of income, expenditure on food and clothes (i.e. necessities) decreased significantly, from 56.5% to 35.6% and from 10.8% to 6.9% respectively. Presently, Shanghai consumers spend larger shares of their income on housing, household appliances, medicine and healthcare, transport and communication, and education and entertainment that together with services maintain strong growth impetus (see Table 4-5; Figure 4-8). It should be noticed that by 2006, per capita living space increased to 16 m^2, almost 2.5 times from 1990 ($6.6m^2$). As families moving into new and more spacious apartments, many of them consumed heavily on furnishing and interior decorating. Households in Shanghai are also replacing their older appliances with newer models. Examples of such new purchases include large screen or high definition TVs, programmable washers, Freon-free refrigerators, digital cameras. Additionally, as mentioned before, due to the busy working schedules, eating out after work has already become a common thing for young dual income professionals. As a result, for their fridge backup, once a week shopping with bulk purchases has replaced short, daily shopping trips for them. Obviously, it can be discerned that the increased purchasing power and the changing consumption patterns generated high demand for new and large retail facilities.

Figure 4-7



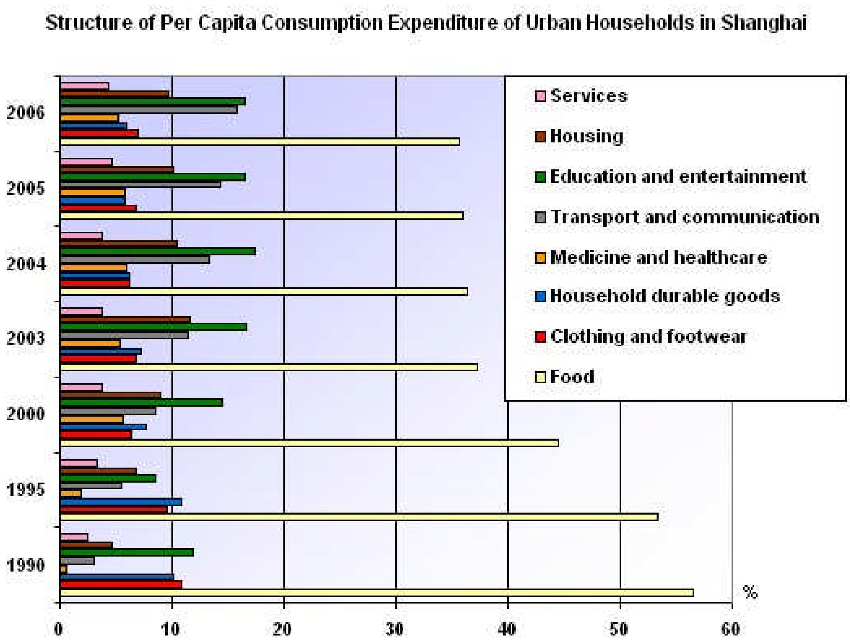
Sources: Author's creation using data from Shanghai Statistical Yearbook

Table 4-5

Composition of Per Capita Consumption Expenditures of Urban Households in Shanghai							
RMB, current prices							
	1990	**1995**	**2000**	**2003**	**2004**	**2005**	**2006**
Food	1095	3131	3947	4102	4593	4940	5249
Clothing and footwear	208	561	567	751	797	940	1027
Household durable goods	196	637	683	792	780	800	877
Medicine and healthcare	11	113	501	603	762	797	763
Transport and communi-cation	58	321	759	1259	1703	1984	2333
Education and entertain-ment	231	508	1287	1834	2195	2273	2432
Housing	90	401	794	1280	1327	1412	1436
Services	48	196	330	419	474	627	645
TOTAL	**1937**	**5868**	**8868**	**11040**	**12631**	**13773**	**14762**
Per Capita Consumption Expenditures Share of total							
Food	56.5	53.4	44.5	37.2	36.4	35.9	35.6
Clothing and footwear	10.8	9.6	6.4	6.8	6.3	6.8	6.9
Household durable goods	10.1	10.9	7.7	7.2	6.2	5.8	5.9
Medicine and healthcare	0.6	1.9	5.6	5.4	6.0	5.8	5.2
Transport and communi-cation	3.0	5.5	8.6	11.4	13.4	14.4	15.8
Education and entertain-ment	11.9	8.6	14.5	16.6	17.4	16.5	16.5
Housing	4.6	6.8	9.0	11.6	10.5	10.2	9.7
Services	2.5	3.3	3.7	3.8	3.8	4.6	4.4
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Sources: Author's creation using data from Shanghai Statistical Yearbook

Figure 4-8



Source: Author's creation using data from Shanghai Statistical Yearbook

Against the backdrop of solid economic development and escalation of purchasing power of local residents, foreign investors are also stepping up expansion and planning in their retail business. According to a market report from Colliers International, the total retail sales from utilized foreign capital in Shanghai increased by 15.8% over 2006 during the first quarter of 2007. With the further opening of retail markets to foreign investors, overseas brands, especially the high-end retailers will continue to expand their operations in the local market. Accompanying that, Shanghai's retail property market also registered a strong performance. According to the monthly record of Shanghai real estate transaction centre, total take-up areas during January to August in 2007 exceeded those of new supply for the first time in three years, with a ratio of 1.45, indicating a trend that supply was not able to meet demand (see Figure 4-9).

Figure 4-9

While Shanghai's economic stablilization gives rise to the formation of an affluent local consumer market that is a necessary condition for sustained retail growth, it is the reformative policies and the progressive changes in both roles of municipal government of Shanghai and the regulatory state that have been directly responsible for the changes of Shanghai's retail economy.

With the purpose of taking advantage of the favourable political environment created by state deregulation[95], the government of Shanghai made great efforts to reform its obsolete retail system. According to People's Daily (January 12, 1994), only in 1993 were a number of significant changes made by Shanghai municipal government. It

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[95] Refer to 3.2.2. The Shopping Centre Development in China: a Background to Development of Shopping Centre in China - the prosperity of China's Retail Market and Changes of Consumption Pattern Offering a Broad Market for Shopping Centre Development

declared the end of the ration coupons that had been in use since the 1960s when there was a serious shortage of consumer goods; it issued several bylaws to control product quality and to regulate prices for the protection of consumers; it also put forward a comprehensive ownership reform of state- and collectively-owned retail enterprises. Specially, it granted 700 large and medium-sized enterprises autonomy in fundamental business decision-making, and either sold or contracted all small retail stores to private operators; it also authorized the establishment of 19 joint stockholding companies, most of which are large stores formerly owned by the state.[96]

Aiming at developing Shanghai as an international centre of commerce, the Shanghai government took a brave stride in approving foreign investors independently despite the great political risks. After Shanghai's first four approvals of overseas retail enterprises by the state government in 1992[97], the Shanghai government alone approved another 179 foreign investment retail licenses, with US$66 million of FDI in 1993 according to People's Daily (January 12, 1994). By the end of 1999, the number of overseas retail enterprises had increased to nearly 400 stores, with 231 being foreign-invested and another 160 with investment from Hongkong, Taiwan, and Macao[98]. At present, the major foreign retailers in Shanghai include the French Carrefour and Auchan, the German Metro, the Swedish Ikea, the British B&Q, the American Wal-Mart, the Japanese ISETAN, Thailand's Ekchor-Lotus and South Korea's E-Mart and Taiwan's Hymall (Legou).

Therefore, at present, there are mainly seven categories by ownership from registered retail stores in Shanghai, that is, state-owned, collectively-owned, joint stockholding, private, co-operative, foreign including joint venture & wholly owned subsidiary. Here, it should be mentioned that although the new advent of Chinese giant retail corporations/groups like the creation of Bailian (Brilliance) Group mentioned in the last chapter will be mostly of joint stockholding in ownership, the government will insist on being a major shareholder with voting powers, in other words, as Shanghai's retail economy converges further toward a market economy, public ownership will not disappear completely, at least for some time to come.

Furthermore, in 2001 it was the first time that the city government had issued development codes for the various retail formats that developers and retailers must follow when establishing a new retail facility (Shanghai Bureau of Quality Control 2001), the target of which is to encourage development of the more efficient retail formats, which includes 9 types, that is, department stores, supermarkets, big box

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96 Almost all large domestic retailers in Shanghai are in this category, including the largest department stores, hypermarkets and supermarkets.

97 The first four overseas retailers to enter Shanghai were Yaohan (Japan), Jusco (Japan), Huarun (Hongkong) and Shanghai Industrial Inverstment Ltd. (Hongkong). All of them established department stores.

98 Inverstment from Hongkong, Taiwan and Macao has always been regarded as overseas investment and is subjected to the same policies and regulations that apply to foreign retailers.

stores (hypermarkets, warehouse retail stores[99], category killers), convenience stores, specialty stores, brand stores and shopping centres. Except for department stores and some specialty stores, all others are new formats in Shanghai (and in China alike). Although the department stores in Shanghai still play a dominant role, they contribute steadily less when competing with new format stores. Take the Shanghai No. 1 Department Store as an example. For fifty years after 1949, it was the city's largest retailer with the most sales. However, in 1999, it lost the title to a supermarket chain, Lianhua, despite having been transformed into a joint-stock business group in 1992.

The most part of the loss of market share by department stores has been later taken by specialty stores since as part of the city's restructuring strategy many state-owned small and medium-sized department stores were converted to specialty stores. Other new formats, such as supermarkets, hypermarkets, convenience stores, brand stores and shopping centres have also sprung up in large numbers to nibble at the market shares of department stores.

It is discovered that most new formats are transplanted to Shanghai by foreign retailers, a benefit of retail internationalization. Big box stores as an example were introduced by European retailers about the same time as shopping centres, who now run nearly half of Shanghai's hypermarkets and almost all warehouse stores, most of which have become popular retail chains in Shanghai, and even in China. Following is a list of major foreign big box stores in Shanghai in 2008 (see Table 4-6):

Table 4-6 Foreign Big Box Stores in Shanghai

Company	Country	Specific subsector	Year of 1st Store in Shanghai	Number of Units in Shanghai	China Headquarter
Carrefour (家乐福)	French	hypermarket	1994	11 of 109	Shanghai (opened in 1999)
Ekchor-Lotus (易初莲花)	Thailand	hypermarket	1997	18 of 69	Shanghai
E-mart (易买得)	South Korea	hypermarket	1997	8 of 10	Shanghai (opened in 2007)
Tesco Hymall (乐购) acquired by Tesco in 2006	U.K. & Taiwan	hypermarket	1998	17 of 52	Shanghai
RT-MART (大润发)	Taiwan and France (Auchan)	hypermarket	1998	5 of 40	Shanghai
Auchan (欧尚)	France	hypermarket	1999	4 of 13	Shanghai (opened in 1995)
Wal-Mart (沃尔玛)	U.S.A.	hypermarket	2005 (1996 first store in Shenzhen)	2 of 102	Shenzhen

99 Warehouse Retail Store is a big-box retailer that sells a wide range of goods in bulk quantities-often including groceries, beer and wine, electronics, tires, office supplies, clothing, hardware, and jewelry-at wholesale or near wholesale prices.

Company	Country	Specific subsector	Year of 1st Store in Shanghai	Number of Units in Shanghai	China Headquarter
Trust-Mart (好又多) acquired by Wal-Mart in 2007	U.S.A. & Taiwan	hypermarket	1998	9 of 105	Guangzhou
Metro (麦德龙)	Germany	warehouse club	1995	4 of 34	Shanghai
B&Q (百安居)	U.K.	DIY HI category killer	1999	10 of 63	Shanghai
HOLA (特力屋) *B&Q in Taiwan called 特力屋*	Taiwan	DIY HI category killer	2004	4 of 12	Shanghai
Ikea (宜家)	Sweden	DIY HI category killer	2003	1 of 6	Shanghai
La Maison (美颂巴黎)	France	DIY HI category killer	2005	2	Shanghai
OBI (欧倍德) acquired by B&Q in 2005	Germany	DIY HI category killer	2002 (2000 first store in Wuxi)	4 of 13	Wuxi

Note: DIY=do it yourself; HI=Home Improvement *Source: Author's creation*

Because of its high efficiency, the big box format has since been copied by a number of local retailers, such as the Shanghai-based hypermarkets of Centurymart Lianhua, Hualian GMS[100]and NGS (Agro-business); specialty home-appliance stores (like SΛTURN in Germnay) of GOME, Suning and Yongle; home-improvement store of Hom^mart.

Geographically, most of the big box stores in Shanghai are situated in the Central Area. Not like North American cities where different types of big box stores cluster to form a power centre, the same subsector of big box hypermarkets are often found close to one another to compete for the same consumers in Shanghai, causing undue competition. The same situation has also occured to shopping centres[101]. As a result, the Shanghai government in 2000 introduced new regulations on future development of big box stores: no new stores are allowed within the Inner Ring Road; only limited numbers are permitted between the Inner and the Outer Rings; new development are encouraged outside the Outer Ring Road (Shanghai Economic Committee 2001).

Last but not least, Shanghai took advantage of unprecedented urban growth and expansion to reorganize its retail system into a planned and spatially more balanced hierarchy to better serve the metropolitan city. To strengthen the hierarchical plan, the Shanghai government issued municipal codes with detailed specifications for the

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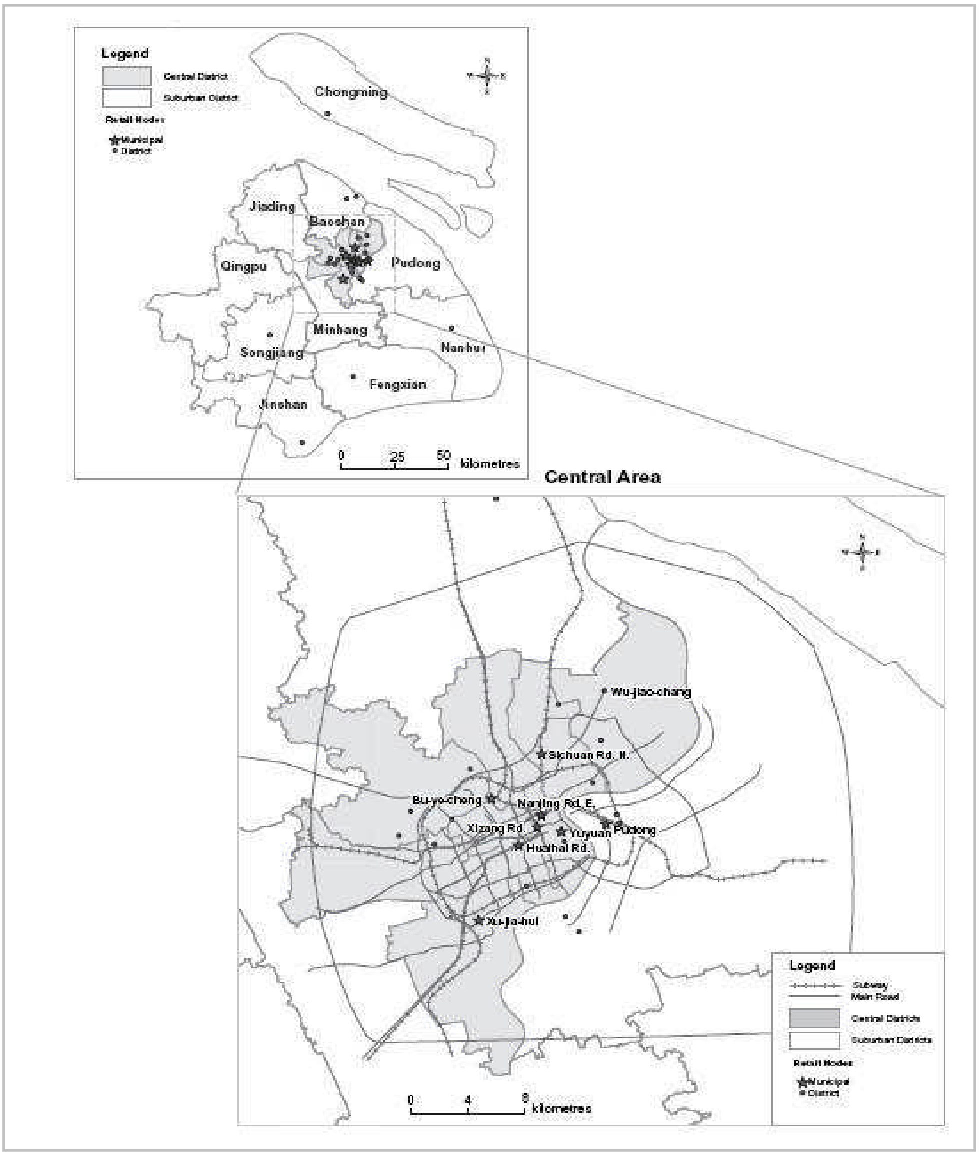
100 Both Lianhua Supermarket Holdings Co., Ltd. and Hualian Supermarket Holdings Co., Ltd. are subordinate to Shanghai Bailian (Brilliance) Group.

101 Refer to 4.2.2 Heterogeneous Characteristics on Spatial Organization: Planning and Design - Exterior Features

various classes of retail clusters or nodes (Shanghai Bureau of Quality Control 2001). This hierarchical system consists of four levels of retail nodes (from high to low): municipal, district, community and neighbourhood. Additionaly, it also includes a number of specialty retail strips, such as those of building materials, electronics, automobile and parts, furniture and restaurants. In 10th Five Year Plan (2001-2005) for Commercial Activity Development, the Government of Shanghai designated in total 8 municipal-level retail nodes[102] and 22 district level nodes (see Picture 4-17).

Picture 4-17 Geographical Distribution of Retail Nodes in Shanghai



Source: Shanghai Commission of Commerce (2000)

From the figure, it indicates that most of the high-level nodes concentrate in the Central Area, which are actually from the former unplanned retail districts or com-

102 8 municipal-level retail nodes: Sichuan (N) Road, Ever Bright Commercial District (near Shanghai Railway Station), Nanjing Road, Xizang (M) Road, Huaihai (M) Road, Yuyuan Commercial Centre, Pudong and Xujiahui.

mercial ribbons that have been revitalized and upgraded because of their advantageous locations in the densely populated areas. For instance, Nanjing (E) Road in Huangpu District, the largest municipal retail node, has been Shanghai's "main street" for nearly a century. The second largest municipal node, Xujiahui in Xuhui District, is a district of 0.74 km^2. Zhongshan Park in Changning District and Wujiaochang (Star Square) in Yangpu District as two ex-district-level commercial nodes have also emerged as new municipal-level nodes in the last five years. But, due to relative adjacency to one another within these municipal-order nodes, Shanghai does emphasize the functional differentiations: both the Nanjing (E) Road node and the Yuyuan Commercial Centre node are designated as major tourist shopping destinations, while the others are mainly for locals (People's Daily, June 25, 2003). As the retail system expands further into suburban areas, redesignation of municipal nodes is quite possible.

To further rationalize the spatial distribution of large retail facilities, in 2002, the Shanghai government also introduced the practice of holding public hearings into its planning and approval process, a democratic exercise common in most Western cities, where pertinent government officials, industry leaders, interested retailers, and representatives of the affected communities are invited to comment on the business proposals presided over by the delegated authority of The Shanghai Association of Retail Chains. If more than two thirds of the audiences oppose the proposal, the project would be automatically rejected. This initiative represents a new shift from government regulation toward industry self-regulation. But, the public hearings are till in their infancy and it is uncertain how this practice will be implemented in the various Chinese cities and whether further changes will be introduced in the future.

4.2 Transformation of Western Shopping Centres in Shanghai

4.2.1 Current Situation of Shopping Centres in Shanghai

Shopping centres as we know them were not in China until the 1990s. The first shopping centre in Shanghai, known as Shanghai Square (renamed as Infiniti Plaza in 2006), on Huaihai Road in the Luwan District, opened in 1993. In the following three years, the pace of development of shopping centres was slow, with an increase of 1 or 2 per year, and the project scale was also moderate. This was regarded as the period of formation of shopping centres in Shanghai. After 1997, however, development accelerated and projects became progressively larger, so the shopping centre development stepped into the growth phase. In 1997, Westgate Mall opened on Nanjing (W) Road (in Jing'an District) with a floor area of 70,000 m^2. Two year later in 1999, Grand Gateway Plaza with 130,000 m^2 was completed in Xujiahui (in Xuhui District), the biggest shopping centre in the city at that time. In 2002, the even bigger Super Brand Mall (241,000 m^2) opened in Lujiazui CBD of Pudong New District. Not long after in 2006, Super Brand Mall was surpassed by 256,000 m2 WANDA Plaza in the new municipal-level of commercial node Wujiaochang (in Yangpu District). Indubitably, now shopping centre development in Shanghai is being on the way of vigorous development. Within only one year in 2006 12 new shopping centres sprang up in Shanghai. By the end of 2006, a total of 56 from 449 shopping centres in the whole of China were operating in Shanghai (see Figure 4-10), covering 12.5% as a whole, with a total of 2.94 million m^2 of retail space[103], ranging in size from 7,000 m^2 to 310,000 m^2, with an average of 53,000 m^2. 35 of them readily fall into the category of regional and super-regional shopping centres by Western standards.

Figure 4-10

Source: Author's creation using data from CGCC

In 2006, total retail sales of Shanghai shopping centres realized their fast growth from 25.1 billion yuan to 31.7 billion yuan, with an increase of 26.3% to Year 2005. According to the information from Shanghai Economic Committee 2008, the city's yearly growth rate of retail sales of shopping centres on average within last the five years is above 30%, which has already replaced the leading position of increasing range for supermarkets in the 90s of last century. It is predicted that the next three years will be a comparatively intensive-opening period for shopping centres in Shanghai. In 2010, the total number could foreseeably be near to a hundred; the weight of total retail sales of shopping centres in the city's total retail sales of consumer goods would ascend from 10% presently to above 20% in 2010. Accompanying the gradually increasing weight of shopping centres in Shanghai's retail industry, the shopping centre market is enjoying a thriving and optimistic development.

The following Table 4-7 shows the general data about a total of 61 shopping centres in Shanghai till the 1st half of Year 2007. Based on the way of classfication of shopping centres discussed in Chapter II and using the geographical border of Highway A20 as a division line, the researcher separated all 61 shopping centres in Shanghai

103 Refer to Figure 3-10 Growth of Shopping Centres in China (Year 1995-2006) and Figure 3-13 Growth of Commercial Area of Shopping Centres in Shanghai (Year 2000-2006)

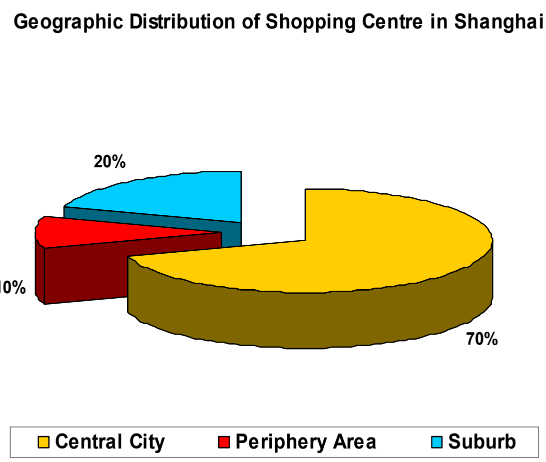
into two main parts - 44 in the central city and 17 in the suburb; meanwhile, she edited all the relevant information into 8 key subjects. All these sources were compiled by the researcher through official corporate websites and personal field works[104]. From the table, it can be summarized into the following main points:

- Geographical Distribution

The 61 existing shopping centres are mainly concentrated in nine districts. Except for Pudong, Minhang and Baoshan, all the other host districts are part of the densely populated central area. Shopping centres in the central city still play an overwhelming 70% majority and more than half of them are located in the municipal-level retail nodes, although the city planning on development of suburban new towns has been implemented since 2001 (see Figures 4-11 and 4-12). On one hand, it shows that there is no clear tendency of commercial decentralization and city centre is still the most prosperous area for the people to visit, but on the other hand, it further signifies that in order to access those shopping centres in the highly-dense central area of Shanghai more conveniently and quickly, bicycle and public transport especially the rapid rail transit reliable type of journeys are very agreeable and welcome among the people.

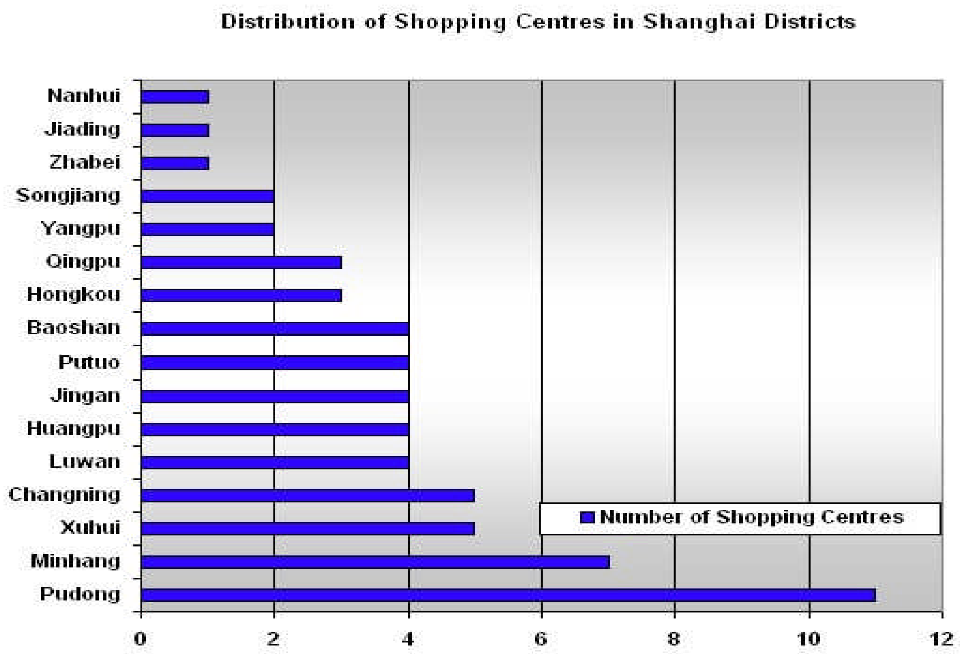
The data in the Table 4-7 indicate that only in the past two to three years did shopping centres begin to appear in suburban districts in Shanghai, the main reason for which is that suburban districts are still not as well served by public transit as central area districts. Thus, almost all suburban shopping centres offer their own shuttle buses, free of charge, to bring in shoppers. But very optimistically, according to the Comprehensive Plan of Shanghai Metro-Region (1999-2020) mentioned before, altogether 13 rail lines including the extension of current metro lines and regional express lines will connect suburban towns to the city, which, to a certain extent, creates a high potential of developing suburban shopping centres in the near future.

Figure 4-11



[104] All the following figures and tables created by researcher, and all the shopping centre photos made during her personal field surveys.

Figure 4-12



- **Typologies of Shanghai Shopping Centres**

At present, the smallest shopping centre in Shanghai is Tungtay Leisure Square in Hongkou district, which is also the only neighbourhood shopping centre in Shanghai, with 7,000 m^2 of floor area while the biggest one is CMALL Causeway Bay Plaza in Baoshan district with 310,000 m^2. Generally, the size of shopping centres in Shanghai is quite big. Most shopping centres are regional type and this covers nearly half of the total shopping centres in Shanghai, and most of them are located in the central city (18:9), together with 16% of super-regional shopping centres (9:1) forming the majority type of shopping centres in Shanghai. The development of community shopping centres in Shanghai has also not been balanced yet, i.e. 12 in the central city and 5 in the suburb. Accompanying the steady and further process of sub-urbanized residence, the tendency of growth in the suburb is inclined to be faster than in the central area. At the moment, the community type of shopping centres occupies 28% of the total number, at a pace of three units more per year on average. The basic pattern of freestanding community shopping centre in Shanghai is often equipped with a hypermarket as an anchor attached by small supplementary tenants, most of which are the necessaries of life oriented, such as snack bars, garment accessories, film processing, hair salon, laundry etc. However, for the specialty centre, its development still lags far behind in respect of both quantity and variety. There are altogether six specialty centres in Shanghai, taking 10% share of the total: three of them being outlet centres developed by foreign investment; the other three, two of which are fashion centres as a retail component for the mixed-use development, and the other being a home-based Shanghai Trade Centre invested by a local joint-stock holding company in Hongkou District (see Figure 4-13).

Table 4-7 Existing Shopping Centres in Shanghai until the 1st Half Year of 2007, China

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
AMANDA Plaza 芳汇广场	2006/09	No.1118, Changshou Road	Putuo	Mixed-use Development; Community	19331.5 (total: 60310.6)	POT, enclosed	5 (total: 27)	-
Brilliance Community Commercial Centre 百联社区商业中心/浦东华联购物中心	2006/10 renamed (2002)	No.140 Lin Yi Road	Pudong	Community	23,000	FS, enclosed	3	HM
Brilliance Shimao International Plaza 百联世茂国际广场	2004/12	No.829 Nan Jing (E) Road	Huangpu	Mixed-use Development; Regional	23,000+35,000= 58,000 (total: 170,000)	POH, enclosed	7 (exd. B1); 10 (total: 60)	SM, KTV
Brilliance South 百联南方商城	1999/09	No.7388 Hu Min Road - OP	Minhang	Super Regional	100,000+ 64,000= 164,000	FS, enclosed	2 buildings: 5 (exd. B1) 9 (exd. B1, B2)	DP, HM, HI, HF, HA, cinema
Brilliance West 百联西郊购物中心	2004/11	No.88 Xianxia (W) Road	Changning	Regional	110,000	FS, open-air	5 (exd. B1,B2)	DP, HM, HA, HI, KTV, cinema,
Brilliance YouYiCheng 百联又一城购物中心	2007/01	No.2500 Si Ping Road	Yangpu	Regional	126072	FS, enclosed	9 (exd. B1, B2, B3)	DP, SM, KTV, cinema, Skating Rink
Brilliance Zhonghuan Commercial Plaza 百联中环购物广场 (原名:兴力达国际广场)	2006/12	No.1288 Zhenguang Road	Putuo	Super Regional	250,000	FS, enclosed	4 (exd. B1, B2, B3, B4)	DP, HM, HA, HF, cinema
Centurymart Lianhua Yuqiao Plaza or Beicai Intn'l Plaza 世纪联华御桥购物广场 (又名:北蔡国际购物广场)	2006/07	No. 2420 Hunan Road	Pudong	Community	31,000	FS, enclosed	3 (exd. B1)	HM
China Resources Time Square 华润时代广场	2001 renovated (1997/01)	No.500 Zhangyang Road	Pudong	Mixed-use Development; Regional	51,000 (total: 98807)	POT, enclosed	10 (total: 34)	-

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
CITIC Square 中信泰富广场	2000/05	No. 1168 Nan Jing (W) Road	Jingan	Mixed-use Development; Fashion Centre	34,500 (71299.27 office)	POT, enclosed	5 (exd. B1) (total:43)	-
Citycentre Shopping Mall 虹桥上海城	2002	No.100 Zun Yi Road	Changning	Mixed-use Development; Regional	80,000 (total: 360,000)	POT, enclosed	6 (exd. B1,B2) (total: 36)	DP, SM
Cloud Nine Shopping Mall 龙之梦购物中心	2005/12	No. 1018 Changning Road	Changning	Mixed-use Development; Super Regional	220,000 (total: 320,000)	POT, POH, enclosed	9 (exd. B1, B2, B3, B4) (total: 58)	DP, HM, HA cinema
CMALL Causeway Bay Plaza 上海铜锣湾广场	2006/10	No.950 Zhen Hua Road	Baoshan	Super Regional	310,000	FS, open-air	Different units, each with 2 or 3 Levels	HM, HA, HI
Cross Region Plaza 飞洲国际广场	2004/03	No. 899 Lingling Road	Xuhui	Mixed-use Development; Outlet Centrel	30,000 (total: 80,000)	POT, enclosed	6 (exd. B1) (total: 31)	-
Grand Gateway Plaza 港汇广场	1999/12	No. 1 Hongqiao Road	Xuhui	Mixed-use Development; Super Regional	130,000 (total: 300,000)	POT, POA, enclosed	6 (exd. B1, B2) (total: 51)	SM, cinema
Hongji Cultural Leisure Square 弘基文化休闲广场	2003/11	Lane 57 Jufeng Yuan Road	Baoshan	Community	14,000	FS, open-air	13 units, each with 1-3 levels	HM, SM, cinema
Hongji Holiday Plaza 弘基假日广场	2002	No. 188 Sichuan (N) Road	Hongkou	Community	26788	FS, open-air	2	-
Hongkong Plaza 香港广场	1998/10	No. 282 Huai Hai (M) Road	Luwan	Mixed-use Development; Community	38,000 (total: 140,000)	POT, POA, enclosed	4 (exd. B1) (total: 38)	-
Infiniti Plaza 上海无限度 **(又名:Shanghai Square 上海广场)**	2006/12 renamed (1993)	No. 138 Huai Hai (M) Road	Luwan	Mixed-use Development; Regional	40,000 (Com.)	POT, enclosed	6 (total: 40)	-
International Shopping Centre 中融国际商城	2004/04	No. 1088 Pu Dong (S) Road	Pudong	Mixed-use Development; Regional	36,000 (total: 65924)	POT, enclosed	9 (total: 18)	SM, Factory Outlet Store (FoxTown), HA, KTV

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
Join Buy City Plaza 久百城市广场	2004/09	No. 1618 Nan Jing (W) Road	Jingan	Regional	91613	FS, enclosed	8 (exd. B1)	DP, SM
Life Hub @ DANING 大宁国际商业广场	2006/07	No.1868-2008 Gong He Xin Road	Zhabei	Mixed-use Development; Super Regional	110,000 (total: 250,000)	POT, POH, open-air	12 units, 15 buildings with 3-19 levels (total: office 18; hotel 21)	HM, HA, HF, cinema, KTV
Longhua Shopping Centre 龙华购物中心	2000	No.2888 Long Hua Road	Xuhui	Community	20,000	FS, enclosed	2 (exd. B1)	HM
Long-wealth Leisure Square 久良财富休闲广场	2006	No.1600 Dadu He Road	Putuo	Regional	22,000	FS, open-air	3	DP
Maxdo Shopping Mall 万都商城	2002	No.8 Xingyi road	Changning	Mixed-use Development; Community	20,000 (total: 132,800)	POT, enclosed	4 (total: 55)	-
Metro City 美罗城	1997	No.1111 Zhao Jia Bang Road	Xuhui	Mixed-use Development; Regional	67,000 (total: 110,000)	POT enclosed	5 (exd. B1) (total: 26)	SM, HA, IT, cinema, KTV
Metro Town 玫瑰坊	2004/05	No.890 Changning Road	Changning	Community	17,000	FS, enclosed	2 (exd. B1, B2)	Brand Item Warehouse
MM21 亚新生活广场	1996/12	No.401 Chang Shou Road	Putuo	Mixed-use Development; Regional	38,000 (Com.)	POT, semi open-air	4 (exd. B1) (total:12)	DP, SM, KTV
New World City 新世界城	2005 renovated into SC (1988)	No. 2-68 Nan Jing (W) Road	Huangpu	Regional	75,000	FS, enclosed	12 (exd. B1, B2)	DP, SM cinema
Plaza 66 恒隆广场	2001/04	No. 1266 Nan Jing (W) Road	Jingan	Mixed-use Development; Fashion Centre	70,000 (total: 202008)	POT, enclosed	5 (exd. B1, B2, B3) (total: 66)	-
Pudong Hymall 浦东乐购购物中心	1999	No. 3218 Jin Xiu Road	Pudong	Community	40,000	FS, enclosed	3	HM
Raffles City 来福士广场	2003/11	No. 268 Xi Zang (M) Road	Huangpu	Mixed-use Development; Regional	40,000 (total: 127,000)	POT, enclosed	7 (exd. B1) (total: 51)	SM, cinema
Shanghai Times Square 大上海时代广场	2000	No. 93 Huai Hai (M) Road	Luwan	Mixed-use Development; Regional	43,000 (total: 109,000)	POT, enclosed	6 (exd. B1) (total: 30)	DP, SM, cinema

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
Shanghai Trade Centre 上海商务中心	1996/09	No. 800 Qu Yang Road	Hongkou	Specialty centre: HA & HF	150,000	FS, enclosed	6	HM
Shanghai Xin Tian Di 上海新天地	2002	No. 181 Taicang Road	Luwan	Mixed-use Development; Regional	57,000 (77830 office)	POT, open-air	Different units, each with 2-4 levels (total: 21)	-
Super Brand Mall 正大广场	2002	No. 168 Lu Jia Zui (W) Road	Pudong	Super Regional	241,000	FS, enclosed	10 (exd. B1, B2, B3)	DP, HM, SM HI KTV, Skating Rink, cinema
Takeoff Plaza 腾飞 Plaza	2005/11	No.333 Tianyao Qiao Road	Xuhui	Mixed-use Development; Community	14475 (total: 59,000)	POT, enclosed	5 (exd. B1, B2) (total: 30)	DP, cinema
Thumb Plaza 证大大拇指广场	2005/07	Lane 199 Fang Dian Road	Pudong	Mixed-use Development; Regional	total: 110,000	POH, open-air	3 (exd. B1) (total: 20)	HM, Factory Outlet, HI, KTV, cinema
To all the old places 老地方商都	2007	No. 855 Chengshan Road	Pudong	Community	26700	FS, open-air	5 units	-
Tungtay Leisure Square 东泰休闲广场	2002	Lane 2002 Si Chuan (N) Road	Hongkou	Neighborhood	7,000	FS, enclosed	3	SM
WANDA Plaza 万达商业广场	2006/12	Lane 608 Handan Road	Yangpu	Mixed-use Development; Super Regional	256,000 (total: 334300)	POT, open-air	Different units, each with 2-4 levels (total: 25)	DP, HM, HI , KTV, cinema
Wenfeng Mall 文峰广场	2003/09	No. 801 Pu Xing Road	Pudong	Regional	84,000	FS, enclosed	5	DP, HM, HA, HF
Westgate Mall 梅龙镇广场	1997/06	No. 1038 Nanjing (W) Road	Jingan	Mixed-use Development; Regional	70,000 (total: 120,000)	POT, enclosed	10 (exd. B1, B2, B3) (total: 32)	DP, SM, cinema
Yuyuan Tourist Mart 豫园商城	1995 renovated	No. 269 Fang Bang (M) Road	Huangpu	Super Regional	140,000	FS, open-air	Different units, each with 2-4 levels	DP
TOTAL in CENTRAL CITY: 44								

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
Anxin Business Plaza 安信商业广场	2007	No. 1211 Mu Dan Jiang Road – OP	Baoshan	Mixed-use Development; Regional	total: 150,000	POT, POH, open-air	6 units (A - HM; B, C,E - open-air com. pedestrian; F - entertainment (total: 18)	HM, cinema
Brilliance North –Shanghai Commercial Plaza 百联北上海商业广场 (又名:北上海商业广场)	2007/01 renamed (2005/12)	No. 1555 Yunchuan Road	Baoshan	Regional	73,000	FS, open-air	3 (exd. B1)	DP, HM, HA
Brilliance-qiaozi Wan **百联桥梓湾购物中心**	2006/01	No.666 Gong Yuan Road	Qingpu	Regional (the first community suburban SC in Shanghai)	6,2000	FS, open-air, 5 units	1,2,3,5 individually	DP, HM, HA, IT
hk:m Mall **上海港澳购物中心**	2005/01	No.1500 Shui Qing Road - OP	Minhang	Community	36,000	FS, open-air	2	HM
Hongji Commercial Leisure Plaza 弘基商业休闲广场	2006/10	Lane 6101 Chuannanfeng Road, Hui Nan Town	Nanhui	Mixed-use Development; Regional	total:43800	POT, POH, open-air	4 (total: 15)	DP, HM, KTV
Hongkong Long Plaza 港隆广场	2005	No. 499 Yinggang Road	Qingpu	Regional	90,000	FS, open-air	3	HM, HI
Jinhui Plaza **金汇广场**	2004/11	No. 2255 Hua Xia (E) Road	Pudong	Community	60,000	FS, enclosed	5 (exd. B1)	DP, HM, HA
Kai Yuan MED Plaza **开元地中海广场**	2006/12	Lane 926 Xin Song Jiang Road	Songjiang	Mixed-use Development; Regional	84,000 (total: 268,000)	POT, POH, POA, open-air	4 (total: 28)	HM, cinema, KTV
Millennium Plaza **千代广场**	2003	No. 281-287 An Ning Road	Minhang	Regional	54,000	FS, open-air	3	-
Orient FoxTown: Factory Outlets 东方狐狸城	2006/06	No. 5885 Yexin Road	Songjiang	Specialty centre: outlet centre	68,488	FS, enclosed	3	-
Qibao Hymall **七宝乐购购物中心**	1999	No.3155 Qi Xin Road - OP	Minhang	Community	30,000	FS, enclosed	2	DP, HM

Name of Shoppng centre	Year of opening	Location		Typology of shopping centre	Com. Floor area (m^2)	Physical form	No. of com. floors	Type of anchors
		Address	District					
Qibao Mall 七宝龙城 (又名:嘉茂购物广场)	2003	No. 3655 Qi Xin Road - OP	Minhang	Regional	83986	FS, enclosed	3 (exd. B1)	DP, HM, Factory Outlet, SM, KTV
ROBINSONS Galleria 罗宾森购物广场	2007/01	No. 138 Chengzhong Road	Jiading	Mixed-use Development; Regional	60,000 (total: 140,000)	POA, enclosed	4 (exd. B1) (total: 7)	DP, HM, cinema
Shanghai Factory Outlets Plaza 上海澳特莱斯品牌直销广场	2006/04	No. 2888 Hu Qing Ping Road	Qingpu	Specialty centre: outlet centre	110,000	FS, open-air	A. B. C. units, with 2-3 levels buildings	-
Shanghai Modern Commercial Plaza 上海现代商业广场	2005/12	No. 4825 Chuansha Road	Pudong	Community	44626	FS, enclosed	2 units : 6 (exd. B1), 4 (exd. B1)	DP, SM, HA, IT, cinema
Shanghai Zhongcheng Commercial Centre 仲盛商业中心	2007/12	No. 168 Xin Zhu Road - OP	Minhang	Super regional	280,000	FS, enclosed	5 (exd. B1, B2, B3)	DP, HM, HI, cinema
ZHIYE Plaza 置业广场购物中心	2003	No.2088-2098 Dong Chuan Road	Minhang	Community	38,000	FS, enclosed	3 (exd. B1)	HM, HA, HF, cinema
TOTAL in SUBURB: 17								
Cheng City Shopping Mall 成城购物广场 (原名:虹桥购物乐园 Rainbow Mall)	2010	No. 288 Hongjing Road – Central City, OP	Minhang	Super Regional	400,000	FS	-	-
Shanghai Golden Eagle Intn'l Shopping Centre 上海金鹰国际购物中心	2008/12 renovated into SC (2004/09)	No. 278 Shan Xi (N) Road – Central City	Jingan	Community	38,000	FS, enclosed	8 (exd. B1)	-
Ya Fan YouYiCheng 亚繁又一城	-	No. 1260 Xin Song Road - Suburb	Songjiang	Regional	80,000	-	FS	-
TOTAL under CONSTRUCTION: 3								

Transitional-Type / Inbetween-Type

Name	Year of opening	Developer	Location		Com. Floor area (m^2)	No. of com. floors
			Address	District		
PCD Stores Xinning 巴黎春天新宁店	2004/09	PCD Stores (Group) Limited – HK JV	No. 1328 Ding Xi Road	Changning	6680	3 (exd. B1)
Qibao Famos Square 七宝汇宝购物广场	2007/09	Jeffur International Holding Group - Taiwan	No. 1 Wubao Road, Qibao Town	Minhang	44150	4
Shanghai Nine Sea Parkson 上海九海百盛	1997	Malaysia Lion Group (JV with Shanghai Jiuhai Entity Co., Ltd.)	No. 918 Huai Hai (M) Road	Luwan	28,000	8 (exd. B1)
Shanghai Landmark Department Store 上海置地广场	1997/01	Shanghai Wantai Landmark development Co., Ltd. – HK JV	No. 409-459 Nan Jing (E) Road	Huangpu	2,5000	10
Shanghai No.1-Yohan Department Store 第一八百伴	1995/12	Yaohan – Japan (JV with Shanghai No. 1 Department Store)	No.501 Zhang Yang Road	Pudong	144837	10 (exd. B1, B2)
Shanghai Jinjiang Intn'l Shopping 上海锦江国际购物中心	1996	Shanghai Jinjiang Realty Co., Ltd. - China	No. 527 Huai Hai (M) Road	Luwan	40,000	6 (exd. B1)
TOTAL TRANSITIONAL TYPE: 6						

Note: The researcher made site visits and field surveys to 41 shopping centres out of total 61 in Shanghai in 2007, which are marked in **bold** lines in the above table.

* on the periphery=OP; Commercial=Com.

* exd. = excluding underground floors

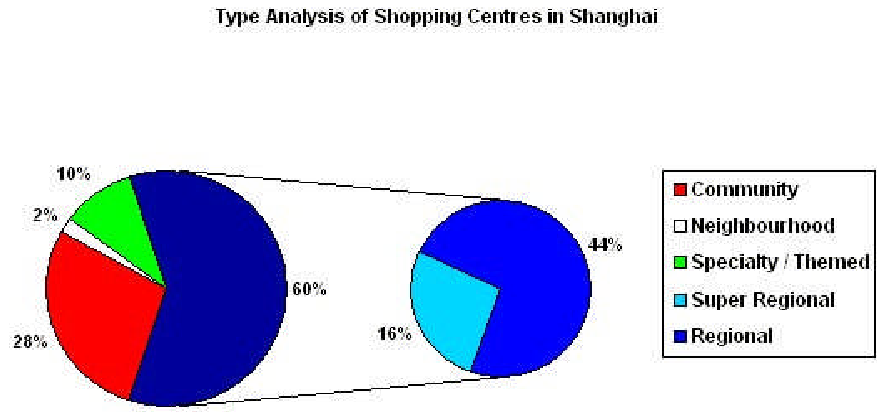
* Joint Venture=JV; Hongkong=HK

* Podium of office tower=POT; Podium of hotel=POH; Podium of apartment tower= POA (Auxiliary Shopping Centres); Free-standing=FS

* SC=Shopping Centre; DP=Department Store; SM=Supermarket; HM=Hypermarket; HA=Home Electrical Appliance; HI=Home Improvement; HF=Home Furniture and Furnishings

* KTV=Karaoke Box

Figure 4-13



It should be important to notice that the mode of retail uses in mixed-use development is commonly implemented in Shanghai city, especially in the central area. There are a total of 27 mixed-use projects being developed in Shanghai at present, covering 44% as a whole, allocated 23 in the central city and 4 in the suburb. Most of them take advantage of a regional or a super regional shopping centre to serve the project's major land uses. As a large-scale and unified real estate project, the mixed-use development relies heavily on the synergistically related major uses called "HOPSCA", that is, hotel, office tower, parking lot, shopping, public activity and apartment within the project. Although mixed-use projects can be complicated and difficult to design and manage with regard to the public spaces, such as entrances, lobbies, elevators and parking lots, these developments are quite popular in Shanghai among the developers if in the right setting. There are mainly four reasons for these investors who favour this form of development:

1) From an economic point of view, the price of real estate in Shanghai, especially in the central area is super expensive. In order to bring "golden place" into full play of "golden profit", it is reasonable to develop a mixed-use project, by the way of which, land cost for building the shopping centre is greatly reduced, since the same land is also used for high-rise office buildings and rent generated by leasing office spaces is made up of a significant portion of the investment returns.

2) Due to the extremely high density of population in the inner city, it is suitable that many shopping centres are integrated into the multiple-use complex as auxiliary centres. In respect of physical form, against verticality of high-end office or hotel buildings, shopping centres are renowned with high values, both out of necessity and for prestige – height equalled status.

3) To achieve the maximum of purchasing power, development of mixed-use projects can be quite successful with synergies created that enhance both relevant developments and retail components and realize a win-win situation. Through such projects, the shopping centre developer can control the surrounding parcels that have constructed linked with shopping centres, such as office buildings, high-density residential units, hotels, institutional developments and other uses that benefit from the attraction of customers to such a centre, in other words, the presence of a retail centre in the complex enhances the marketability of surrounding developments; meanwhile offices or hotels or apartments that can generate business for shops and restaurants collocated with shopping centres naturally create additional markets for the centre.

4) For many of the developers, the mixed-use development can reduce their investment risk to the minimum. Shanghai, as an international economic, financial, and trade centre needs and will demand more quality office space. As office towers at

strategic locations have great potential for property value appreciation, most developers have the intention of selling these commercial real estates to other interested international investors to make a one-time profit and to reduce investment risk in terms of sunk cost associated with shopping centre development.

- Physical Form

Generally, both free-standing and podium forms of shopping centres are playing important roles in the city of Shanghai, although the coverage of the former is relatively higher, that is, 56% against 44%. However, as mentioned before, since the retail uses in mixed-use development are very popular in Shanghai, the shopping centre undoubtedly as a forefront retailing format is adopted in mixed-use projects as an auxiliary centre to support surrounding developments, among which, the centre used as a podium of office towers is the most common physical form. It was discovered that in the central city there are more shopping centres as podiums of high-rise buildings than the number of free-standing ones (23:21) whereas in the suburban area, free-standing shopping centres dominate the most (13:4) owing to the comparatively inexpensive suburban land (see Figure 4-14).

Furthermore, due to a subtropical maritime monsoon climate with four distinct seasons and about 15°C annual moderate temperature on an average, 34% of shopping centres in Shanghai are open-air while 66% are kept enclosed. For example, completed in 2004, Brilliance West designed by the U.S. Jerde Partnership is representing a new trend of shopping centre development in Shanghai. Unlike the earlier centres that are mostly enclosed shopping centres, it is built as a semi-opened shopping centre with open-air performing stage and elegant landscaping and amenities such as fountain, wading pool and resting area, even public hot sport for rock-climbing involved in the centre, similar to the lifestyle centres in North American cities.[105] From the Figure 4-15, it can be generalized that free-standing and enclosed shopping centres play a major role in Shanghai, with the largest share of 35% of total shopping centres, and the close follower is podium and enclosed pattern with 31%, but for the open-air shopping centres, the free-standing form has 8% more than the podium type, covering 21% as a total.

In respect of developers, there are also apparent differences embodied in shopping centre development patterns. Investors from Hongkong and Singapore show favor towards construction of auxiliary shopping centres whereas other overseas investors such as Taiwan, Thailand and most domestic developers are prone to engage in development of free-standing shopping centres. For instance, both Plaza 66 and Grand Gateway Plaza developed by the Hongkong-based Hang Lung Properties have twin office towers dominating above them. Singapore-based Raffles City is also attached to an office tower hosting many famous multinational corporations. The main reason for this inclination is because Shanghai, to a certain sense, is quite similar to the cities of Hongkong and Singapore no matter whether from economic and cultural background, consumer habits or density of population. Therefore, for those investors who have got experience in developing such a kind of physical form of shopping centre in their own country/city, it is easy for them to develop the same type again in Shanghai. But on the other hand, the risk of heavy losses in the form of "sunk costs" is still taken into their first and foremost consideration.

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[105] A lifestyle centre is a specialty centre. ICSC has a specific definition: It must have an open-air format, upscale orientation with proximity to affluent neighborhoods, and range of 150,000 (13900 m^2) to 500,000 (46500 m^2) square feet of GLA containing a minimum of 50,000 (4600 m^2) square feet of national specialty chain stores. But one thing is added by researcher that a lifestyle centre combines the traditional retail functions of a shopping centre with leisure amenities, oriented towards upscale consumers.

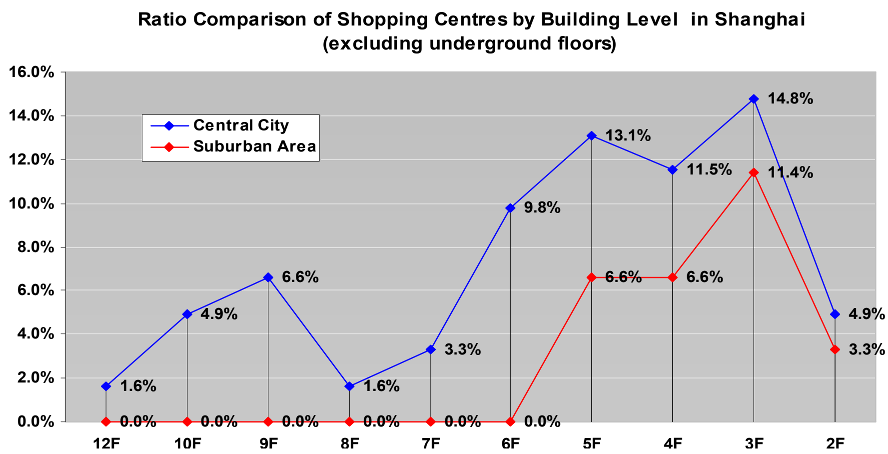
However, the Taiwanese developers seem to concentrate on development of free-standing and community-oriented shopping centres, which partly is the result of their inability to gain agreeable land use rights in the central area of Shanghai. Generally, investors from Taiwan do not have the same capital, both monetary and political, as those from Hongkong. Natually, they may be short of bargaining power for negotiating favourable land use rights. In fact, three out of four shopping centres built with Taiwanese investment were developed by the same investor, Ting Hsin International Group, which is the only overseas investor that intends to develop a chain of community shopping centres using its own branding hypermarket – Hymall and Riverside department store as principal anchors.

Owing to the high density of population both in the central and suburban area, in general, most of the shopping centres are multi-storey and vertical-developed buildings in Shanghai, some even 9- to 12-storeys high in the central city that share 13.1% altogether. The highest shopping centre in Shanghai is New World City on Nanjing (W) Road, which actually was renovated from a state-owned 8-storeys department store in 2005. Most shopping centres in the central city range from 3- to 6-storeys high with a spectrum coverage from 14.8% to 9.8% as a whole whereas shopping centres in the suburb are generally with storeys from 2 to 5 high, and most of them are 3-storeys buildings covering 11.4% (see Figure 4-16).

Figure 4-14

Figure 4-15

Figure 4-16



- **Tenants Mix**

Based on tenant classifications by type of merchandise established for ULI's Dollars & Cents of Shopping Centres 2006, mixed satellite tenants for the visiting 41 shopping centres in Shanghai, excluding anchor stores were generalized into following 17 categories (see Table 4-8).

Table 4-8 Distribution of Types of Satellite Tenants in the Visiting 41 Shopping Centres in Shanghai

Type of stores	Percent of total number of stores
Food	3.2%
Food Service	15%
Clothing and Accessories	33.3%
Shoes	1.6%
Home Furnishings	5.6%
Home Appliances	2.5%
Hobby/Special Interest	5.0%
Gifts/Specialty	4.1%
Jewelry	4.1%
Liquor	0.1%
Drugs	3.1%
Other Retail (Telecom, Eyeglasses, Watches, Cosmetics)	8.3%
Personal Services	8.1%
Entertainment/Community	4.2%
Financial	1.6%
Offices (Medical and Dental, Veterinary)	0.1%
Automotive (Cleaning Service)	0.1%
Total	100.0%

Note: Data was compiled through field survey and excludes anchor tenants.

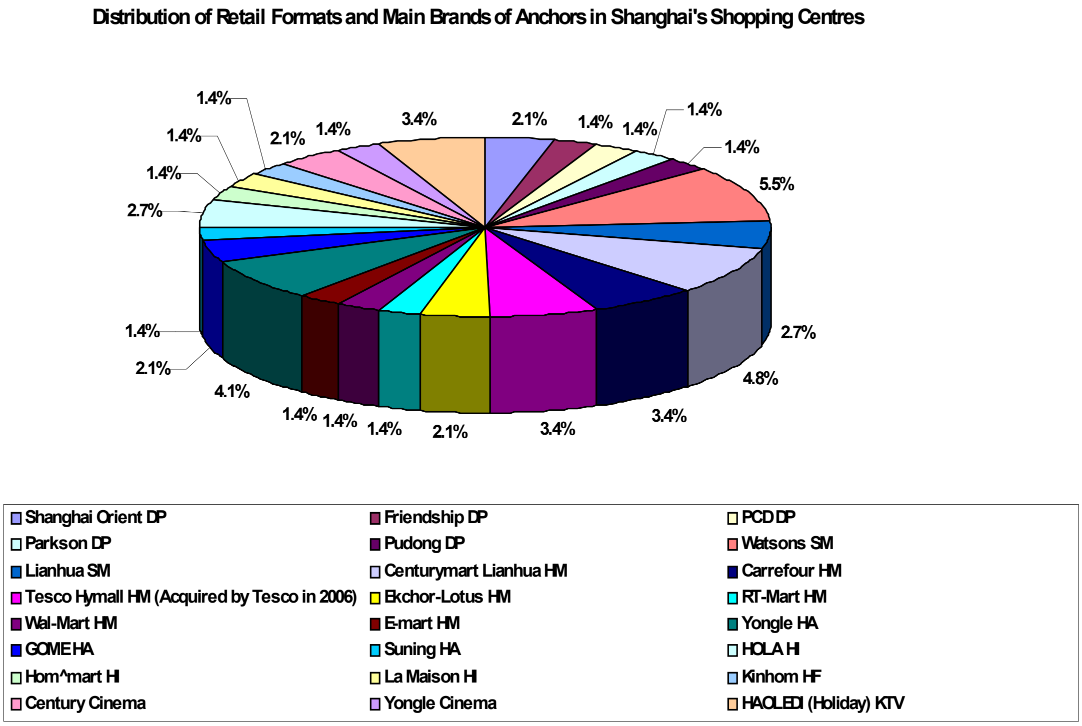
From the table, it can be seen that the largest category is clothing and accessories, together with shoes, accounting for 35% of all stores. After that, food and food service covers a big portion of the total number of stores, that is, 18%, which manifestly shows the most important Chinese traditional culture of "Loving Eating" custom. Following are only two categories accounting for more than 8% of the total stores: other retail 8.3%, such as cosmetics supplies, telecommunication stores or eyeglasses; personal services 8.1%, especially for most beauty salons, spa and massage, and travel agent, except which, generally shopping centres in Shanghai lack commercial services. Due to the increase of living standard, home furnishings and home appliances also have a certain weight of 5.6% and 2.5% respectively apart from specialized home-based anchor tenants. While every shopping centre advertises itself as a "centre of shopping, dining and entertainment", entertainment takes account of only 4.2% of all stores, and variety is very limited only to cinema and Karaoke box for the masses, but gaming Parlor targeting the younger, although such businesses tend to dominate much larger areas than most other types of stores, especially fashion stores.

Traditional shopping centres in North American cities, especially regional and super-regional shopping centres are anchored by full-line department stores, though some centres also have a supermarket as secondary anchor. This has been changing in China. In Shanghai, 26 of the 61 existing shopping centres have a full-line department store as an anchor (see Figure 4-17), which is overshowed by the new retail format of big-box stores: hypermarkets (29 stores), among which are nearly all overseas-branded chains except Shanghai-based Centurymart Lianhua; category killers (23 stores) of Home Electrical Appliance and Home Improvement, of which Home Improvement shops are dominated by a Taiwanese chain of HOLA, whereas all the stores of Home Electrical Appliances are still solo held by Chinese business.[106] (see Figure 4-18)

Figure 4-17

106 Until now, foreign chains of home electrical appliances in China are still vacant. For example, although two giants of home electrical appliances Media Markt and Saturn have been very successful in Germany and both of them are belonging to Metro Group that has had a stable market share with its warehouse club in China, they still hesitate to make a first-mover into Chinese market.

Figure 4-18



* DP=Department store; SM=Supermarket; HM=Hypermarket; HA=Home Electrical Appliance;
HI=Home Improvement store; HF=Home Furniture and Furnishings; KTV=Karaoke Box

Several explanations can be put forward for the varying tenant mixes in Shanhgai's shopping centres. After a short-lived boom in the early-and the mid-1990s, department stores started to be confronted with fierce competition from the increasing presence of such new formats as hypermarkets and specialty stores. As a result, most former state-owned department stores lost market shares and were unable to recoup their strength leading to either bankruptcy or forming large conglomerates created through retail mergers under a joint stockholding ownership. At that time, few department stores survived or were created, even less department store chains. This is why the problem of that leads to the current difficulty in recruiting professional department stores as a leading tenant in today's shopping centre business. For example, the developer of Super Brand Mall had a long and dreary search for a department store to anchor its 240,000m^2 facility. In the end, it had to put in one of its own with great reluctance since the department store is not its core business. At present, 13 out of 26 department store anchors are run by retail chains, but the rest are all opened and managed by the shopping centre its own. In addition, only 3 Chinese branding department store chains remain in business, that is, Shanghai Friendship, Shanghai Orient and New Pudong.

On the other hand, as a new arrival of retail format, hypermarkets entered Shanghai's retail business more or less at the same time as shopping centres, and so did category killers, which never happened in other countries, especially in North America. However, these three new formats did not interplay a conflicting role against one another. On the contrary, they succeeded in taking reciprocal reaction and speeding up each development. With a hypermarket as the most popular shopping centre anchor in Shanghai, all other stores seem to benefit from co-tenanting with it since the hypermarket not only advertises broadly but also provides free shuttle bus service to bring shoppers to the shopping centres to truly fulfill its "One-stop" shopping concept.

In respect of mixed-use development, most of the shopping centres as podium of high-rise building are without either a full-line department store (10 out of 27) or anchors (8 out of 27), which together occupy 67% of total mixed-use projects. This shows that the reliance on anchor shops for controling the frequency of population in such a type of shopping centre project is not so crucial like others, since the auxiliary developments of offices, hotels, and residential and institutional buildings take over somehow anchor functions, although their tenants are not considered shopping centre tenants even though ownership may be the same. Depending on their locations, some of the auxiliary shopping centres are designed and promoted as "theme shopping centres", targeting a specific segment of the population. For instance, Plaza 66 and nearby CITIC Square on Nanjing (W) Road both have the highest concentrations of European high fashion brand names in China, and are touted as "a luxuriously appointed, high-class shopping centre," with its tenants being exlusively international brands, projected at high-salaried white-collar professionals (fashion centre). The entire shopping centres have no signs of promotion or any sitting places for ordinary and window shoppers; Raffles City, located on the opposite side of Nanjing Road, represents a different theme by appealing to young consumers. The largest space user of its 50,000 m^2 is a fitness club occupying the entire seventh floor.

- **Investment Structure**

Despite the high fever of shopping centre development, Shanghai has few professional shopping centre developers, like those who have been responsible for construction and management of most shopping centres in North American and European cities. Shopping Centre development is financed by three main sources of capital: the state-owned and joint-stock holding corporations, private and co-operative companies and overseas investors. From the Figure 4-19, it shows that overseas investment has played a key role in the development of shopping centres in Shanghai. Of the 61 existing centres, 32 (52.4%) were developed with overseas capital, shared by Joint Venture 9 (14.7%) and Wholly Owned Subsidiary 23 (37.7%).

While many Western investors are watching the trend closely, those that have participated in shopping centre development in China are almost exclusively from Southeast Asia (see Table 4-9), particularly Hongkong (18 centres), Taiwan (5), Singapore (4), Thailand (1) and Philippines (1). Participation from North Amercian and European developers lags far behind, though a number of them have reportedly been contemplating entry into this booming commercial real estate market for quite some time. The only Western investors or developers just on the threshold of becoming involved in Shanghai shopping centre business in the late 2006 are Morgan Stanley of the United States, FoxTown of Switzerland, as well as Anderson Group of the United Kingdom in 2007. It seems that Western investors are losing the first-mover opportunities, but they may need more time to study the still precarious market before committing a significant amount of capital to commercial property development. The lack of knowledge of the Chinese market, and of a clear understanding of how to manage the risks involved, is the major barrier that foreign investores must overcome.

In this case, the entry modes of franchising, joint venture, strategic alliance and acquisition would be agreeable to foreign investors. The forerunner acquisitions of OBI by B&Q in 2005, Hymall by Tesco in 2006 and Trust-Mart by Wal-Mart in 2007 in the local market are all good examples for overseas shopping centre developers following suit. For foreign investors, particularly international REITs, it ought to be much easier to enter the market by acquisition of finished properties or approved projects, rather than attaining "green-field" for new construction. This will be helpful for them away from the trouble of going through land use right negotiations[107] and the public hearing process. In fact, Morgan Stanley has already stepped out its first trial of acquiring the loss-incurring Shanghai Square on Huaihai Road for $100 million and renovating it into a "Life Experience" Centre renamed as Infiniti Plaza in 2006, which can be regarded as a pioneer example of shopping centre acquisition in China ("International REITs Purchase 30 Shopping Centres", 2005). Franchising is also a very effective and fast type of expansion with a significant level of flexibility given to the franchisees in the management of their units. For companies seeking fast expansion, this involves less risk, funding input and human resource management, which could be another pleasant entry mode to be taken into consideration.

Table 4-9 A Synthesis of Developers' Information for the Existing Shopping Centres in Shanghai

Developer	Shopping Centre Developed	Origin	Ownership of Developer	Core Businesses
Anderson Group - Anderson Land (China) Co., Ltd 安信集团-安信置地(中國)有限公司	Anxin Business Plaza	United Kingdom	WOS (co-operating with Morgan Stanley)	Real Estate Development, Construction and Development
Ascendas Group 腾飞集团	Takeoff Plaza	Singapore	WOS	Business Space Solutions: Space in Science, Business, High-tech and Industrial Parks; Real Estate Value Chain including E-infrastructure and Business Networking
Brlliance Group Holdings Ltd. 百联集团有限公司	Brilliance Community Commercial Centre	Shanghai, China	SJH	Retailing and Shopping Centre Development
	Brilliance South			
	Brilliance West			
	Brilliance YouYiCheng			
	Brilliance Zhonghuan Commercial Plaza			
	Centurymart Lianhua Yuqiao Plaza			
	Brilliance North			
	Brilliance Qiaozi Wan			
CapitaLand Ltd. 嘉德置地集团	Raffles City	Singapore	WOS	Real Estate, Hospitality, Financial Services and REITs
	Qibao Mall			
Chia Tai Group / Charoen Pokphand Group 正大集团	Super Brand Mall	Thailand	WOS	Agriculture, Telecommunication, Retailing, Petroleum and Chemical, Real Estate, Locomotive and Rolling Stock, International Trade and Finance

[107] In China, where land is owned exclusively by the state, it is extremely imperative for the international REITs to negotiate and secure long-term land use rights, to minimize the risks correlated with high sunk costs.

Developer	Shopping Centre Developed	Origin	Ownership of Developer	Core Businesses
China Resources (Holdings) Co., Ltd. 华润(集团)有限公司	China Resources Time Square	Hongkong	WOS	Retailing, Power, Breweries, Real Estate, Food, Pharmaceutical Production, Textiles, Chemical Prducts, Cement, Micro-electron, Gas and Compressor
Chongbang Group – Shanghai Fule Site Real Estate Development Co., Ltd. 崇邦集团-上海福乐斯特地产发展有限公司	Life Hub @ DANING	Hongkong	WOS	Real Estate Development: High-tier Office Buildings, Residences, and Shopping Centres
CITIC Group – CITIC Pacific Ltd. 中国中信集团公司-中信泰富有限公司	CITIC Square	Hongkong	JV (with Swire Properties Ltd. & Shanghai Jing'an Business Co.)	Financial Industry, Manufacturing Special Steel, Developing and Investing in Properties, Power Generation, Aviation, Civil Infrastructure (Tunnels), Marketing and Distribution and Communications throughout China
Dongtai Property Development Co., Ltd. 东泰房地产发展有限公司	Tungtay Leisure Square	Taiwan	WOS	Real Estate Development
Feizhou Group 上海飞洲企业发展(集团)有限公司	Cross Region Plaza	Shanghai, China	PCP	Electric and Automatic Manufacture, Pharmaceutical Production, Real Estate, Research and Development, Investment & Trade
Fengxiang Real Estate Development Co., Ltd. 上海凤翔房地产开发有限公司	Hongkong Long Plaza	Shanghai, China	PCP	Real Estate Development
FoxTown International Holding Ltd. 狐狸城国际控股有限公司	Orient FoxTown: Factory Outlets	Switzerland	JV (with Orient International Holding	Factory Stores; Textiles and Apparels, International Trading of All Kinds of Commodity and Service
Golden Eagle International Group 金鹰国际集团	Shanghai Golden Engle International Shopping Centre	Hongkong	WOS	Retailing, Department Store, Real Estate, Automotive Products, Investment and High Technology
Hang Lung Group Ltd. 恒隆集团	Grand Gateway Plaza Plaza 66	Hongkong	WOS	Property Development: Residential, Office and Largescale Commercial Developments
HuaTian Property Development Co. Ltd. 上海华天房地产发展有限公司	Citycentre Shopping Mall	Hongkong & Macau	WOS	Real Estate Development: High-tier Office Buildings, Residences, and Shopping Centres
HUGE Group Ltd. 上海弘基企业(集团)有限公司	Hongji Cultural Leisure Square Hongji Holiday Plaza Hongji Commercial Leisure Plaza	Shanghai, China	PCP	Commercial Real Estate Development

Developer	Shopping Centre Developed	Origin	Ownership of Developer	Core Businesses
Hutchison Whampoa Ltd. 和记黄浦有限公司	Westgate Mall	Hongkong	WOS	Ports and Related Services; Property and Hotels; Retailing, Energy, Infrastructure, Investments, and telecommunication-related business
Jiangsu (China) Wenfeng Group 江苏文峰集团	Wenfeng Mall	Jiangsu Province, China	PCP	Hotel, Restaurant, Chain of Commercial Industry, Garment, Automobile, Real Estate, Department Store, Hypermarket
Jiangsu Yueda Group Co., Ltd. 江苏悦达集团有限公司	AMANDA Plaza	Jiangsu Province, China	SJH	Automobile, Tractor Women Fashion, Textiles, Infrastructure, Biological Pharmacy, Business and Trade Flow
Jinxiang Real Estate Development Co. 金巷房地产开发公司	Shanghai Modern Commercial Plaza	Shanghai, China	PCP	Real Estate Development
Kunlun Taiwan Commercial Centre Co., Ltd. 上海昆仑台湾商城有限公司	MM21	Taiwan	JV (with Shanghai Putuo Kunlun Commercial Centre)	Retailing, Restaurant, Service, Entertainment
Lai Sun Group 丽新集团	Hongkong Plaza	Hongkong	JV (with Shanghai Luwan Building Construction Co.)	Garment Manufacture, Property Development and Investment, Hotels, Media and Entertainment, Manufacture, Retail and Wholesale of Fashion
Leaderank Real Estate Development Co., Ltd. 上海利雄置业发展有限公司	Metro Town	Hongkong	WOS	Real Estate Development
Liangkang Gardening Co., Ltd. - Shanghai Jiuliang Investment Development Co., Ltd. 浙江良康园林绿化工程有限公司 –上海久良企业投资发展有限公司	Long-wealth Leisure Square	Zhejiang Province, China	PCP	Investment and Construction; Gardening
Lifestyle International Holdings Ltd. 利福国际集团	Join Buy City Plaza	Hongkong	JV (with Shanghai Joinbuy Group Co., Ltd.)	Department Store (SOGO 崇光百货) and other retailing
Maxdo Group Ltd. 万都集团	Maxdo Shopping Mall	Hongkong	WOS	Real Estate Development including Property Developers, Estate Agents and Other Property/Construction/ Engineering Services
Metro (Holdings) Ltd. 美罗控股有限公司	Metro City	Singapore	JV (with Shanghai Xujiahui Commercial Centre (Group) Co., Ltd.	Property Business and Retailing (Metro Department Store)

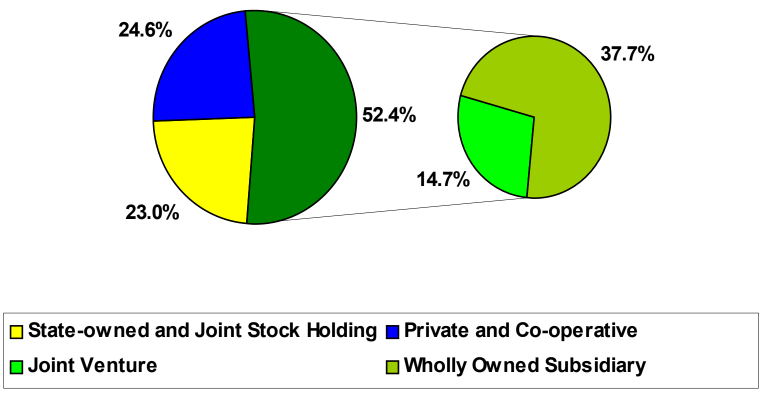
Developer	Shopping Centre Developed	Origin	Ownership of Developer	Core Businesses
Morgan Stanley 摩根士丹利	Infiniti Plaza (acquiring Shanghai Squire from China Overseas Holdings Ltd. - HK)	United States	WOS (Lifestyle Centre Holdings Ltd. – HK management)	Financial services: advising clients on strategic transactions, in pioneering the global expansion of finance and capital markets, and in providing new opportunities for individual and institutional investors
NewCentury Tourism Group 开元旅业集团	Kai Yuan MED Plaza	Hangzhou, China	PCP	Hotel, Real Estate, Building Material
ROBINSONS Retail Group 罗宾森零售集团	ROBINSONS Galleria	Philippines	WOS	Department Store, Supermarket, Hardware and Home Solution Appliances, Toys, Fashion Boutiques, Storage Solution
Shanghai Minhang Real Estate (Group) Co., Ltd. 上海闵行房地(集团)有限公司	ZHIYE Plaza	Shanghai, China	PCP	Real Estate Development, Property Management and Maintenance, Domestic Trade
Shanghai New World Co., Ltd. 上海新世界股份有限公司	New World City	Shanghai, China	SJH	Retailing, Restaurant, Hotel and Entertainment
Shanghai Pudong Commercial Store (Holdings) Co., Ltd. 上海市浦东商场股份有限公司	Jinhui Plaza	Shanghai, China	SJH	Retail, Department Store,
Shanghai Trade Centre (Holdings) Co., Ltd. 上海商务中心股份有限公司	Shanghai Trade Centre	Shanghai, China	SJH	Investment: Commercial Investment, Financial Investment
Causeway Bay Group 铜锣湾集团	CMALL Causeway Bay Plaza	Hongkong	JV (with Shanghai Dahua Group)	Large-scale Retail Enterprise: Shopping Malls and Comprehensive Department Stores
Shengnan Entity Co., Ltd. 胜南实业有限公司	Cheng City Shopping Mall	Hongkong	JV (with Shanghai Hongxi Co.)	Commercial Property Development
Shengtao Sha Landmark Co., Ltd. (Developer); Shanghai Fengding Landmark Co., Ltd. (Investor) 上海圣陶沙置业有限公司; 上海丰鼎置业发展有限公司	hk:m Mall	Hongkong	WOS	Real Estate Development
Shimao Group 世茂集团	Brilliance Shimao International Plaza	Hongkong	JV (with Brlliance Group Holdings Ltd.)	Real Estate Development: Residence, Hotel and Office Building
Shui On Group 瑞安集团	Shanghai Xin Tian Di	Hongkong	WOS	Property Development, Construction and Construction Materials (cement production), Asset Management and Venture Capital Investment

Developer	Shopping Centre Developed	Origin	Ownership of Developer	Core Businesses
Summit Property Development 上海长峰房地产开发有限公司	Cloud Nine Shopping Mall	Shanghai, China	PCP	Real Estate Development - building, planning, selling, leasing and management
Super Ocean Group 仲盛集团	Shanghai Zhongcheng Commercial Centre	Hongkong	WOS	Developing Large Scale Residential Projects, Office Buildings and Other Commercial Properties
TAHEN Investment (Group) Co., Ltd. 上海泰恒投资集团有限公司	To all the old places	Shanghai, China	PCP	Commercial Real Estate Development, Entity Investment, Commercial Management
Ting Hsin International Group 顶新国际集团	Longhua Shopping Centre Pudong Hymall Qibao Hymall	Taiwan	WOS (acquired 50% by Tesco, UK)	Food Processing including Packaged Food, Dried Processed Food and Dairy Products, Restaurant and Retailing
WANDA Group 万达集团	WANDA Plaza	Dalian, China	SJH	Commercial Real Estate, Residential Real Estate, Grand Hotel, Cultural Industry, Department Store
Wharf (Holdings) Ltd. 九龙仓集团有限公司	Shanghai Times Square	Hongkong	WOS	Real Estate, Communications, Media and Entertainment, Transportation
	Shanghai Factory Outlets		JV (with Brilliance Group)	
Ya Fan Group 亚繁集团	Ya Fan YouYi-Cheng	Zhejiang Province, China	PCP	Brick Material, Commercial Property Development, Hotel Investment and Management, Wall Decoration Engineering
Yuhua Real Estate & Bilu Real Estate 上海裕莘房地产经营有限公司/上海碧绿房地产开发经营有限公司	Millennium Plaza	Shanghai, China	PCP	Real Estate Development
Yuyuan Tourist Mart Real Estate Property Development Co., Ltd. 上海豫园商城房地产发展有限公司	Yuyuan Tourist Mart	Shanghai, China	SJH	Commercial Real Estate Development, Tourism
ZENDAI Group 证大集团	Thumb Plaza	Shanghai, China	PCP	Real Estate Development, Financial Investment Service, Resources Investment, Commercial Investment, Hotel Operation, Cultural and Arts Development
Zhongrong Group 中融集团	International Shopping Centre	Shanghai, China	PCP	Real Estate Development including Commerce, Residence, Conference and Exhibition, Hotel, and Energy

Note: * State-owned and Joint Stock Holding=SJH; Private and Co-operative=PCP;
Joint Venture=JV; Wholly Owned Subsidiary=WOS

Figure 4-19

Distribution of Ownership of Shopping Centre Developers in Shanghai



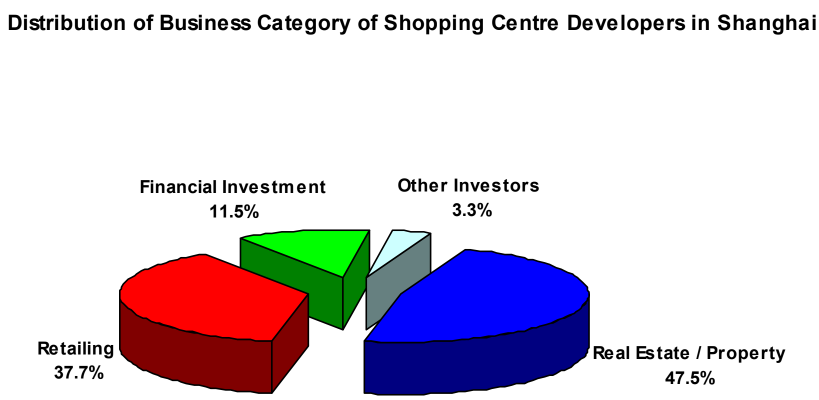
But on the other hand, it should be admitted that almost all the developers from overseas are ethnic Chinese well-connected to Mainland China with good political and business relations with state or local governments. For example, Hutchison Whampoa Limited, the developer of Westgate Mall, is owned and controlled by Hongkong billionaire Li Jia Cheng, who is known to have a friendship relationship with state ex-leaders Deng Xiao'ping and Jiang ze'min. Even the Thai-based developer of Super Brand Mall, Chia Tai Group, is a business conglomerate owned by an overseas Chinese family. Many of these overseas investors and developers are also known to be generous donors to local governments. For example, the Chairman of Hongkong's Shimao Group, a Mainland Chinese immigrant, has donated $10 million in the past ten years for various causes, including $2 million to assistant Shanghai with its bid for the 2010 World Exposition.

Domestic capital started to flow into shopping centres in 1995 from two types of source, that is, state-controlled joint-stock holding conglomerates 14 (23%) and private and co-operative enterprises 15 (24.6%), which together nearly have an equal share of the overseas capital investment (see Figure 4-19). State investment is best represented by Brilliance Group, which set up a distinct subsidiary solely responsible for shopping centre development and management called Brilliance Shopping Centre Co., Ltd., the first known professional shopping centre developer in Shanghai. Up till now, there have been eight "Brilliance" shopping centres scattered in all four directions of Shanghai since its first Brilliance South Mall was established in 1999. The state-controlled corporations are not only involved in construction of new buildings, but also are engaged in converting existing facilities that they own (mainly large department stores) into shopping centres. For instance, two very successful renovation cases in Shanghai: New World City and Yuyuan Tourist Mart. For other transitional types listed in the Table 4-7, all of them have not repelled the possibility of the changes to the modern shopping centre in the near future.

The private investors all opted for construction of new buildings. The most prominent private investors are Jiangsu province-based Wenfeng Group, Shanghai Summit Property Development and New Century Tourism Group. The first invested 340 million yuan (US$42.5 million) to build the 84,000 m^2 Wenfeng Mall in Pudong New District in 2003, where all the anchor shops use its own brand name "Wenfeng" to merchandise business; the second has built one of Shanghai's largest shopping centres since 2005 in the municipal-level retail node near Zhongshan Park in Changning district, the Cloud Nine Shopping Mall; the last has recently developed, an exotic tropical flavor of Mediterranean open-air Plaza in the southwestern suburb of Songjiang district.

It is important to note that domestic developers in general have little or no experience in shopping centre development. The lack of know-how on operation and management of shopping centres has consequently led to many problems. From the Figure 4-20, it can be seen that nearly half of investors who are involved in shopping centre projects in Shanghai have real estate or property development as their core business, which dominate 47.5% of all shopping centre developers. The next are investors who have a professional retailing background, which covers 37.7%, which is followed by 11.5% of developers who come from financial investment business, and other investors together occupy 3.3%. Table 4-9 shows that the six investors who have finance-related business i.e. financial investment service (overseas REITs for example) are engaged in shopping centre development in Shanghai, that is, Morgan Stanley (the United States), CapitaLand Ltd. (Singapore), CITIC Group (Hongkong), Shui On Group (Hongkong), ZENDAI Group (China), and Shanghai Trade Centre (Holdings) Co., Ltd. (China).

Figure 4-20



4.2.2 Heterogeneous Characteristics on Spatial Organization: Planning and Design

On-site field surveys of 41 out of a total of 61 currently exisiting shopping centres in Shanghai were carried out by the researcher in the 1st half year of 2007. Through field investigations by way of observations and personal interviews, the researcher generalized the following characteristics in respect of spatial organization of shopping centres from both exterior and interior under the background of specific Chinese urban fabric, that is, the city of Shanghai. A bundle of shopping centre photos taken in the field elaborate the differences, the conflicts and the hybrids in spatial organization compared with Western shopping centres and help readers to understand how the transference of Western shopping centres works in a Chinese city.

Exterior Features

- Feature I: Irregular Development Patterns

By personal field survey, it is found that shopping centres in Shanghai, especially in the urban core area often stand close to one another. This irregular development pattern, from the researcher's point of view, results not only from lack of effective planning, but mainly from people's lack of basic understanding of the root cause of creating a shopping centre in the Western world, that is, the fake of urban centre. As mentioned in Chapter III, historically, there never appeared a European city centre "Plaza" in China, so when the Western shopping centre, as a comprehensive combination of commercial, social, cultural and civic life centre is transplanted to China, it is interpreted and treated as a normal but only giant shop in the commercial centre. This is why the irregular organization of several shopping centres standing side by side on the adjoining streets could happen in Shanghai, which is and has been indeed consequent on the failures of several shopping centre business (see Pictures 4-18 to 4-21). For instance, in the past, there were four shopping centres located near Zhongshan Park in Changning District (see Case IV). However, owning to the fierce competition, Beethoven Plaza has become only the nominal centre nearly out of the business while Xinning Shopping Centre has been renovated into one of PCD department store chains.

Pictures 4-18 to 4-21

Case I: Area of Nanjing (W) Road (Picture 4-18)

Case II: Area of Nanjing (E) Road (Picture 4-19)

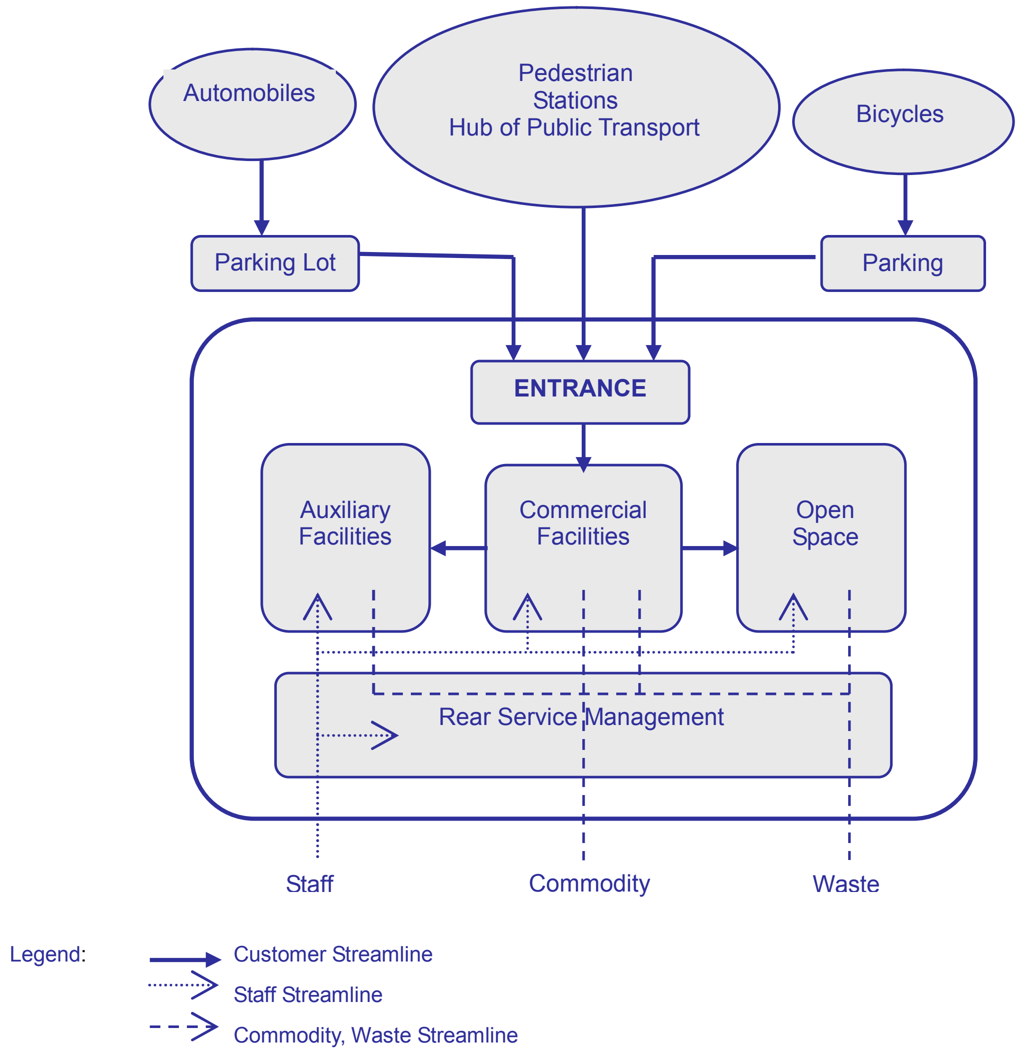
Case III: Area of Huaihai (M) Road (Picture 4-20)

Case IV: Area of Changning Road (Picture 4-21)

- Feature II: Building Configuration

Determining the building configuration is an important part of site planning for both developer and tenant. According to spatial components of a shopping centre, it mainly has four parts, that is, commercial facilities, auxiliary facilities, open space and parking lot. A layout of a shopping centre should comprehensively consider the used land pattern, the linkage between used land and surrounding traffic roads, the scale of land use, the plan of parking area, the streamline rear services for customers and other logistic facilities. In general, the whole planning and design should be recognizable, understandable, convenient and safe. A flowchart of constituents' organization of the shopping centre in Shanghai is displayed as follows (see Figure 4-21).

Figure 4-21 A Flowchart of Spatial Components in Shanghai Shopping Centre



By personally visiting 41 shopping centres in Shanghai, the researcher categoried them into 6 basic building configurations, that is, linear shape, square shape, dumbbell shape, fan shape, Y shape and the cluster/racetrack centre (see Table 4-10).

Table 4-10

Layout of Shopping Centre		**Name of Shopping Centre**
Linear shape 17	—	Brilliance YouYiCheng
		China Resources Time Square
		CITIC Square
		Metro Town
		Wenfeng Mall
	_∩_	hk:m Mall
		Millennium Plaza
	~~ **meanderings**	Brilliance Shimao International Plaza
		ZHIYE Plaza
	└	Brilliance Community Commercial Centre
		Brilliance West
		Grand Gateway Plaza
		Maxdo Shopping Mall
		MM21
		Raffles City
		ROBINSONS Galleria
	curve	Tungtay Leisure Square
Y Shape		Hongkong Plaza
Square shape 7		Brilliance South
		Citycentre Shopping Mall
		Jinhui Plaza
		Join Buy City Plaza
		New World City
		Qibao Hymall
		Westgate Mall
Dumbbell shape O—O 5		Metro City
		Plaza 66
		Qibao Mall
		Shanghai Times Square
		Super Brand Mall
Fan shape 3		Cloud Nine Shopping Mall
		Infiniti Plaza
		Pudong Hymall
Cluster Centre 8	**Linear Shape**	Brilliance-qiaozi Wan
		Kai Yuan MED Plaza
		Shanghai Xin Tian Di
	Square Shape	CMALL Causeway Bay Plaza
		Life Hub @ DANING
		WANDA Plaza
	T shape	Thumb Plaza
		Longhua Shopping Centre

The analysis shows that the linear layout and its variations are the most common physical arrangements of shopping centres in Shanghai. Physically, a linear centre is the least expensive structure to build and is easily adapted to most site conditions. With strong control over signage and good architectural treatment, the linear centre can be an attractive and successful merchandising unit (see Pictures 4-22 to 4-24).

Pictures 4-22 to 4-24

22 23
24

Linear Shape

22. Wenfeng Mall

23. Metro Town

24. Brilliance YouYiCheng

In Shanghai, the linear arrangement of the shopping centre is most commonly applied to the mixed-use development in the central area of the city. The most common configuration places high-rise building either at the ends of the straight-line shaped centre, such as China Resources Time Square and CITIC Square, or in the area embraced by L-shaped centre, such as Maxdo Shopping Mall and Raffles City. As one of the linear variations, the L footprint is designed to fit restricted sites and special locations with respect to adjacent streets, which can be turned in either direction according to the necessary site orientation. The L shape also makes the fullest use of a site that is nearly square whereas a straightline development on such a site would waste site capacity and provide unnecessary parking. This is why the L-shape centre is usually visible in the central city of Shanghai (see Pictures 4-25 to 4-28).

Pictures 4-25 to 4-28

25 26

25. & 26. Straight-Line Shape of Mixed-use Development
– China Resources Time Square

27 28

L Shape of Mixed-use Development
27. Maxdo Shoppng Mall
28. Raffles City

In the suburban area the linear building can be observed by setting back from the access street, and most of the parking being placed in the rear, at the sides, or in front between the street and the building such as hk:m Mall and ZHIYE Plaza. On the other hand, considering the length of the linear centre that should accommodate comfortable walking distances and save limited space in the inner city in particular, the meandering-shaped linear centre is also implemented in both the suburb and inner city. To a certain extent, a meandering traffic pattern not only creates a nice visual appreciation, but offers more interesting movement and brings shoppers closer to storefronts (see Pictures 4-29 to 4-38).

Pictures 4-29 to 4-38

29 30
31 32

29. & 30. hk:m Mall

- __∩__ Shape
- Parking Lot in the rear

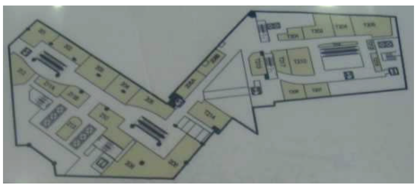
31. & 32. ZHIYE Plaza

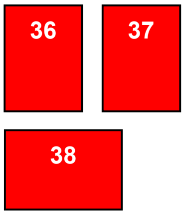
- Meandering Shape
- Parking Lot in Front

33 34 35

33. – 35. Meandering Shape

Brilliance Shimao International Plaza

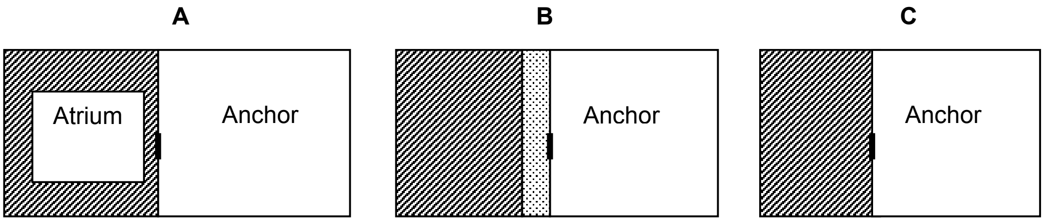




36. – 38. Meandering Shape
Brilliance Shimao International Plaza

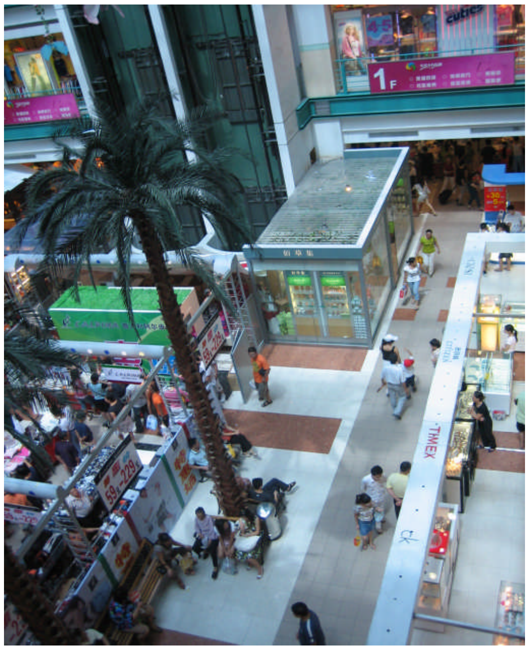
Essentially, the square-shaped centre is known for its simplicity, a wide field of vision and convenience for shopping so that becomes an optimum configuration. An open space besieged by two sets of two facing straight lines of stores becomes a pedestrian mall for back-and-forth shopping movement on the ground floor while vertically it evolves into a racetrack where customers not only can make a convenient circle-shopping trip but lean out gazing at brisk business spectacle and shopping environment. In Shanghai, it was discerned that regional/super-regional shopping centres that are arranged with such a square organiztion often have flourishing business no matter whether they are situated in the busiest municipal-level retail node or on the periphery or in the suburb. With regard to the layout of this type of centre, nearly half or even more than half of the square area is usually vertically occupied by an anchor or several types of anchors, in other words, there is a clear separation between anchor and satellite tenants in the building configuration, but some centres have no obviously physical border to islolate these two parts. The researcher in general classifies square-shaped centres in Shanghai into three configuration types (see Figure 4-22 and Pictures 4-39 to 4-52):

Figure 4-22



Note:

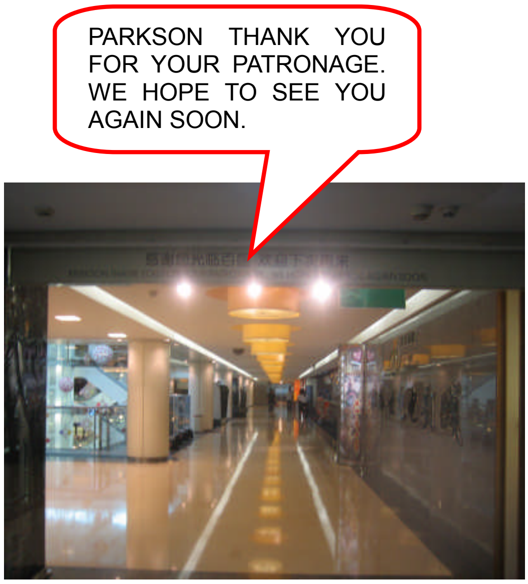
- "Anchor" on the right side is often for the department store that normally covers several floors.
- The stripe area on the left side is usually for satellite tenants. However, they sometimes combine with another anchor shop, for instance, a hypermarket, but this is not case for type A.
- The dot pattern area shows the transitional corridor between two parts, which is either enclosed or open-air.
- Representatives: A. Brilliance South; Westgate Mall; Citycentre Shopping Mall; New World City
  B. Join Buy City Plaza; Jinhui Plaza
  C. Qibao Hymall



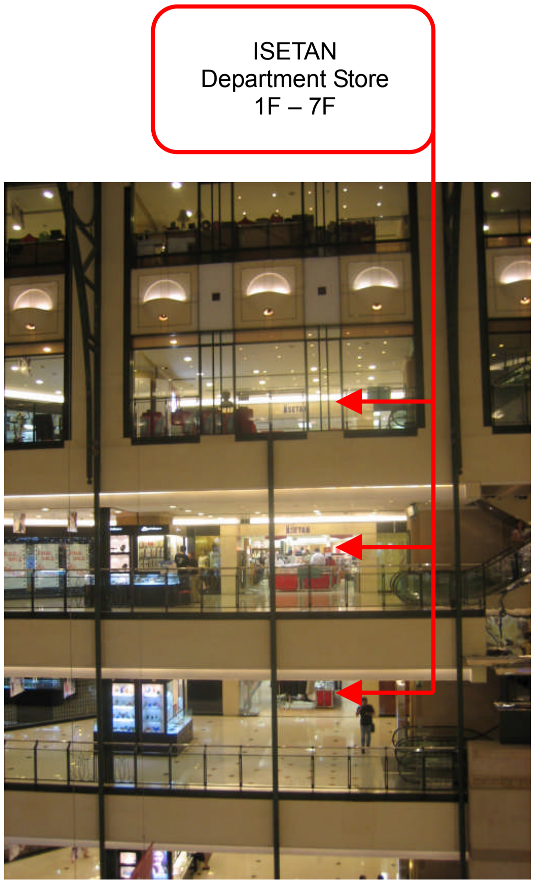
A Type: Pictures 4-39 to 4-46

Case I: Brilliance South (Pictures 4-39 to 4-41)

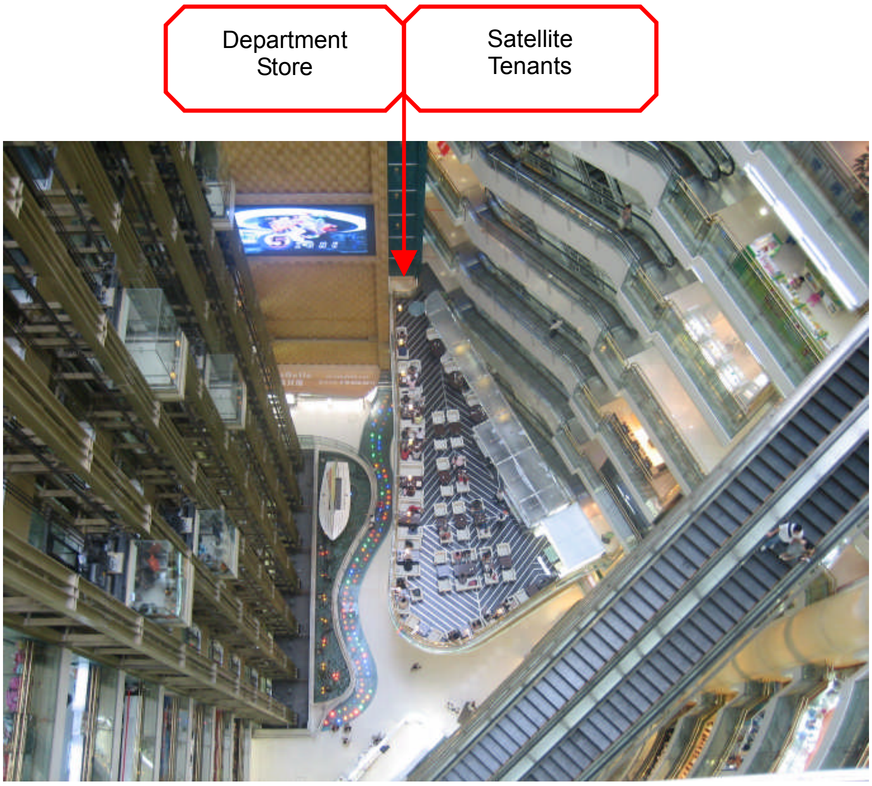
Case II: Citycentre Shopping Mall (Pictures 4-42 and 4-43)



Case III: Westgate Mall (Pictures 4-44 and 4-45)



Case IV: New World City (Picture 4-46)



B Type: Pictures 4-47 to 4-50

Case I: Join Buy City Plaza (Pictures 4-47 and 4-48)

Case II: Jinhui Plaza (Pictures 4-49 and 4-50)

C Type: Pictures 4-51 and 4-52

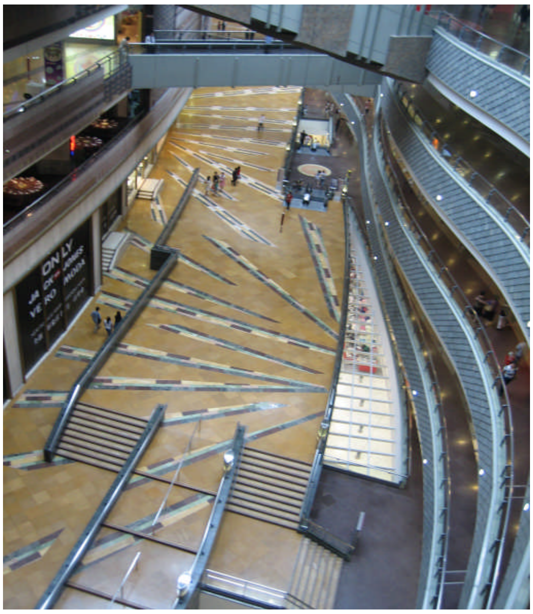
Qibao Hymall

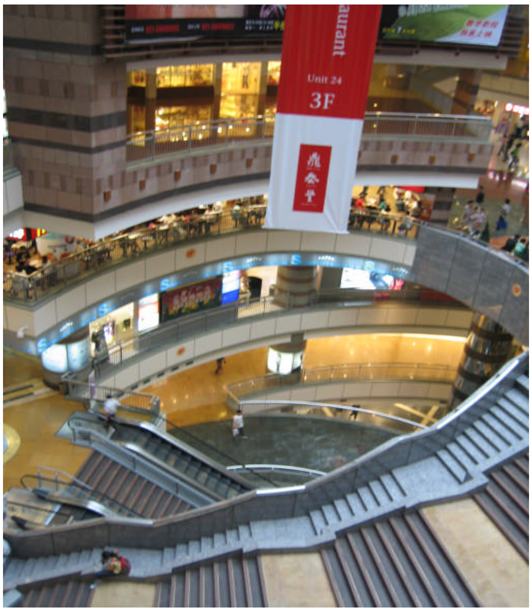
Satellite Tenants and Hypermarket

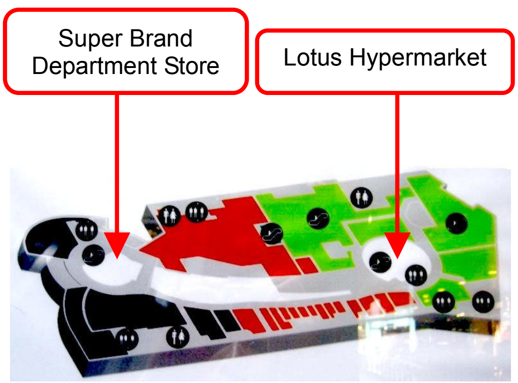
Department Store

Concerning dumbbell-shaped centres, their configurations correlate closely with prime tenants. Through a linear walkway between two facing buildings “the mall”, the key tenant is positioned at one of two ends that balances the whole structure of the building and truly functions as an anchor in the utterly physical organization. This streamline configuration drawing customers from anchor to anchor past all the smaller tenants has also become a very welcome style and applied often to the high-end modern shopping centres in the urban core area of Shanghai (see Pictures 4-53 to 4-66).

Case I: Super Brand Mall (Pictures 4-53 to 4-58)







Case II: Shanghai Times Square (Pictures 4-59 to 4-62)

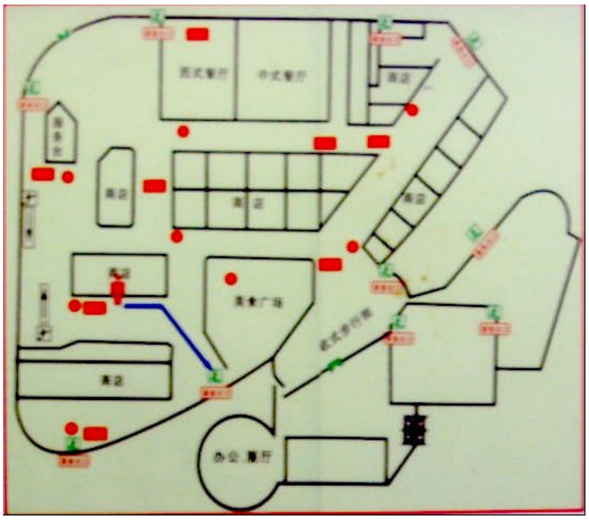
Case III: Qibao Mall (Pictures 4-63 to 4-66)

Compared with all the kinds of configurations above, the fan-shaped shopping centre has certainly been overshadowed. Indeed, as a triangle like fan-shaped shopping centre, it should not be advocated so much from researcher's point of view, the reason for which is that frequent angle turns normally always obstruct the customers' views and make people confused and dizzy if they hang around for a long time in the centre. In respect of the centre design, it is also hard to display the shopping environment in a grand way. Furthermore, the shopping centre such as Cloud Nine Shopping Mall in Shanghai positioned three atriums in each angle that are similar to build up multi-centre in a limited area, so that it only distracts the flow of people and weakens the structural organization of the whole centre. However, for the shopping centre of Infiniti Plaza and Cloud Nine Shopping Mall, they still can work quite well mainly because of their playing auxiliary roles in the mixed-use development while for Pudong Hymall, it is due to the moderate size of the community (see Pictures 4-67 to 4-83).

Case I: Cloud Nine Shopping Mall (Pictures 4-67 to 4-72)

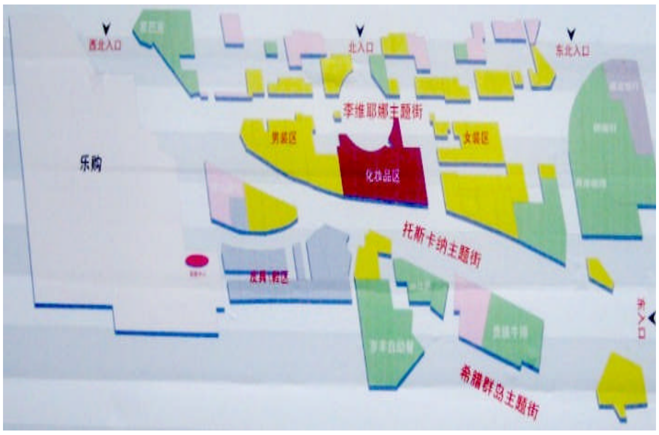
Case II: Infiniti Plaza (Pictures 4-73 to 4-77)

Case III: Pudong Hymall (Pictures 4-78 to 4-83)

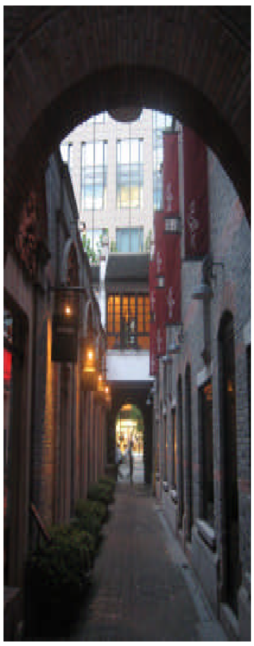


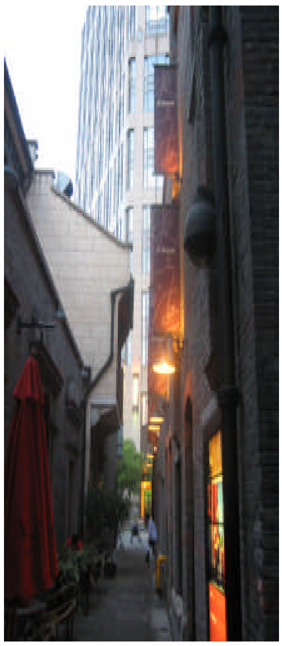
Last but not least, the cluster centre defined as a specific type of building configuration does not directly refer to a certain shape of centre, but means a group of retail buildings clustering together, separated by pedestrian walkways or streets that is much integrated into the whole urban fabric so that it is usually an outdoor regional or super-regional cluster. The retail streets typically lead to nonretail anchors around the centre, such as parks, hotels, civic buildings, office buildings, restaurant clusters and transit stations. According to the route of the pedestrian walkway, it also can be assorted into different shapes. It was not so long ago that the cluster centre started to show up in Shanghai. Most of them had not been built up until the late of 2006. Shanghai Xin Tian Di adjacent to Huai Hai (E) Road and Longhua Shopping Centre in Xuhui District, as two earlier examples, illustrate how shopping centres increasingly have been integrated into the surrounding cultural and historic fabric of the downtown. Rather than isolating them vitality from surrounding streets, these new-generation centres form anchors within the downtown retail environment and encourage spillover of retail growth throughout the surrounding neighbourhood (see Pictures 4-84 to 4-118).

Case I: Linear Shape - Kai Yuan MED Plaza (Pictures 4-84 to 4-88)

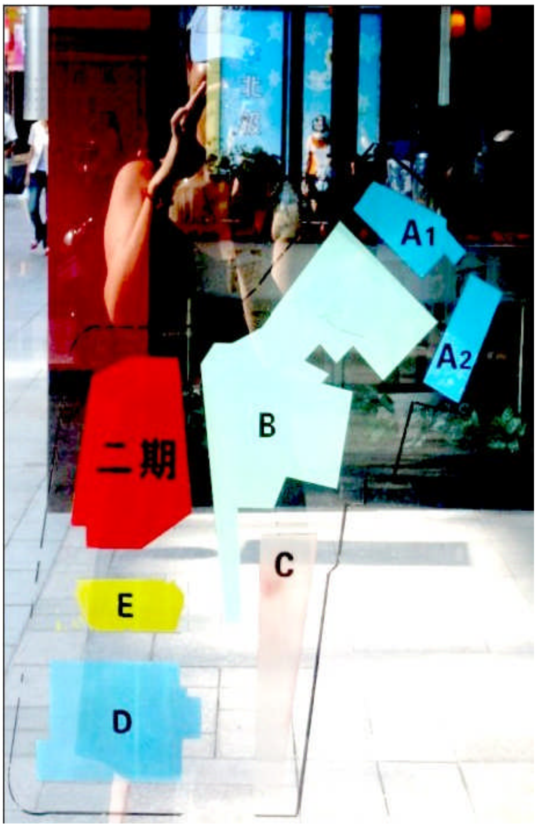


Case II: Linear Shape - Shanghai Xin Tian Di (Pictures 4-89 to 4-94)



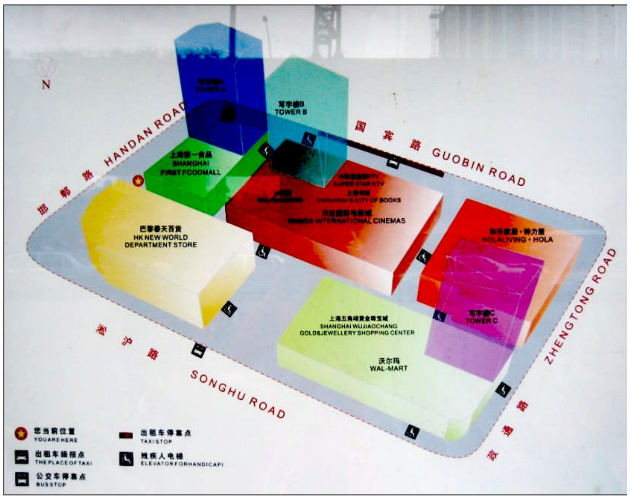


Case III: Linear Shape - Brilliance-qiaozi Wan (Pictures 4-95 to 4-101)

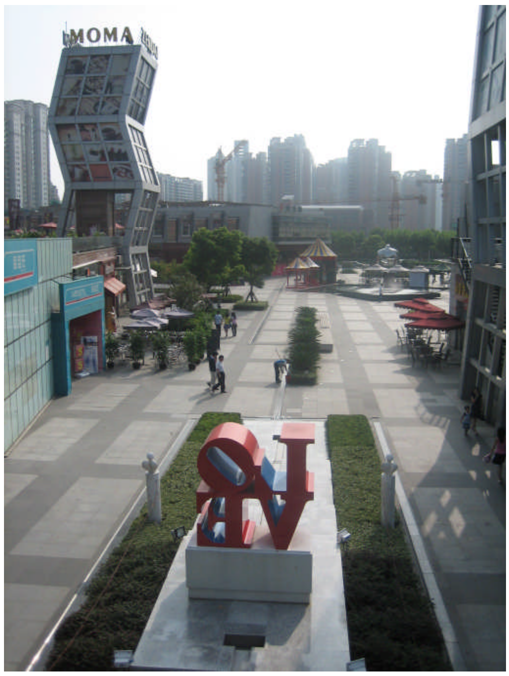


Case IV: Square Shape - Life Hub @ DANING (Pictures 4-102 to 4-107)

Case V: Square Shape – WANDA Plaza (Pictures 4-108 to 4-112)



Case VI: T Shape – Thumb Plaza (Pictures 4-113 to 4-118)

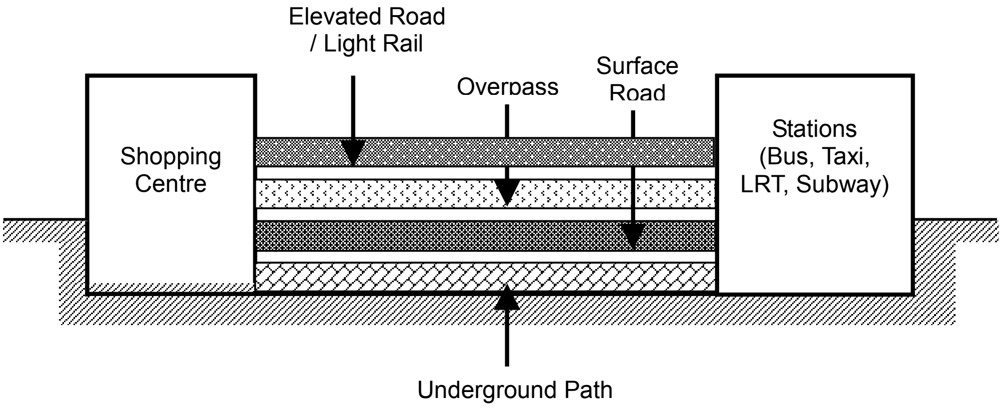


- Feature III: Public-transportation Oriented Accessibility

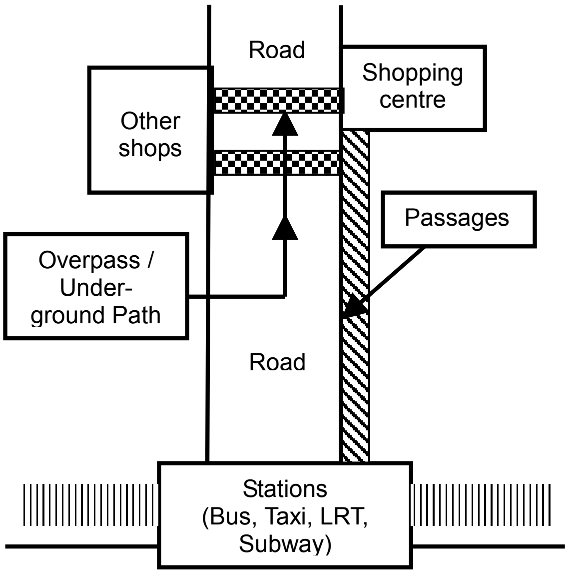
From the above detailed analyses of Shanghai's urban development and its transportation system, it is known that the compact growth of the city like other Chinese cities relies heavily on urban public transportation - represented by mass-transit rapid rail facilities and urban bus systems - to conduct people's intra-urban journeys. Naturally, the access design of the shopping centre clinging to private cars and highways tendency in North America is obviously replaced by linking urban public transportations, private bicycles and public transport stations oriented design in China. According to personal field observations on the site patterns, major accessible traffic tools for customers, surrounding traffic roads and their connections with trunk roadways and freeways, the researcher generalizes a basic access pattern from a collection of her visits to shopping centres in Shanghai (See Figure 4-23 and Picture 4-119).

Figure 4-23

a. profile



b. plane

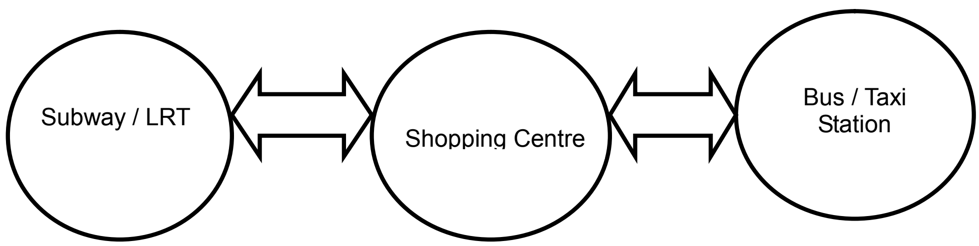


Picture 4-119 Accessibility - Brilliance South

It can be seen from the above figure that the access design of the shopping centre in Shanghai is making great efforts to take advantage of grade separation measures to realize its clear separation between visiting people and automobiles so that the effective accessibility for safety and convenience is largely enhanced.

In Shanghai, "Location and Traffic" is often taken as the first and foremost consideration for the strategic plan of shopping centre development, which to a large extent is a decisive point in the success of the shopping centre business. Due to the great dependence on the public transportation system, especially rapid rail transit, the construction of shopping centre in Shanghai usually accompanies the development of urban rail transport network. Indeed, the shopping centre developer knows the rule that in Shanghai, conquering a rail station means conquering a large volume of customers, the success of which means that half a way of business achievement has been already reached among the drastic competitors. Therefore, in order to reinforce the accessibility of the shopping centre, most regional and super-regional centres tend to be situated on subway and LRT lines, especially at points of interchange so that the entrance of the shopping centre can be directly connected with the exit of the grand rail station. This smart tactic lies in maximizing the use of the stream of people and transfering it instantly into purchasing power. It is not a big meaning for the shopping centre if the rail transportation only functions as a traffic tool that carries passengers fast passing through every destination. However, the cleverness of the shopping centre in Shanghai is taking advantage of the rapid rail transit to make itself a juncture site for both metro and ground flow of people. In this case, the shopping centre in fact becomes an interchange station among the subway, LRT and ground transportation (see Figure 4-24).

Figure 4-24



Furthermore, compared with the flat, mono and linear advancing structure of flow of people in the Western shopping centre, the stream of people in Chinese shopping centres embodies a multiple pattern of advancing structure according to the traits of tallness of building, geography and traffic condition. One of the representative cases is Cloud Nine Shopping Mall located in the rail interchange hub of Zhongshan Park. From the advancing structure of flow of people, Cloud Nine Shopping Mall has three layers of advancing system of stream of people, that is, underground path, ground access and 2nd floor entrance (see Figure 4-25). Specially, the overpass tube on the 2nd floor directly connects one of the centre entrances with the exit of LRT transport, which not only speeds up the flow of people, but also alters the normal down-up direction of shopping route to the up-down orientation, which greatly boosts the tenants' business on the higher levels of the centre (see Pictures 4-120 to 4-126).

Pictures 4-120 to 4-126

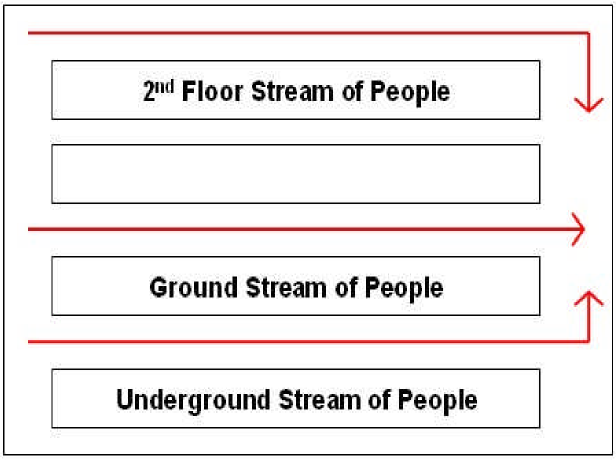


Figure 4-25 Advancing Structure of Flow of People
Cloud Nine Shopping Mall

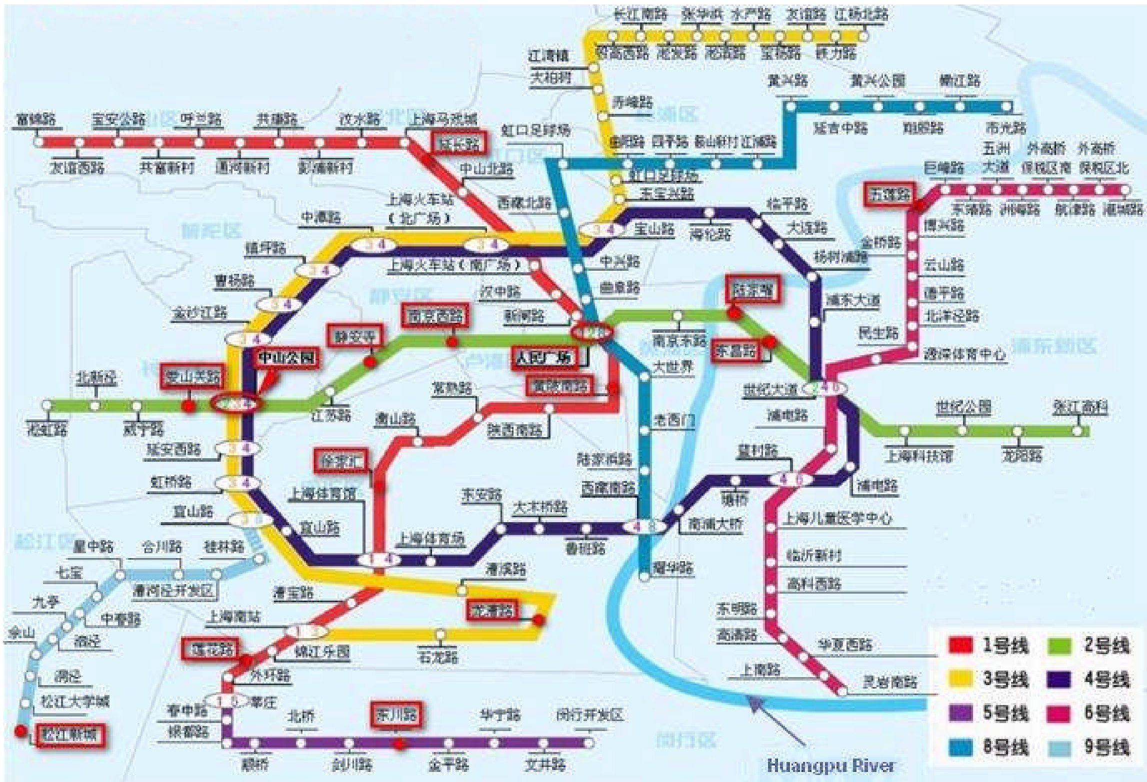
From the data of field surveys, 27 out of 41 visited shopping centres are closely adjacent to the rail transport stations (see Table 4-11 and Pictures 4-127 to 4-131), but most of the rest that have no rail transport support are often found located in the high density of clusering residential-compound area.

Table 4-11 A List of Rapid Rail Stations Relating to Shopping Centres in Shanghai

Shopping Centre	No. of Rail Transport Line	Name of Rail Station	Shopping Centre	No. of Rail-Transport Line	Name of Rail Station
Brilliance South	Line 1	Lianhua Road 莲花路站	Brilliance Shimao International Plaza	Line 1,2,8	People's Square 人民广场站 (Rail Interchange Hub)
Brilliance YouYi-Cheng	Line 10 (under construction)	Songhu Road 淞沪路站	China Resources Time Square	Line 2	Dongchang Road 东昌路站
CITIC Square	Line 2	Nanjing (W) Road 南京西路站	Citycentre Shopping Mall	Line 2	Loushan Guan Road 娄山关路站
Cloud Nine Shopping Mall	Line 2, 3, 4	Zhongshan Park 中山公园站 (Rail Interchange Hub)	Grand Gateway Plaza	Line 1	Xujiahui 徐家汇站
Hongkong Plaza	Line 1	Huangpi (S) Road 黄陂南路站	Infiniti Plaza	Line 1	Huangpi (S) Road 黄陂南路站
Join Buy City Plaza	Line 2	Jingan Temple 静安寺站	Kai Yuan MED Plaza	Line 9	Songjiang New City 松江新城站
Life Hub @ DANING	Line 1	Yanchang Road 延长路站	Longhua Shopping Centre	Line 3	Longcao Road 龙漕路站

Shopping Centre	No. of Rail Transport Line	Name of Rail Station	Shopping Centre	No. of Rail-Transport Line	Name of Rail Station
Metro City	Line 1	Xujiahui 徐家汇站	Metro Town	Line 2, 3, 4	Zhongshan Park 中山公园站 (Rail Interchange Hub)
Millennium Plaza	Line 5	Dongchuan Road 东川路站	New World City	Line 1,2,8	People's Square 人民广场站 (Rail Interchange Hub)
Plaza 66	Line 2	Nanjing (W) Road 南京西路站	Raffles City	Line 1,2,8	People's Square 人民广场站 (Rail Interchange Hub)
Shanghai Times Square	Line 1	Huangpi (S) Road 黄陂南路站	Shanghai Xin Tian Di	Line 1	Huangpi (S) Road 黄陂南路站
Super Brand Mall	Line 2	Lujiazui 陆家嘴站	WANDA Plaza	Line 10 (under con-struction)	Songhu Road 淞沪路站
Wenfeng Mall	Line 6	Wuliang Road 五莲路站	Westgate Mall	Line 2	Nanjing (W) Road 南京西路站
ZHIYE Plaza	Line 5	Dongchuan Road 东川路站			

Picture 4-127 Indicators of Rapid Rail Stations Relating to Shopping Centres



Pictures 4-128 to 4-131

128	129
130	131

128. Xujiahui Station – Grand Gateway Plaza

129. People's Sqaure Station – New World City

130. Zhongshan Park Station – Metro Town

131. Jingan Temple Station – Join Buy City Plaza

Apart from rail transportation, public buses and taxi services also become prerequisite supplementaries to the rapid rail transit. Most shopping centres always have at least more than 5 important bus routes passing by in front of the entrance, and set up their own special taxi waiting station. Last but not least, due to the most popular existance of a hypermarket as an important anchor in the shopping centre, the supplies of free-charge shuttle buses and stations by the centres also become one of the competitive advantages for most shopping centres in Shanghai, which to a certain extent, can be regarded as an unique feature of Chinese shopping centres (see Pictures 4-132 to 4-135).

Pictures 4-132 to 4-135

132	133
134	135

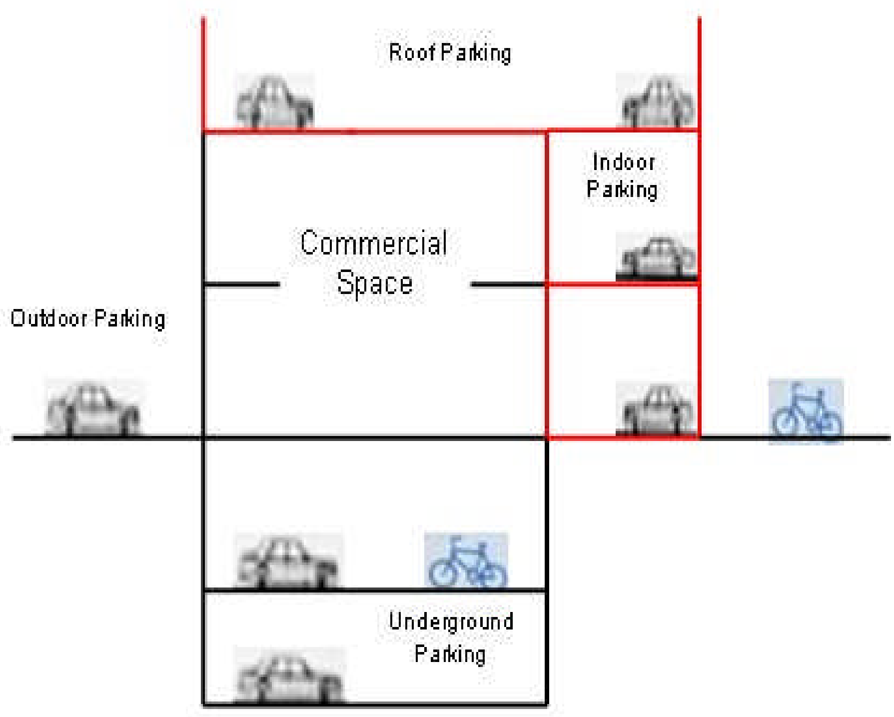
132. Traffic Signpost – Super Brand Mall
133. Free Shuttle Bus – Super Band Mall
134. Bus Station – Qibao Hymall
135. Taxi Station – Qibao Mall

- Feature IV: Bicycle-priority On-site Parking

Though Shanghai is far ahead of other Chinese cities in respect of urban transportation system, over 50% of people still travel by foot and bicycle due to its flexibility and convenience. Therefore, car related on-site parking as a defining characteristic of Western shopping centres is eclipsed by mass-bicycle dominated parking lots in Chinese shopping centres. In other words, owing to the objective conditions, the demand for bicycle parking space is still much higher than automobile requested in the context of Chinese specific urban space.

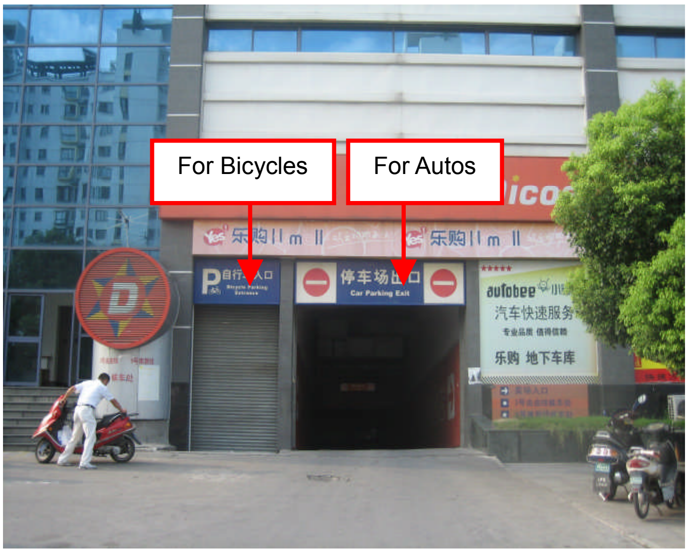
In general, whether the parking is surface or in a structure, it must be carefully planned since the act of parking marks the customer's first contact with the shopping centre, and the experience should be pleasant. The parking area should support the centre's prime role - providing an attractive and convenient marketplace. In Shanghai, due to the limited open-space, many shopping centres, both from the central city and the suburb, integrate their car parking lots into the buildings, most of which are designed to be placed underground, but few are on the roof or on the respective levels (see Figure 4-26). On the other hand, notwithstanding the importance of the bicycle parking, this part of design is often either overlooked or paid less attention to by Chinese shopping centre designers, so that the researcher often met chaotic parking situations during her field surveys. Indeed, as a unique Chinese feature, the design of bicycle parking lots from researcher's point of view is a challenging task. There mainly exist three actual ambivalent problems: (1) for keeping a good shopping centre image as a whole, outdoor bicycle parking is naturally not so agreeable from a visual effect. (2) However, for their convenience, customers would prefer to park outside, and at the same time as near to both the shopping entrance and the street as they can. This is why some of the underground bicycle parking lots set up by the shopping centres finally became a wastespace of unused construction. (3) For safety reasons, the design should strictly separate flows of people, bicycles, and on-site motor-driven vehicles (private cars, taxis and shuttle buses). Overall, parking area, driveway layout, access aisles, individual stall dimensions and arrangements, and pedestrian movements from the parking area to the centre are all major elements of site planning (see Pictures 4-136 to 4-146).

Figure 4-26 Parking Layout of Shanghai Shopping Centres



Note: **Red bold** lines shows that those types of parking designs are rarely found in Shanghai

Bicycle-priority On-site Parking (Pictures 4-136 to 4-140)



136 137
138 139
140

136. Qibao Hymall
137. hk:m Mall
138. & 139. Pudong Hymall
140. Qixin Hymall

A Glance of Chaotic Situation (Pictures 4-141 and 4-142)

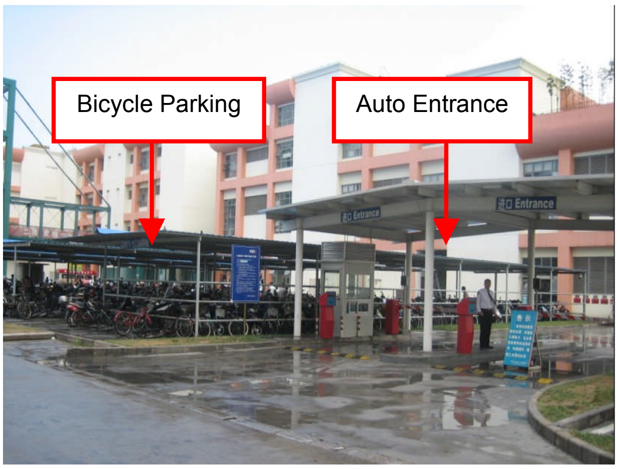
141

142

141. Brilliance South

142. WANDA Plaza

A Good Parking Example (Pictures 4-143 to 4-146)



143

144 145

146

143. & 144. & 145. Brilliance West

146. Qibao Mall

Interior Features

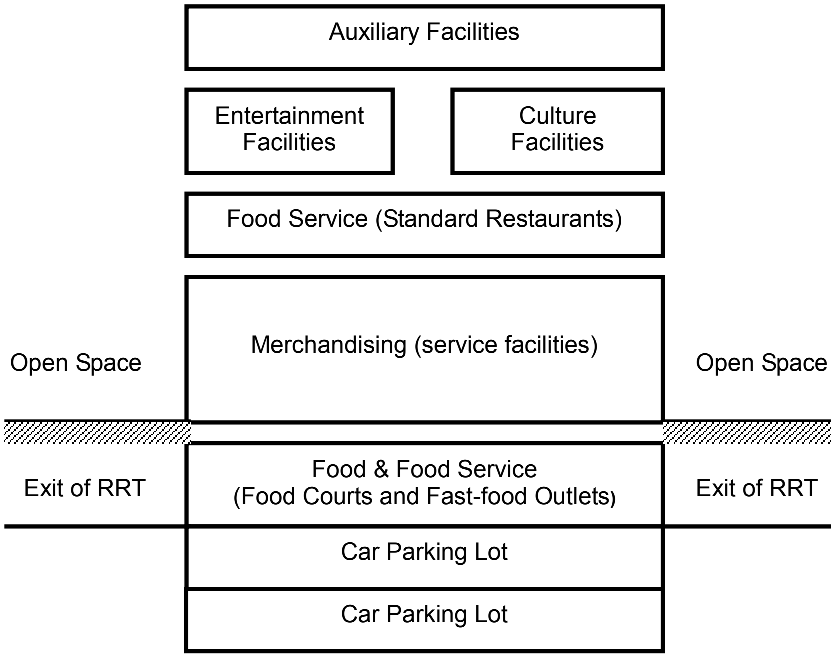
- Feature V: Vertical Spatial Organization

By an analysis of the physical form of shopping centres in Shanghai, it is known that commercial spaces in most centres are distinctively developed in a vertical-upward orientation due to the high density of compact growth. Buildings with 5-9 levels are very widespread and some exceed 10-level height.

In general, high-level merchandising does not suit consumer habits, and the leasing value normally also descends accompanying the ascending level. Hence, the question of how to attract the flow of people to the upper levels so as to maximize the utilization of upper commercial value becomes a crucial point for the spatial organization of all the tenants in the shopping centres of Shanghai.

Based on a location analysis of the tenants in Shanghai shopping centres, a basic spatial arrangement can be generalized as follows (see Figure 4-27):

Figure 4-27 Basic Spatial Arrangement of Tenants in Shanghai Shopping Centres



Of course, multilevel centres of this kind challenge architects, as their design requires a complex evaluation of site use, traffic movement, graphics and amenities. This complexity can be increased further by the demand of providing escalators, elevators, and stairways for circulation. But on the other hand, if tenants' locations can be carefully controlled and distributed to the best advantage for interplay among the shopping levels, multilevel centres will have distinct benefits in marketing. The following are some practical measures implemented by shopping centres in Shanghai.

- Attractive Signage

Signs are the retailer's lifeblood. If the architecture of the centre provides the unity, then the signage for tenants provides identity. In order to allure the traffic flow to the upwards, atriums and areas of vertical circulation between levels are the most popular spaces for shopping centres hanging with gigantic posters. The effect of locating huge signages in the atrium space is to fully make use of the atrium as a space for drawing the customer's eyes upwards towards the transitory least-used sections of the shopping centre while advertisements or the tenant's directory being set near necessities such as escalators and stairs can play a role in attracting and orientating the traffic flow more to the upstairs. Furthermore, big TV screens are often set in a multiangle and multilevel way in the shopping centre, which also has a great effect upon the attraction and gathering of the traffic flow upwards to make the higher levels the focus of attention (see Pictures 4-147 to 4-151).

Pictures 4-147 to 4-151

147	148
149	150

147. Super Brand Mall

148. Cloud Nine Shopping Mall

149. New World City

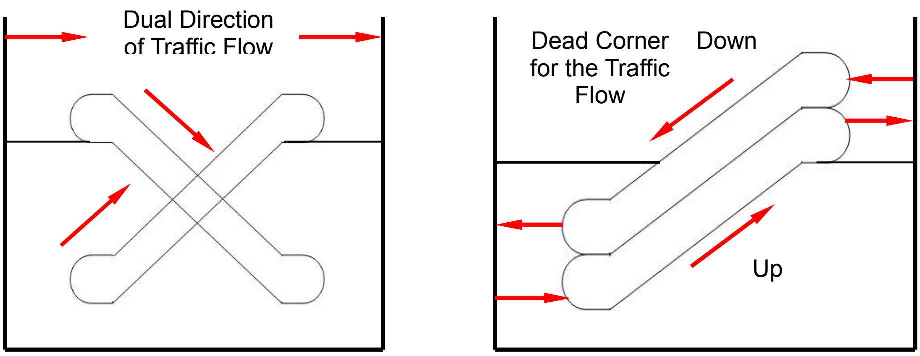
150. Brilliance Shimao International Plaza

Picture 4-151 Grand Gateway Plaza

- Vertical Transportation

In order to organize the traffic movement well in a vertical direction, shopping centres in Shanghai generally place vertical transportation in a comparatively prominent position such as atriums, entrances, central courts or two ends of courts, and generally an interval of 20-40 metres between a set of escalators for the convenience of the customer. The atrium as an interior intersection between horizontal and vertical traffic becomes a mainly focused area for the vertical transportation. To ensure that the customer can make a stop at each level during their up-down movement but not hurriedly pass by, the shopping centre often arranges scissors shape or cross-positioned placement for up-down escalators (see Figure 4-28). In this case, when the customer goes upstairs or downstairs, they have to pass many tenants that maybe were not in their planned targets, so that the stream of people can be evenly distributed over each area, by which a steady flow of people is created in every corner and business opportunities are brought as well to each tenant (see Pictures 4-152 and 4-153). Meanwhile, many long-distance, gigantic escalators are also applied to several regional and super regional centres to transmit customers directly to the higher level floors. In a sense, sometimes not the upper tenants but the splendidness of these escalators themselves makes the customer have an irresistible desire to go upward (see Pictures 4-154 and 4-155).

Figure 4-28 Escalator Arrangement

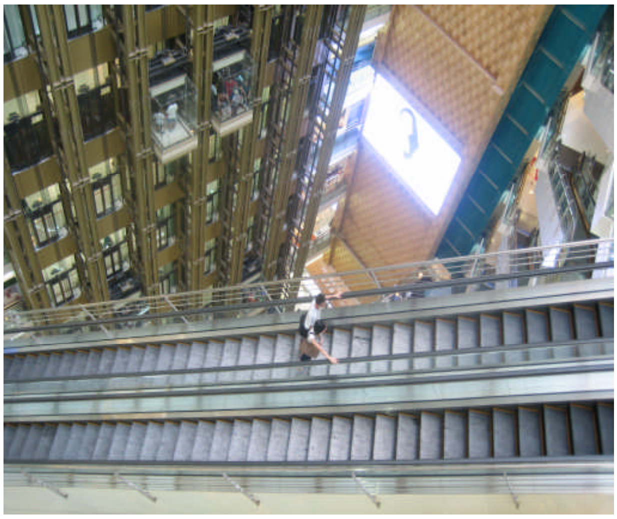


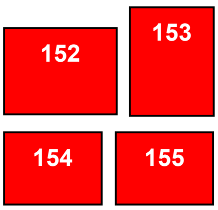
Traffic Flow of scissors shape

Traffic Flow of One Direction

Typical "Scissors" Placement of Escalators
(Pictures 4-152 and 4-153)

Gigantic Escalators (Pictures 4-154 and 4-155)





152. & 153. Shanghai Times Square

154. Cloud Nine Shopping Mall

155. New World City

Moreover, visibility of the various levels, especially for the upper levels is also very imperative, which is regarded as a major aspect of designing multilevel centres. In the researcher's opinion, a good traffic flow design in the shopping centre not only can recognize a good locality for placing the vertical transportation, but also should know how to position the transportation in order to reach a ingenious combination with plane traffic floating-route on each level to form the most efficient overall internal traffic flow. A classic example in Shanghai is CITIC Square on Nanjing (W) Road. In this centre, in order to enhance the customer's visibility of overall space, it uses tri-angle platforms on every floor that jump out of two sides of buildings to create a zigzag structural facade. By this way of design, it not only solves the problem of re-stricted sites and shortens the width of two rows of buildings bringing stores much closr together for the convenience of shoppers in the context of such a high density of commercial area, but the most important thing is that it offers a luxurious isolated space like home balcony built on stilts for the customer to lean out enjoying and gazing at nearly every corner of the shopping environment. Last but not least, to connect both sides, scissors shaped escalators just land on each side of the flap by which they in the meanwhile even meet the passenger's eyes content. This kind of strategic design enhances both traffic flow and people's visibility to the extreme maximum (see Pictures 4-156 to 4-158).

Ingenious Design - CITIC Square (Pictures 4-156 to 4-158)

156 157

Picture 4-158

Apart from escalators, elevators or bridges can also draw the customer's purchasing power to a second gallery on the upper level and provide additional visual exposure to the stores in the gallery area, which are often applied to the vertical design of shopping centres in Shanghai, too. The inclusion of the atrium and the strategic placement of escalators within the direct vision of the glass-walled lifts thus functions in a similar manner to the towers and vantage points constructed at the great nineteenth-century exhibitions, by making the visitor both a spectator and a spectacle. Besides, bridges are used to connect both sides of upper levels and to offer dramatic views of activity on each side of levels (see Pictures 4-159 to 4-163).

Picture 4-159

Brilliance West

160. Join Buy City Plaza

161. Raffles City

162. Grand Gateway Plaza

163. Kai Yuan MED Plaza

- Vertical Placement of Tenants

The plan of interior traffic flow of customers is the soul of shopping centre design. The basic requirement of the design is guiding the stream of people past tenants as fully as possible, so as to make sure that every tenant has enough visitors, every square metre space could create a joyful experience and every shop in the end can earn as high a volume of business as possible. Generally, most shopping centre tenants believe their customer drawing power relies on a well-designed connection between smaller tenants and the major stores. According to the rule of business operation, the tenant's turnover and the quantity of the people past the store make direct proportion. Thus how to plan the route of pedestrian flow well to make each shop be an effective magnet becomes the basic precondition for the commercial plan of shopping centres.

Before touching upon the analysis of placement of tenants, a basic concept needs to be clarified. From researcher's point of view, tenants in the shopping centre actually can be divided into 3 layers in respect of the function, that is, anchors, attractors and general tenants. The latter two can be together named “satellite tenants” or “supplementary tenants”.

From the spatial organization, anchors play a role of stabilizing / balancing the whole physical structure of a shopping centre so as to CONTROL the frequency/flow of population, i.e. to ensure that shoppers must pass the storefronts of supplementary tenants to reach them. Without anchors, the shopper could neglect the satellite tenants, especially general ones. In a word, anchors are helpful to make full use of all the commercial space in the shopping centre including the dead corner.

From a functional perspective, attractors play a role of FORMing the frequency/flow of population, i.e. attracting the people's interests for their frequent visiting like a magnet, e.g. famous branding shops (normally retail chains), good images, variety of functions, mixed-use environment, urban atmosphere, quality of public space and amenities etc. In a word, all context-related and multi-dimensional magnets in the shopping centre are regarded as attractors by the researcher. In a certain sense, a well designed shopping centre on its own is also an attractor.

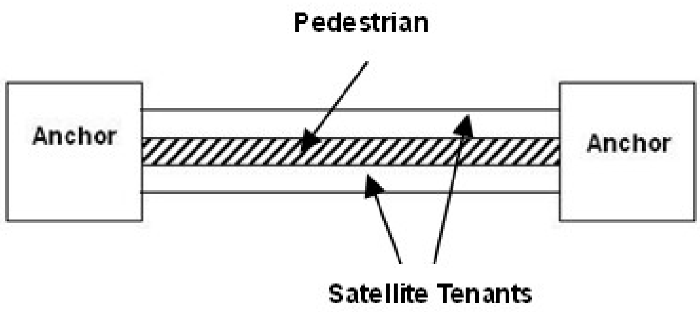
Anchors and attractors always interplay/interfere with each other. In other words, attractors sometimes can play an anchor role to organize the frequency of population while anchors can also play a magnetic role to create the frequency of population – Shanghai Times Square for example (see Pictures: Dumbell Shape Case II).

Following an increase of brand consciousness among the consumers, more and more strong brand name retailers have come to the market such as mentioned C&A, H&M and Zara, which also play a pivotal role in pulling quite a lot of purchasing power in the shopping centre. The researcher defines them as centres' attractors.

A plan of pedestrian flow in the shopping centre normally is decided by the shape of the block, the locality of the entrance, and the arrangement of the anchor. Provided the two former are ascertained, a more rational placement of anchors can achieve a more reasonable arrangement of the traffic flow so as to foster business in general tenants. In Shanghai, placement of anchors in the shopping centre can be generalized into following types based on individual layout:

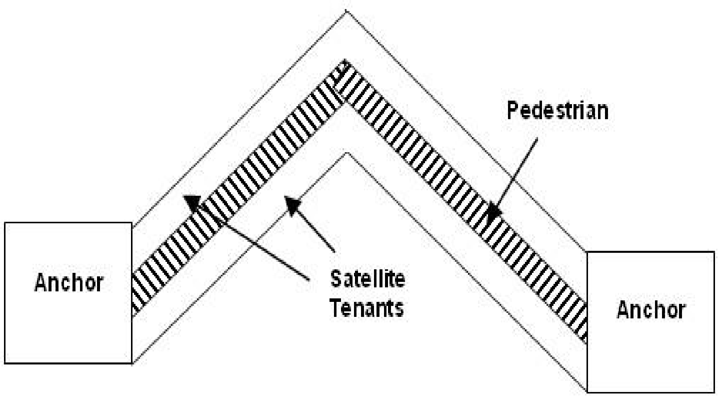
For the linear and dumbbell shape of the shopping centre, anchors are usually placed at opposite ends of a walkway, and satellite tenants are situated in-between. In this case, the supplementary tenants can enjoy more pedestrian flow and realize the purpose of interplaying resources with two ends of anchors (see Figure 4-29 and Picture 4-164). A representative of this type is Brilliance West. Take its 2nd floor for example. On one end of L is Centurymart Lianhua (hypermarket), and on the other end is Friendship Department Store (see Figure 4-30 and Pictures 4-165 to 4-167).

Figure 4-29 Placement of Anchors for Linear and Dumbbell Shaped Shopping Centres



Picture 4-164 Brilliance YouYiCheng

Figure 4-30 Placement of Anchors in Brilliance West, Shanghai



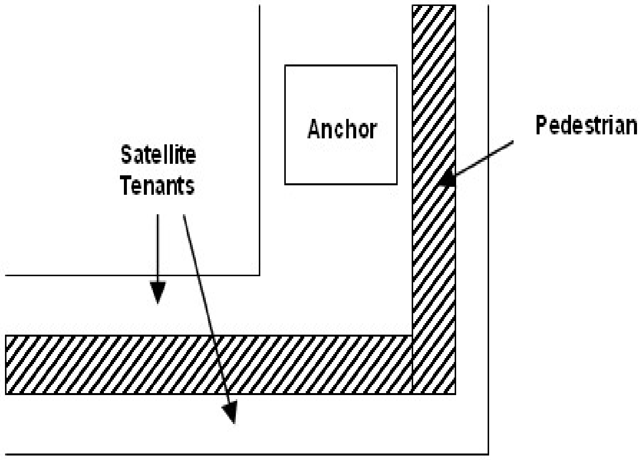
165 166
167

165. & 166. & 167.

Brilliance West

However, for the centres of MM21 and ROBINSONS Galleria, they create another type of traffic movement. Although these two shopping centres also belong to L shape of layouts, they locate their anchors in the middle area, and supplementary tenants are placed surrounding them to form a scattered distribution. The core of this arrangement lies in the fact that if the anchor is placed in the central area, a kind of commercial centre can come into being in the shopping centre, which usually has a function of attracting the flow of people, so that an effect of gathering and dispering the crowd can be reached. This not only promotes the business of anchor shops, but also prospers the dealings of satellite tenants, which realizes an entire interplay among all the commercial elements in a benign way (see Figure 4-31 and Pictures 4-168 and 4-169).

Figure 4-31 Placement of Anchors in MM21, Shanghai



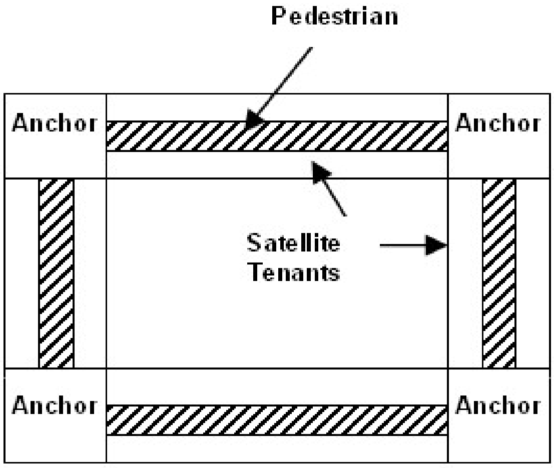
168 **169**

168. & 169. MM21

With regard to square-shaped shopping centres in Shanghai, it has been already mentioned in Feature II that there is a very distinctive seperation between anchors and supplementary tenants in the whole arrangement of the tenants, and the area these two parts occupy are nearly equal. Amazingly, it is also found that most of this kind of arranged pattern of shopping centres are developed either by local joint stockholding companies or by Hongkong/Taiwan related investors. This special arrangement of anchors in Shanghai shopping centres from researcher's opinion could also be regarded as a typical Chinese feature.

For the Square shape of cluster centres in Shanghai, anchors are often evenly distributed to the four corners to stabilize the whole structure of centre and tightly control the pedestrian flow in a circulating way (see Figure 4-32 and Pictures 4-170 and 4-171).

Figure 4-32 Placement of Anchors for Square Shaped Cluster Shopping Centres



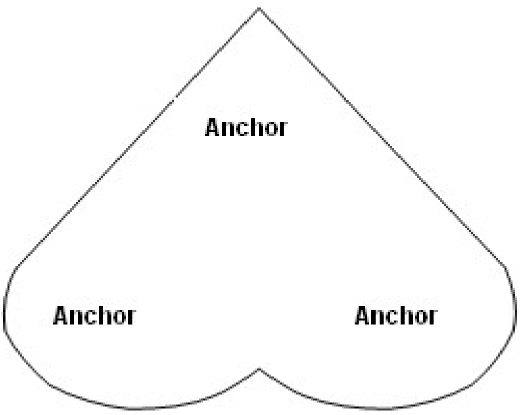
170 171

170. Life Hub @ DANING

171. WANDA Plaza

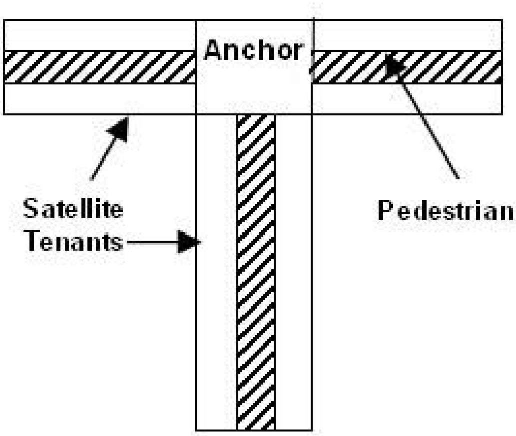
Moreover, in respect of fan shaped centre and T shape of cluster one, the placement of anchors strictly follows the geometric rule and they are pinpointed at the nodes of traffic movement (see Figures 4-33 and 4-34, and Pictures 4-172 to 4-174).

Figure 4-33 Placement of Anchors for Fan Shaped Shopping Centres



Picture 4-172 Cloud Nine Shopping Mall

Figure 4-34 Placement of Anchors for T-Shaped Shopping Centres



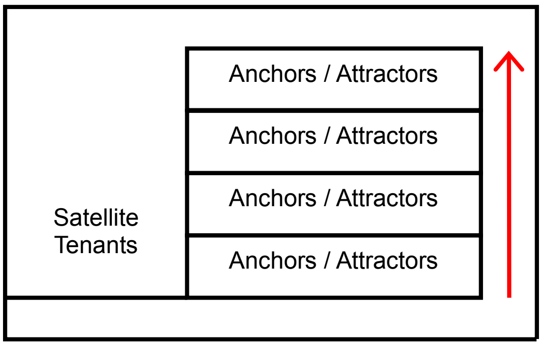
173 174

173. & 174. Thumb Plaza

In order to manipulate the pedestrian flow not only horizontally moving along the walkway but much more importantly rising vertically, shopping centres in Shanghai do not often allow the anchors and even attractors to fully occupy only one layer of floor in a structure, but request the same anchor/attractor to reside at a part of space vertically on several levels, by which it is believed that they can bring the functions of assembling and guiding the flow of people into full play, especially to achieve big success for business on the more upper levels and at the same time enhance the commercial value of general tenants on the same layer (see Figure 4-35). For example, Theme Department Store in Brilliance YouYiCheng covering 6 floors; Parkson Department Store in Citycentre shopping Mall occupying also 6 floors including B1; ISETAN Department Store in Westgate Mall dominating 7 floors (see Pictures: Square Shape A Type Case III); H&M and ZARA apparel chains both taking 2 floors in Super Brand Mall (see Picture 4-175) and Shanghai Times Square respectively.

Figure 4-35

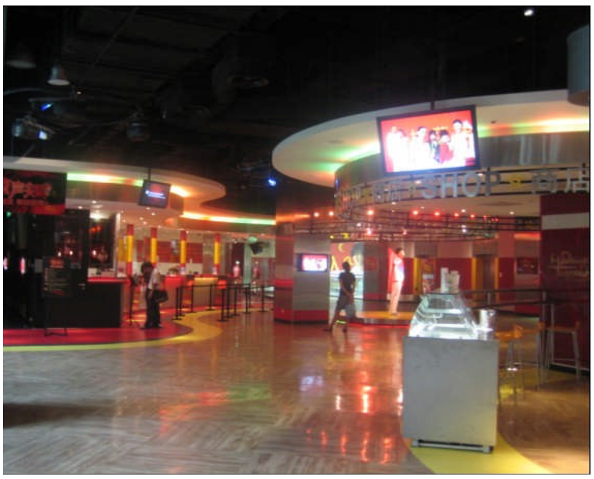
Vertical Arrangement of Anchor/Attractor Tenants in Shanghai Shopping Centres



Picture 4-175 H&M on the 1st & 2nd Floors – Super Brand Mall

In addition, many shopping centres in Shanghai also on purpose locate their culture and entertainment tenants on the top or upper floors, such as cinemas, skating rinks, KTVs, children playgrounds etc. so as to create a magnetic effect for the pedestrian flow upward. Through this way of arrangement, not only is the commercial value of high-level tenants elevated, but also the value as a whole centre realizes its maximum. In this respect, it is worth mentioning the highest shopping centre in Shanghai, New World City. In 2006, the centre innovatively rented its more than 9,000 square metre space on the 10th floor to the world famous wax museum "Madame Tussauds". Since its opening, the museum daily receives nearly 4,000 visitors on average, the result of which is greatly motivating nearly all the retailing business in the centre to brisk up (see Pictures 4-176 to 4-179).

Wax Museum on the 10th Floor - New World City (Pictures 4-176 and 4-177)



178 179

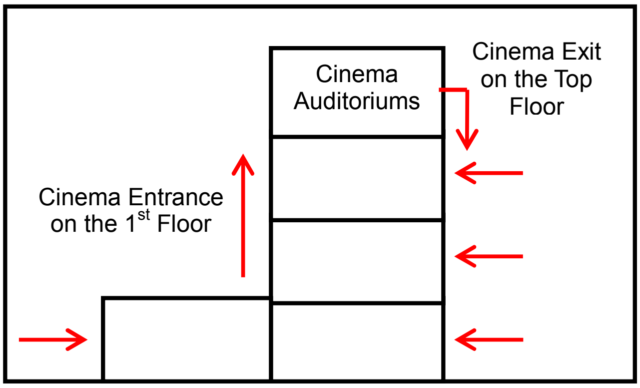
178. & 179. Skating Rink on the 8th Floor - Super Brand Mall

Cinemas as another entertainment component are usually a top priority for the consideration of recreational facilities in Shanghai shopping centres. The reason is that the investment in the cinema on one hand can increase the entertaining element in the centre; on the other hand, it is easy to recover costs and realize investment return due to its mass popularity. In Shanghai, since the cost of land is highly expensive, especially in the inner area, it is impossible to invest in large-scale entertaining facilities such as an artificial lake and submarine like in West Edmonton Mall in Canada. Thus most shopping centres choose cinemas as their main recreational tenants. At present, new-generation, multiscreen cinemas have grown significantly in Shanghai shopping centres. For example, Yonghua multiplex cinema in Grand Gateway Plaza owns 11 multiple auditoriums; Stellar cinema city in Super Brand Mall possesses 7 screens; UME cinema in Xin Tian Di and Huanyi Film City in Westgate Mall also have 6 screens individually.

In general, cinemas in Shanghai shopping centres run quite well. The success resides in the fact that the designer does not simply regard the cinema as a pastime facility, but takes advantage of its big drawing power to form another pedestrian floating route in the centre. For example, Yonghua cinema of Grand Gateway Plaza deliberately located its entrance on the 1st floor in the wing building outside the centre, but its exit is situated on the top of 6th floor in the main building. This ingenious design on one hand relieves certain pressure on the volume of pedestrian flow at the entrance of shopping centre by separating cinema audience from centre shoppers, but on the other hand, after the shows, the audience instantaneously becomes a new flow of shoppers, and by its busy up-down traffic movement many business opportunities for the centre tenants, especially for the tenants on the higher levels are created. Usually, the cinema is never settled on the 1st floor in Shanghai shopping centres. However the entrance of it in this case is innovatively placed on the 1st floor to guide the pedestrian flow uprising, the design of which cannot but be regarded as a successful example (see Figure 4-36, and Pictures 4-180 and 4-181).

Figure 4-36

Cinema Configuration in
Grand Gateway Plaza, Shanghai



180

181

Yonghua cinema - Grand Gateway Plaza

180. Cinema Entrance – 1st Floor

181. Cinema Exit – 6th Floor

Food and food service is another very important consitutent of shopping centre in Shanghai. As shown in the previous analysis on tenant mix, these two parts actually take nearly 18% among all the tenant categories in the centre. By successfully bringing variety of gourmet food into the centre, the shopping centre in Shanghai not only realizes its rental income, but also takes full advantage of the charm of three meals a day to create another magnetic pulling purchasing-power into the centre.

Placement of food tenants is also very emphasized by centre designers in Shanghai. At present, most shopping centres in Shanghai generally implement clustering arrangement of its food service, in other words, there are two common localities for placing a big area of food service: the underground Level 1-2 and the top Level 1-2. These two parts of areas have different functions.

Food courts, consisting of a cluster of quick-service food stands grouped around a common or open seating area, are usually collocated with chain fast-food outlets at the underground in most of the shopping centres in Shanghai. The intention of this arrangement for the designer is to create the busiest commercial atmosphere so that the greatest numbr of people can be allured into the centre (see Pictures 4-182 to 4-184). From the resercher's point of view, shopping centres in Shanghai just choose the right food service format in the right place. First, because of the modest price, comfortable environment and convenient service, both food courts and fast-food outlets are very popular among customers from all walks of life in Shanghai. For food courts, generally the main purpose is creating a festive atmosphere as well as a synergy that will result in a high volume of sales and customer traffic for the centre. Sometimes they may have a single operator (master tenant) behind a facade of differing menus, giving only the illusion of diversity. At present, Megabite, a Singaporean-invested food court, is the most popular chain of such a kind in several of the shopping centres of Shanghai, such as, Westgate Mall, Metro City, Raffles City and Hongkong Plaza (see Picture 4-185). For fast-food outlets, most of them are famous food chains with the same standards of design. The most famous outlets that are often found in the shopping centre of Shanghai are KFC, Macdonald, Pizza Hut and Ajisen Ramen (Japanese Cuisine).

Second, underground floors of most shopping centres in Shanghai have direct entrances connected with underground stations for the rapid rail transport - that is, the most heavy traffic area, especially during the peak time. Hence, undoubtedly, with a clever combination of these two things, an endless stream of people pours into the shopping centre from all directions of the city, which to a certain extent makes the shopping centre itself a more popular attractor than ever. Here, it is worthwhile mentioning Metro City. Food service facilities at underground normally are designed into a completely enclosed structure, in other words, an invisible section for the people above the ground in most of the shopping centres in Shanghai. However, the design of Metro City bravely dismantles the ceiling of underground level 1 and openly displays a grand dining spectacle to all the customers, through which a prosperous business atmosphere is further set off (see Pictures 4-186 and 4-187). Obviously, a different cultural and social background indeed produces varying space content. The Western shopping centre usually reveals a Western way of social and public life while the Chinese shopping centre often puts more emphasis on displaying Chinese food culture.

182 183
184

Food & Food Service under Level 1 (B1)

182. & 183. Join Buy City Plaza

184. New World City

185 **186**
187

Megabite – Food-Court Chain

185. & 186. Metro City

187. Raffles City

On the other hand, a broad range of places on the top two levels of the centre is usually offered to many standardized fancier restaurants. Most of their customers are often either from centre shoppers or from white-collar professionals who work in a high-rise office building that normally is one of the main parts belonging to the mixed-use development. Restaurants located on the top levels also show designers' intention that they are trying to take complete advantage of Chinese feature of Loving Eating to pull the customer traffic moving upwards and make them the other magnetic pole to the underground food service. According to statistics, 85% of American customers who visit the shopping centre will have a meal inside, but it should be noticed that most of these Americans go to the centre by cars and in general, shopping is usually once a week. Thus dining motivation in the shopping centre for them is of infrequency, and food variety usually is also quite limited. However, restaurants in shopping centres of Shanghai are with the characteristic of 365 days' civilian dining table. Table delicacies are of common occurrence. Moreover, before or after dinings, customers certainly will often ramble in the centre, so that purchasing could happen at any time. From this perspective, it is also necessary and reasonable to place the restaurants on the top levels of the shopping centre in Shanghai (see Pictures 4-188 to 4-191).

188 189
190 191

188. A Cluster of Restaurants (5^{th} Floor) – Super Brand Mall

189. A Romantic Tea House (5^{th} Floor) – Grand Gateway Plaza

190. A Balcony Restaurant (top Floor) – Metro Town

191. A Traditional Chinese Restaurant (5^{th} Floor) – Brilliance South

- Feature VI Inattentive Public Space

In the Western understanding, the invention of malls is a way of producing new town centres, the success of which is not only identifying shopping as part of a larger web of human commercial activities, but integrating with public life of cultural enrichment and relaxation. Thus the mall design is encouraged to include as many nonretail functions as possible, adding cultural, artistic and social events. As a result, malls are in the end without exception private places faking public spaces, committed to intensive urban landscape, elements and activities. Natually, the physical manifestation of this "ambiguity" of the space – arcades and atriums combined with magic glass are heavily applied to the shopping centre designs to make a real tempting space[108].

However, from a historical comparision of the commercial space between the West and China, it is learned that China is a non-public (civic) culture country. When the Western public-life rooted shopping centre is transplanted to the Chinese urban context, it is understood and interpreted in different ways, that is,

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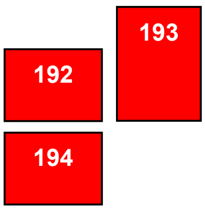
[108] Refer to 1.2 Tempting Space from Socio-cultural Perspective

- Staging Architecture

For the Western shopping centre, staging urban/public space in the centre is the most important stragegy to give the customers a "flaneur" feeling of space-perception - reading the city landscape in the private living room, which makes their roaming usable for merchandise turnovers. Hence, a walkway in the centre is shaped by extroverted facades of store buildings and decorated by strong urban elements under a transparent roof to create a kind of illusional atmosphere (see Pictures 4-192 and 4-193). On the contrary, public-related staging is not Chinese feature. Traditionally, Chinese buildings are all introverted and stage in the private, for example, Chinese Siheyuan, so that most of the open space formed into pubic space in the Western shopping centre is mostly converted into purely commercial space in the Chinese one. As a result, the usage of glass technique naturally is also not so strongly requested like the West centre. In other words, staging of the open space is much less in the Chinese shopping centre. Public life for Chinese is a totally new thing, which is clearly embodied in the spatial organization in the Shopping Centres of Shanghai (see Pictures 4-194 and 4-195).



192. & 193. Staging to the Public

– Shopping Centre in Flensburg

194. Staging to the Private

– Metro City

Picture 4-195 Staging to the Private – Metro City

Although some shopping centres in Shanghai have been trying to integrate some urban elements or wholly stage urban space in the shopping centre, owing to inexperience of public life or not really understanding the philosophical meaning of the arcade, they often create a fake urban space in the forever nightlight except the small scale of Metro town in this respect that could show Western concept somehow (see Pictures 4-196 to 4-206).

196 197
198

196. Shanghai Times Square

197. Cloud Nine Shopping Mall

198. Metro Town

199 200

199. & 200. Metro Town

201 202
203

201. & 202. & 203.

Fake of Urban Space – Infiniti Plaza

204 205
206

204. & 205. & 206.

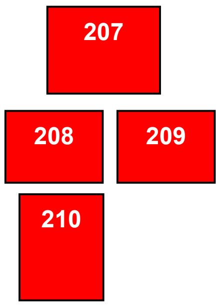
Fake of Urban Space – Infiniti Plaza

- Public Functional Space

In the West, arcades and atriums as key architectural elements in the shopping centre play major public and civic roles apart from their commercial function. The arcade blurred the boundary between inside and outside, store and street, and mall and urban setting, which was designed for a luxurious stroll – for public promenading. Hence, arcades not only house elegant shops, but also accommodate cafes, public libraries, speakers' corners, exhibits or street performance etc. In general, a diversified civic culture full of entertainment, events, density and crowds – public spaces where potential shoppers could congregate.

The atrium space as a central meeting place not only serves to encourage traffic flow and movement within the centre - to continually guide shoppers to interesting spaces ahead of them – but the natural light also works in a similar manner to stage lighting in order to develop an increased sense of public space where the anonymous shoppers, who are attracted by the magnet of the crowd, can view the comings and goings.

On the contrary, in the shopping centre of Shanghai, the mainly social space of arcade in the Western eyes has been used as absolute consumer space combined with basic mobility and accessibility functions. And the atrium that usually highlights the Western social and public way of lifestyle, for instance, an elegant coffee shop placed under the atrium space or civic amenities such as fountains, benches, small parks, public art and public services now is alternatively applied to either commercial purpose for promoting new commodities or showing the grandness of the centre on its own leaving it vacant. This all tells a story that there is no sign of civic life in the shopping centre of China (see Pictures 4-207 to 4-218).



207. Fake of Public Space

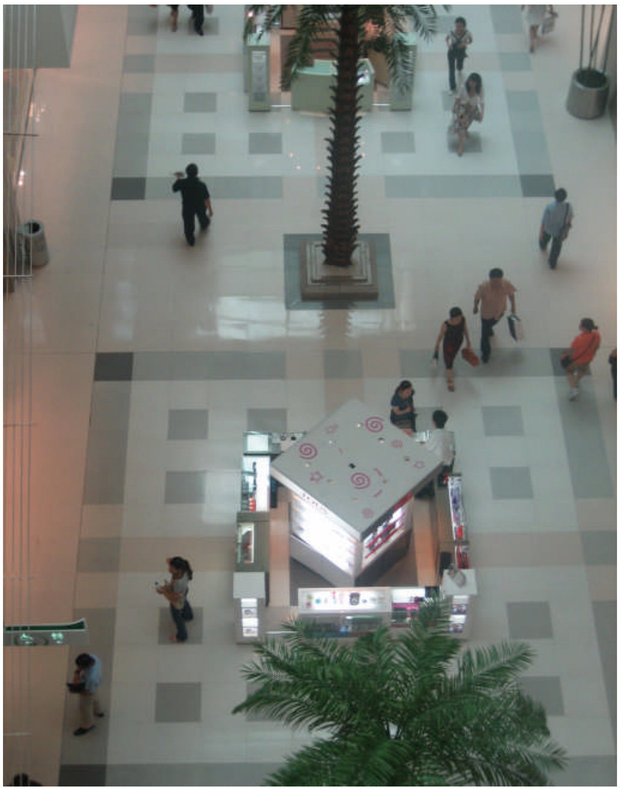
– Westgate Shopping Centre in Oxford

208. & 209. Commercialized Space

– ZHIYE Plaza

210. Commercialized Arcades

– Shanghai Times Square



211 **212**

Commercialized Arcades

211. Cloud Nine Shopping Mall

212. Grand Gateway Plaza

Picture **213.** For the Public: Königs Galerie in Kassel

Highlight the public and social life

Coffee shop situated under the atrium space on the B1

Sight Shot: public care; pleasing the public

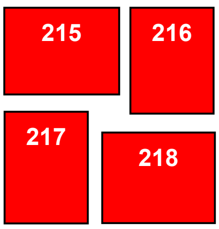
213 **214**

Picture **214.** For the Business: Grand Gateway Plaza

Highlight/Promote the commodity

Costa Coffee standing out on the L2 to promote the individual business and attract customers

Sight Shot: coffee customers emphasized; pleasing the coffee drinkers



Commercialized Atrium

215. Brilliance South

216. Westgate Mall

217. Citycentre Shopping Mall

218. Brilliance YouYiCheng

- Public / Civic Amenities

Undoubtedly, as "public spaces", most Western shopping centres try their utmost to integrate public-associated elements, especially civic amenities into their centre designs. Many experts view public and civic functions as integral to a shopping centre, which are resources, conveniences, facilities or benefits offered to the general pubic for their use and/or enjoyment, because they know that public amenities are not added simply out of civic-mindedness, but they are a way to help create atmosphere and keep customers entertained and excited in the centre so that they can be captured for longer and longer periods of stay, which makes the shopping centre more profitable. The Western shopping centre generally is a civic design after all.

On the other hand, strongly driven by the market economy and traditionally influenced by non-public culture, the shopping centre in Shanghai is a purely commercial design. The lack of resting places and public amenities became the most cited complaints from the visitors when the researcher randomly interviewed some customers during her field surveys (see Pictures 4-219 to 4-221). Once a shopping centre customer said to the researcher "the building makes me mad (fascinated), abundant choice of commodity makes me madder (excited), but no free place for me to have a rest makes me maddest (annoyed)."

All in all, in contrast to the Western experiment with ways to draw the public to the shopping centre by delving into pertinent forms of civic design and public space, the shopping centre in China in general is nearly an absolutely commercial-orientated design.

219 220
221

The public giving way to business

219. Raffles City

220. Brilliance South

221. Qibao Mall

4.2.3 Discovered Operational and Managerial Problems of the Transforming Process

Although the study of operation and management of a shopping centre is not a main targeted theme in this thesis, as an essential and crucial sector for the success of a shopping centre the researcher deems it necessary to pose the following problems arising from Chinese shopping centres that have curbed the benign development of the shoppng centre in China and placed the challenge to the forefront of centre managerial concern so that a further understanding of the subject can be gained.

- Overly fast development of shopping centres in China bringing about a deviation between the scale and structure

From the above analysis of shopping centre development in China, it is learned that since the late 1990s, China has started to be busy in constructing shopping centres. Within only one Year of 2005, it finished building nearly 100 shopping centres nationwide. To a certain extent, the shopping centre industry has become another new hot investment focus in China within recent years. The building scale of the centres also tends to be bigger and bigger. Some are around 100,000 m^2, some are 200,000 m^2 and some are even more that 500,000 m^2.

For the shopping centre in Western countries, the mainly targeted customers are middle class, because this group of people has appreciable income and occupies the majority of the whole population, so that it is the major consumption group for the shopping centre. Conversely, the population of affluent middle class in China still far lags behind Western countries. At present, the population that can reach the middle-class level is roughly 11.5% of China's population, that is, 151 million.[109] In other words, current moderate-income households in China cannot afford so many giant shopping centres. In China, the construction scale and speed of the shopping centre has been discrete from the reality and actual conditions of its economic development and social structure, and it does not conform to the reasonable request for an apt, standard and steady development. Therefore, if such a situation cannot be regulated in time, it will result in the same situation that occurred to the department store in China where a massive construction inevitably led to excessive competition in the end.

- The shortage of financing leading to an abnormal operation and management

The shopping centre is no longer simply a real estate operation; it is a complex merchandising business. The distinguishable managerial feature of shopping centres from other retailing formats is its high division of labour and close co-operation among the owner/developer, the operator/manager and the merchant, which is called the managerial mode of the shopping centre.

Since the capital cost for a shopping centre project normally is comparatively very high, and also since China's legislation of Industrial Investment Funds and its relevant law regulations still do not appear on the stage when REITs in Western countries, especially in U.S.A. has already been very mature, there are many obstacles for domestic developers sourcing their financing supports. Moreover, China does not yet have many experienced professional shopping centre developers, and most of them lack expertise in shopping centre development and management. Thus, under conditions without REITS support, most domestic developers currently rely on two major sources of financing for shopping centre development - bank loans and being

[109] In 2006, total population in China is 1.3 billion. Present estimates of "middle class" in China range from 100 million to 247 million, depending on how much income renders one "middle class".

in collaboration with Trust and Investment Corporation. Unlike foreign shopping centre investors in China who make use of their own capital strength and much know-how to directly invest or participate in commercial projects especially in shopping centre development and its self-management and operation, Chinese developers who wholly depend on their own funds to develop a shopping centre seem to be an exceptional case. Even if they collect funds from private investors, in order to evade the barrier of a lack of legal basis, the Chinese developers either set up an investment organization or a fund-management corporation for establishing a para-fund[110] or register a fund-organization abroad and operate from home. All in all, during a rapid growth period of shopping centre development in China, exploring more channels for sources of financing becomes the first and foremost issue for China's commercial real estate.

Owing to a shortage of finance, a certain number of Chinese private developers take the operational measure of leasing only the anchor retail spaces, and selling the smaller units to independent retailers or to individual investors, turning the centre into a total condominium complex in order to make a quick profit. Once the tenants become the proprietors, they will decide business items according to their own market judgement, and the management's ability to control the desired tenant mix is therefore lost. As consequency, the shopping centre as a form of retail institution is disrupted since it deviates from its true operational and managerial mode, and an image of the shopping centre as a whole with unified marketing and promotion, unified spatial organization and unified co-ordination. Furthermore, a kind of reciprocal or dependent relationship among the tenants is also getting loosely organized. Therefore, in some shopping centres this leads to undue competition within the centre, poor performace, and high vacancy rates.

- Inappropriate Market Position, Identical Operation without distinctive characteristics

At the moment, many shopping centres which opened in China often present a scene of unprosperity. On one hand, this is because China's industrialization is not as developed as in Western countries, so that there do not exist many and varied resources of retail brands to satisfy such a versatile and giant retail format - shopping centre - instantly. But on the other hand, it is also because the development of shopping centres in China did not experience a gradual development process, but was stimulated into a leapfrogging process by various foreign capitals and diversified ways of merchandising business under immature market conditions, which naturally not only resulted in a high ratio of homogeneity and imitation, but also brought about much the same but with minor differences in content setting and brand import, so that the operation of the shopping centre as a whole was short of individuality and distinctive image which made it hard to get competitive advantages among a pool of different retail formats.

[110] Chinese word: 准基金 (zhun ji jin)

Conclusions

In conclusion, the remainder of this thesis summarises the major findings to the initial research question raised in the introduction of how a Western concept of shopping centre adapts to or integrates into a specific Chinese urban space. In order to approach the answers, this thesis firstly attempted to figure out what a standard concept of Western shopping centre is. By drawing on a systematically interdisciplinary literature review from the perspectives of economics and management, socio-culture and architecture-planning, an overall understanding the essence of the shoppng centre has been reached (Chapter I).

Regarded the shopping centre as one of the many emerging retail formats, overview of current literature started with an exploration of five main evolutionary rules of retail institution, that is, a) wheel of retailing, b) retail life cycle, c) retail accordion theory d) dialectic process and e) natural selection theory. By reviewing these evolutionary rules of retail institution, it not only helped a better understanding of how the new forms of retail institutions develop, but more importantly strengthened Chapter III on the analysis of evolution of shopping centres.

The theories of inter-store externalities associated with the retail agglomeration were also discussed in this part. Since the shopping centre as a well planned, designed and managed unit that contains the agglomeration of selected multiple retailers and commercial service providers, the studies of the positive inter-store externalities (also called demand externalities) become a hot research topic and draw many scholars' attention. These inter-store effects as a result of significant agglomeration economies have a broader content, which includes not only the spillover of customer drawing power of the anchor tenants, but also compatibility and complementarity among tenants, enhancement of the shopping atmosphere and resulting sales efforts, shopper circulation and the public services and facilities provided by the shopping centre. These positive interactive effects are all the sources generating increasing returns, so that they become a crucial point for the management and operation in the shopping centre.

Following that, from socio-cultural perspective, a discussion of a place-based retail shopping including shopping experience, shopping space/environment and shopping role in urban life was unfolded. In particular, the socio-cultural understanding of old marketplaces and magic arcades from 19th century invention, as two architectural spaces designed for a certain-period form of urban consumption, which are closely related to modern shopping centres, were emphatically explored.

After discussing key debates concerned with socio-cultural understanding of a place-based retail shopping, the review of shopping centres from an architecture-planning perspective looked at three prominent shopping centre builders - Victor Gruen, James Rouse and Jon Jerde. Victor Gruen, as the father of the shopping centre, was the first of these three that made clear the connection of the marketplace - retail shopping - with the idea of centre. His philosophy of shopping centre design was elaborated in this section. By examining respective theoretical underpinnings of these three persons' works, the heart idea of the invention and design of the shopping centre was explicitly understood.

For further probing into the concept, the shopping centre itself as a unique, commercial land use and building type was examined to disclose its distinctions from other forms of commercial retail development (Chapter II). The whole chapter explained the concept of shopping centre from the following five key dimensions, that is, the definition of the shopping centre, the basic constitution of the shopping centre, the typology of the shopping centre, the features of the shopping centre and the preconditions for development of the shopping centre. Although these first two chapters were very fundamental, they paved the solid way for the succeeding two important chapters.

Then, in order to ascertain how the Western concept of shopping centre is being understood and evolved in China compared with its development in the West (Chapter III), the thesis firstly located a historical comparison of the commercial space between the West and China. The results are highly encouraging. Through the analysis of representative commercial spaces - European Plaza and Ancient Chinese "Shi Jing", it was discovered that there never existed a comparable urban space to the European Plaza in the history of China's urban construction, which was decided by the considerable discrepancy in China's political structure and a specified configuration of traditional Chinese urban space arising therefrom. Shi Jing life from the history replaced the plaza culture in China playing an important role in the development of Chinese commercial space. However, it was noticed that Chinese Shi Jing could not forever attain enough public value to evolve into a European style of plaza that is as an integration of political, economic, religious, and social and leisure activities. European Plaza was an open public space while Chinese Shi Jing was more or less an open commercial space. Even more interesting was the fact that Shi Jing taking the linear street or walled courtyard as its spatial form lasted more than 1000 years after Song Dynasty and gradually developed into modern Chinese commercial space.

The investigation of commercial spaces from the history between the West and China revealed several influential facts on the shopping centre development in China. Firstly, the Western shopping centre in China is misinterpreted as a mono-function (commerce) of modern style of Chinese marketplace (Shi Jing). Secondly, "Centrality" as the key concept of the Western shopping centre becomes much weaker under the specific Chinese urban background. The shopping centre in China mainly plays a supporting or strengthening role to the original commercial centre, but not acting as a revitalizing, not even an overwhelming or a competing role. Thirdly, owing to the lack of awareness of public and social life, the non-profitable public space and its facilities in the shopping centre of China occupy much less scale, and sometimes even are neglected by the designs.

Following the above, the development of the shopping centre itself in both China and, as a representative of the West, the United States was examined. Through the analysis of the background for the development of the shopping centre in respect of economic and retailing situations, urban development and transportation conditions in both countries, it exhibited several significant differences. First of all, several policies of China's retailing industry issued by the central government were the driving force for the advent of the shopping centre in China, although economic indicators such as GDP, per capita disposable income, Engel's coefficient and total retail sales of consumer goods were also considered and examined in this section. In 1992, the decision to open the retail market to foreign investors was regarded as the first intention to accelerate the growth of China's tertiary industry. This policy of liberalizing the retail sector provided the impetus for more co-ordinated retail development and investment, and broadened the channels for diversified foreign retail formats entering the Chinese retail market. Moreover, the quantity, geographical and equity share restrictions on foreign-invested companies has been eliminated in accordance with China's WTO obligations since Dec.11, 2004. Last but not least, the Chinese government has also been making efforts to create more large retail conglomerates by the merger of Chinese chains in order to compete with global retail giants.

Different ways of urbanization also have great effects on the later shopping centre development. In the United States, the pattern of sub-urbanization is a low density of urban growth, i.e. urban sprawl. The invention of the automobile and its massive production was regarded as a main trigger which helped the Americans realize their dreams of countryside lives - living in the green suburbs with "detached lives in detached houses", but it also led to American cities endlessly dispersing beyond established transportation lines where the urban sprawl began. Under this circumstance, the shopping centre was invented, the purpose of which was to create a fake urban centre in order to prevent the further mal-urban-growth. Thus, the sub-urbanization in America somehow was a spontaneously urban growth. Later on, accompanying the success of shopping centres growing up in the suburbs, the locational pattern of purchasing power was shifted from the inner city to the suburbs, the result of which was that the retailing business totally decentralized and American city centres experienced a great depression. As a remedy, the shopping centre was moved to American city centres for its revitalization. Therefore, the direction of the whole development process of the shopping centre in American cities is from the suburbs to the central city.

Conversely, the sub-urbanization in China follows the spatial pattern of a high-density growth, i.e. a compact growth. From 1978 to 2006, the level of urbanization in China increased remarkably from 17.92% to 43.9%, with an increase of 25.98 percentage points. The annual growth rate was 0.93 percentage points, two times more than the world average level of the same period. Since the pace of urbanization obviously accelerated, the population in such megacities like Shanghai, Beijing, Chongqing, Guangzhou and Shenzhen dramatically increased and intensively concentrated on the urban centres, which brought about many city problems, for example, deteriorated living environments, overcrowded urban spaces and heavy traffic congestion. The overloaded urban centre needed renewal. Under such a circumstance, accompanied by the reforms of urban land use institution and housing policy being put forward, the residential buildings and industrial enterprises were well organized gradually moving from the high-cost land of the central city to the low-cost land of suburbs. The urban pattern is being planned step by step transferring from a high-density of mono-centric city to a multi-centric aggregated form of the city. The shopping centre development in general is integrated into the whole process of urban planning. The main purpose of a shopping centre developed in the suburbs is to enhance the people's life quality in sub-urbanized residence, i.e. to build up supporting facilities for people's suburban living in order to attract or activate more people moving out of the central city. Thus, the sub-urbanization in China is a passively, well-organized and planned urban growth. In Chinese cities, although the suburban area is continually being developed, there is no clear tendency of decentralization, in other words, city centre is still a focus of public and commercial activities. The shopping centre in the inner city prospers its commercial business. The direction of the whole development process of the shopping centre in Chinese cities is from central city to suburbs.

Last but not least, the formation of conurbation is also another distinctive Chinese urban feature resulting from the rapid pace of urbanization. At present, with the steady augmentation of radiant effects from the core cities, three economic zones and five conurbations have been formed already by geoeconomy in China. These economic zones and conurbations have successfully propelled the economic development within the region and nation-wide; meanwhile, they have created favourable conditions for development of regional or super-regional shopping centres that locate in-between the cities or satellite cities to serve a group of cities within the whole region.

Overall, compared with China, the United States is a country of a vast land but low-density population. Sophisticated transportation networks and the popularization of automobile use have become the prerequisite factors for the development of the shopping centre. Most Americans are car-related shoppers. Hence, shopping centres in America are often situated at the junction of freeways for easy access, and the provision of parking for vehicles is also a necessary adjunct for shopping centre designs. In general, America is a nation on the wheel. On the contrary, for China, although in the recent years, the number of private car registrations has increased rapidly, it is still a long-term and slow process for the private cars entering the Chinese common households. The development of private cars in China has been constrained by existing objective problems, such as lack of parking lots, less road space and environment pollution, in general, arising from limited urban land, but high-density population. Therefore, at present, public transportation represented by urban bus systems and rapid rail mass-transit, and private bicycles are the main vehicles for urban residents' journeys. Without any doubt, the place that is close to the interchange hub of public transport, especially to the RRT station is the most popular location for Chinese shopping centres.

According to the retail life cycle concept, it was defined that the shopping centre development in these two countries had experienced and faced totally different development stages. As the cradle of modern shopping centres, the United States starting its tentative phase of shopping centre development can trace back to the early 1920s-30s and by 1950s after World War II, the shopping centre as an industry had come into being in the American retail market. Up till now, its development has already experienced more than half a century, and the shopping centre industry in general has also more than reached its maturity. In fact, the shopping centre development in America not only has to be confronted with the direct competiton from overbuilt shopping centres themselves, but also faced the indirect competitions from new inventions of retail formats, such as nonstore retail options. Therefore, the primary vehicle for further growth in the shopping centre industry in America has been renovation and expansion, not new construction since 1990s. Searching for the sustained ability of shopping centres, such as, energy saving - declination of the building size, environmental concerns, and targeting certain market segment - more serving communities' social and economic needs by the newer shopping centres have become clear measures of their staying power in the 21st century.

However, at the beginning of 1990s when the speed of shopping centre development in the United States tended to be gradually slowing down, China was just on the threshold of its shopping centre development. In China, the shopping centre that is fully qualified to the international standard appeared in the middle of 1990s. Therefore, from its formulation to the present, the whole period of shopping centre development in China is less than 20 years, which is much shorter than in America. Futhermore, the function of shopping centres at earlier stages was not completely equipped, and the diversification of retail formats in the shopping centre was also comparatively low. The large-scale of shopping centre development in China started in 2002. Since then, not only is the building size prone to be growing bigger, but also its distribution has explored from the central city to the suburb, and from megacities of provincial level to the smaller cities of county level. But on the other hand, although at present, shopping centre development in China is at the same phase as in America during the 1960s-70s, the development scale and level still cannot reach to such a standard. With regard to the life cycle of the shopping centre industry, China is left far behind the United States, and the period of each phase in the life cycle is also much shortened. Indeed, while the shopping centre development in the United States has inclined to stability, the shopping centre in China is on the way of high-speed development with full range of vigour.

In addition, based on the statistics obtained from CGCC, the current situation of shopping centres in China was also generally examined in the same section. It was discovered that

- Shopping centres in most Chinese cities still focus on the central city
- Regional and super-regional shopping centres are the most common types
- At present, there are two basic construction modes for shopping centre development in China: a) remodeling/reshaping traditional commercial areas or department stores b) newly building
- Because of high-cost limited land resources, Chinese shopping centres present a trend of vertical development
- Limited number of anchors in the shopping centre results in a high ratio of brand repetition

Finally, the thesis intended to find out what the differences and changes are in respect of planning and design, and operation and management of shopping centres under a given Chinese spatial organization (Chapter IV). Considering the case of Shanghai City in particular - known as an international centre of finance, trade and commerce where a new retail economy has evolved, it not only further testified many aspects of the previous discussion about shopping centre development in China, but also epitomized how the Western shopping centre integrates into or adapts to a specific Chinese urban space.

Having surveyed the preconditions associated with the issue of the city's urban development, transportation system and its retail economy, altogether 61 currently existing shopping centres in Shanghai were examined in the light of geographical distribution, typologies, physical form, tenants mix and investment structure. The major findings are outlined as follows:

- Majority of shopping centres concentrating in the central city
- Traditional shopping centres, especially big size of regional centres covering the most, but few specialty centres
- Retail uses in mixed-use development commonly implemented
- Multi-storey and vertical-developed shopping centre becoming a main stream in both central city and suburbs
- Apparel and food service as tenant categories accounting for the most of all stores
- Overseas-branded chains of hypermarkets becoming the most popular anchor
- Most of the mixed-use developments existing without anchor stores
- Investors from Southeast-Asian countries, especially Hongkong, Taiwan and Singapore becoming the key capital sources invested in the shopping centre development
- Nearly half of shopping centre developers being of real-estate business background

The Chapter then extends its scope to investigate 41 out of 61 shopping centres in detail from planning and design in spatial-organization perspective to find out the heterogeneous spatial characteristics of a Chinese shopping centre. The results organized by exterior and interior features respecitively were canvassed in this section. These included the exterior features of location arrangement, building configuration, accessibility and parking, and the interior traits of spatial organization of signage, traffic movement and placement of tenants, and the issue of public space. In general, the findings show that:

- Shopping centres in the inner city often found to be standing close to one another along one main street
- Six types of building configurations concluded from existence of Shanghai shopping centres, that is, linear shape, square shape, dumbbell shape, fan shape, Y shape and the cluster centre
- The access design of the shopping centre showing a clear tendency to public-transportation
- Bicycle-priority on–site parking instead of car-orientated parking design
- Interior spatial organization dominantly arranged in a vertical-upward orientated way
- Purely commercial space with weak public attendance conspicuously manifested in the shopping centre design

In the final part, the research broke from mainstream concerns in the field of space relevant exploration of Chinese shopping centres to look at aspects of the problems arising from operation and management of a Chinese shopping centre, as one essential but crucial sector for the success of the subject. These exposed challenges mainly lie in:

- The construction scale and speed somehow deviating from the reality and actual conditions of its economic development and social structure
- Limited sources of financing resulting in an abnormal operation and management
- Lack of individuality and distinctive image of shopping centre operation becoming a barrier for its sustainable development

There is no doubt that shopping centre development in China like in other countries will continue to evolve in unexpected ways during the next ten years. However, major trends are increasingly apparent that will shape its future face, and they reflect changes in demographics, consumers' preferences, real estate development practices, and technolgoy. For China, it should adjust measures to local conditions and take the Chinese culture and local characteristics into account. In general, it can be foreseen that there are two main trends of shopping centre development under the "Chinese Mode".

- Integrating and Interacting to the Urban Environment – the Core of the Urban Development

With the national population continuing its rapid urbanization, downtown areas of the Chinese cities will continue to play the key role in the commercial activities. Therefore, downtown regional and super-regional shopping centres in Chinese cities will maintain their leading positions. In the meantime, shopping centre development will intensify its role in interplaying with urban development to promote the vitality of the urban centre including coordination of renewal of the old city centres, creation of new urban centres and integration of open spaces to gradually develop into the centres of civic spaces. Last but not least, to suit China's spatial features of urban compact growth – high density, vertical development, mixed-use urban space and broad roads[111] based on the public transport system, shopping centre development in the future will further strengthen its locations relating to the interchange hubs of public transport and to the junctions of traffic roads to play its "population gathering" function.

- Creating "Leisure, Entertainment and Gourmandise" Shopping Environment – the Axis of the Spatial Planning

In the future E-era, shopping behaviour will be largely replaced by internet purchasing and home delivery. In association with the current existence of the shopping centre in China, its content will be increasingly elevated from the layer of designing for organically pure "shopping" behaviour to the dimension of offering "many and varied life experience" including catering, entertainment, art performance and culture exhibition etc. In addition, most shopping centres in China at present put more emphasis on the creation of interior spaces than exterior natural open spaces. In the future, shopping centre development will very possibly need to stress the creation of the integral space-environment of both indoor and outdoor, combining with seasonal festivals, entertainment performances and cultural activities to create a really multi-functional centre for relaxation, culture and fun.

In brief, this research keeps to the objective and neutral stand to have a keen insight into how a Western concept of commercial format "Shopping Centre" evolves and integrates into Chinese urban space. By means of the examination of shopping centres in Shanghai, it shows and corroborates that although the shopping centre for most Chinese is still a novelty, it can survive in the fierce competition of China's retail market if it has a comprehensive understanding of the objective conditions of Chinese urban space. Thus the shopping centre in China becomes a spatial retail hybrid representing the powers of its "Sinicisation" after entering the new social, cultural and spatial environment. After all, for Chinese, the shopping centre obviously is an alien import. The success of its transfer and integration into Chinese urban space needs to be in line with actual local situations, but not to blindly duplicate from the West.

[111] Broad road means the road with high frequency and capacity. In Chinese cities, the normal traffic road in the city has 6-10 lanes to consume its high volume of traffic loads and for the expressway, it has 4-6 lanes.

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