The Changing Design of Shopping Places

From the palatial department store to the no-frills power center, design plays a key role in retailing environments.

SHOPPING IS an interaction between a marketing strategy and the design of the shopping place. The environment is an integral part of the retail equation, as important as the way that goods are marketed. Sometimes changes in shopping are driven by environmental innovations, sometimes by innovations in strategy, and sometimes innovations occur in both realms at once. The only constant is change, for retailing, more than other sector of commercial real estate, is particularly susceptible to fashion. Whatever attracts consumers one year may repel them the next.

WITOLD RYBCZYNSKI

ARCADES AND GALLERIES

For centuries, the design of shops was relatively static. Shops were small, usually owner-operated, and though the shopwindow is a venerable device, displays of goods inside the shop were minimal. In many cases, manufacturing occurred in a back room. Since the shopkeeper generally owned the building, in which he also lived, a shoemaker's shop or a bakery combined retail, workshop, and residential. There was little scope for real estate development.

One of the first examples of retail property development is the glass-roofed arcade, lined with shops, which originated in European cities in the early 1800s. The first arcades were in Parisian *passages*, or narrow mid-block alleyways. The roofs, resembling greenhouse roofs, were cast-iron structures covered in glass. Arcades were an ingenious real estate idea, since they converted valueless space into prime rental property. The arcade drew shoppers off the street by providing a sheltered but naturally lit space under the glass roof (it was also a handy short-cut, being open at each end). This was an era when the newfangled all-glass roof showed up in exhibition halls such as Crystal Palace, railroad station terminals, and conservatories. So, arcades were both convenient and trendy.

London developers copied the Parisian arcades, but made them wider and often two stories tall. The added cost of building the glass roofs meant that shops usually sold expensive goods, and most arcades were located in fashionable districts such as Piccadilly. A number of arcades were built in American cities such as Philadelphia, New York, Cleveland, and Providence. The grandest arcades, such as those in Berlin, Moscow, and Naples, were referred to as galleries. The Galleria Vittorio Emanuele II in Milan, built in 1865–67, has an extremely tall and ornate interior, and a spectacular glass dome in the middle. The Galleria functions particularly well because, as A. Alfred Taubman observed in these pages ("Mall Myths," WRER Spring 1998), the adjacent Duomo functions as a "people pump."

Arcades and galleries are the ancestors of the indoor shopping mall, but they differed in two important respects: their locations were urban rather than suburban; and they consisted of a variety of small shops—there were no anchor stores.

THE DEPARTMENT STORE

One of the earliest successful department stores was the Marble Palace, which opened in New York City in 1846, across the street from the city hall. The multistory building combined a number of innovations. Unlike other stores, it did not specialize but sold a large variety of goods organized in different "departments." It also had a policy of displaying prices, which the ordinary shops did not do. This was calculated to attract a broad public, which was often intimidated by having to bargain with merchants or by needing to know ahead of time the value of what they were buying. The Marble Palace, as the name suggested, was a grand building. There was a central space covered by a 90-foot-tall dome and extremely large, plate-glass display windows on the street.

The department stores built during the second half of the nineteenth century were usually located downtown, often occupying a full city block and rising many floors. This arrangement depended on a recent technological invention: the elevator (later augmented by escalators). This permitted the various departments to be stacked one atop the other, creating a vast—and self-contained—shopping world.

Like the arcade, the department store spread internationally: to Paris, which had some of the grandest examples; to London; and to the other major European cities. In America, merchandisers such as Marshall Field and John Wanamaker attempted to outdo each other in building ever more impressive department stores, which now included dining rooms, monumental atriums, and in the case of Wanamaker's flagship Philadelphia store, which opened in 1911, the world's largest organ. Nothing was too good—or too grand—for department stores. The first use of electric lighting in a public building was in a Parisian department store.

The downtown department store—which later migrated to the suburbs—dominated retailing for about 100 years. Through its imposing architecture it established an atmosphere of luxury and gentility, aimed primarily at women shoppers. Because it arrived in an era when individual manufacturers did not advertise nationally, the department store—Wanamaker's, Bloomingdale's, Marshall Field's—became the name that consumers recognized and trusted.

Department stores were invented by merchants, not by developers. But they played an important role in that quintessential merger of real estate development and retailing: the shopping mall.

THE SHOPPING MALL

Arcades, galleries, and department stores were urban phenomena, but after World War II, new American communities were increasingly suburban. The earliest American suburbs, which dated from the late 1800s, were purely residential. The residents had no choice but to go downtown to shop, or to order from downtown shops and department stores. Only belatedly did suburban developers include retailing spaces in their master plans, in the form of town centers or shopping villages.

Some of the earliest examples were Country Club Plaza outside Kansas City, Suburban Square on Philadelphia's Main Line, and Market Square in Lake Forest, north of Chicago.

The earliest planned suburbs were relatively exclusive, but as suburbanization became ubiquitous, the small shopping villages were replaced by larger and larger retail complexes, now called shopping centers, which included a number of shops, leased to merchants, as well as a parking lot. The first so-called regional shopping center was Northgate, which opened in 1950 on a 60-acre site in suburban Seattle. Not a mere town center, it drew from a wider area, as evidenced by its 4,000-car parking lot. In addition to a supermarket, it included a movie theater, a bowling alley, and small shops, as well as a department store to "anchor" the development.

Large suburban shopping centers like Northgate followed a formula: they were built on inexpensive land on the outskirts of the city, usually near a major highway interchange, they provided free parking, and they combined department stores with smaller shops. The formula worked. In 1950 there were about 100 shopping centers in the United States; at the end of the decade there were 3,700. The main change in shopping centers was that they became larger and larger, exceeding one million square feet of rentable space.

A significant design innovation occurred in 1956: the construction of the first completely indoor shopping mall in a suburb of Minneapolis. The architect, Victor Gruen, specifically referred to Milan's Galleria as a model, and many indoor malls incorporated glass roofs (and often two levels) in the manner of the nineteenth-century arcades. The largest indoor shopping malls also drew from the tradition of the grand department store by creating an atmosphere of luxury, with fountains and water features, trees and elaborate planting, and expensive finishes.

At this time, the standard mall design was developed. It consisted of a two-level mall, and parking lots that were sloped to provide alternative access to the upper as well as the lower levels. This meant that the shopper could park, walk one level down, and walk back to the car, shopping on the other floor. This arrangement works only with two levels—adding a third story does not attract shoppers and merely increases the construction cost. Parking structures were expensive to build and were rarely economic propositions (unless subsidized by public money). If they were built, it was as a last resort, when space was at a premium.

The challenge for mall developers was, first, how to attract the largest number of shoppers, and second, how to keep them in the mall. Mall developers expanded the range of tenants, including not only movie theaters and restaurants, but also nonretail uses such as banks, hotels, federal and state offices, public libraries, health clubs, and medical centers. Some of the larger malls also integrated entertainment functions such as theme parks and water parks, in a further attempt to make the mall a recreation destination. In the process, malls became ever larger, growing to 2, 3, and 4 million square feet, and in the case of the West Edmonton Mall, more than 5 million square feet.

Attempts to build shopping malls in urban locations have generally failed (Chicago's Michigan Avenue is a notable exception). The two chief advantages of suburban malls are easy access and inexpensive surface parking, which are both difficult to achieve in cramped urban locations. The cost of urban land—and the need for parking structures—pushed mall developers to build multi-story malls, which have also proved to be problematic. The one form of urban mall that has been successful is the so-called festival marketplace, pioneered by the Rouse Corporation. Festival marketplaces are usually located in a historic district, often on a waterfront, are contained in old buildings (or new buildings that look old), and are specifically aimed at tourists. Festival marketplaces are also smaller, do not have anchors, and usually include a heavy mix of local retailers, to provide the degree of "authenticity" demanded by out-of-town visitors.

As Moy and Linneman point out elsewhere in this issue, many shopping malls that once seemed invulnerable have been seriously challenged in the late 1990s. There were a number of reasons. Architectural complexity and luxurious construction drove up costs. With more and more two-worker families, shoppers were more interested in convenience and efficiency than in spending hours walking around in a huge shopping mall. Moreover, department stores, which had been the chief draw for mall shoppers—and bore little of the cost burden of the mall—were faltering. Shoppers wanted more choice than was offered by the department store, and they wanted cheaper prices. Thanks to national advertising in the print media—and especially on television—consumers were attracted to individual brand names rather than to the middle-man merchant. Finally, as shoppers' habits changed, the department store seemed increasingly stuffy and old-fashioned. For now, instead of dealing with sales clerks, shoppers preferred to serve themselves.

SELF-SERVICE

Self-service came to American life first in the form of the cafeteria, which appeared in the 1890s. Like the industrial assembly line on which it was loosely based, the self-service cafeteria emphasized convenience, efficiency, and speed. Self-service in retail was first introduced in what came to be known as the supermarket. The first supermarket is generally held to be a Piggly Wiggly store that was established in Memphis in 1916. The customer entered through a turnstile at one end of the store, picked up a basket, and, following a preset route, passed by all the shelves of produce and groceries. The end of the sequence was a check-out counter. The self-service store was manned by only two clerks. The concept was invented by the owner, Clarence Saunders, who patented the idea.

Piggly Wiggly stores were operated as a franchise and became a great success, with 2,600 outlets in the South and Midwest. There were a number of competing chains, notably King Kullen, whose first store was opened in Queens, New York, in 1930. Michael Cullen added two important ingredients to Saunders' formula: he made the stores much larger and he added parking lots. By the 1940s, major grocery chains such as A&P were shifting to the new supermarket format.

There is a third individual who looms large in the evolution of self-service shopping: Sylvan N. Goldman, the owner of an Oklahoma supermarket chain, who invented the shopping cart in 1936. Like most great inventions, the shopping cart seems obvious, but it took a long time to perfect. The first version, called a "basket carrier," folded up when not in use to save space. The baskets—there were two of them—were taken off the cart at the cash register. Over the next decade, the shopping cart assumed its final shape, with a fixed basket, a sitting place for a young child, and a flap-front that allowed carts to be nested inside each other for more compact storage.

In the 1950s, it seemed that self-service was merely applicable to grocery stores. But it turned out that the aisle/shelving/cart/check-out counter combination was applicable to many types of merchandise. In a short time, self-service shopping would revolutionize retailing.

THE BIG BOX

The big-box store—whether it is Wal-Mart or Target, which are really department stores, or a specialty store such as Home Depot or Old Navy—is a direct descendent of the supermarket. It is a large self-service operation. The consumer pushes a cart up and down the aisles, where a large variety of goods is undramatically displayed on utilitarian shelving. The shopper collects the merchandise and exits via a check-out counter. The focus is on increasing efficiency and decreasing shopping time, while at the same time reducing overhead and providing the consumer with an extremely wide range of choices at low prices. Paradoxically, although all big-box stores are self-service, the best-run merchandisers such as Wal-Mart and Home Depot also provide a high level of service, with more informed and helpful staff than most traditional department stores.

The design of a big-box store (the average size is 200,000 square feet) is a direct reaction to the shopping mall. It is a very plain box, basically a big, one-story steel frame warehouse built to the least expensive specifications: painted steel, functional lighting, no attempt at decoration. This is the opposite of shopping-as-entertainment; it is shopping-as-serious-chore. The impression given to the shopper, which is confirmed by the low prices, is that this is a business that is doing everything it can to keep its costs to a minimum and to pass the savings on to the consumer.

The big box has been so successful that it has spawned another form of shopping environment: the power center. A power center consists of several big boxes (as few as three, as many as a dozen), usually arranged around the perimeter of a mammoth parking lot. Unlike a shopping mall, a power center has no common spaces—and few (if any) small shops. The big boxes are far apart, and if it's necessary to go to more than one store, you drive. Unlike in a mall, shoppers are not directed or encouraged to visit more than one store. If you want a big-screen television, you go to one box; if you want jeans for the kids, you go to another. The main synergy of power centers is shared parking, a shared shopping location identity, and convenient highway access.

There are two counter-trends to the big-box and power-center format. The internal organization of some big-box stores is moving away from its warehouse roots and edging towards a department-store format to make shopping easier and to reduce what some have called "big-store fatigue." There is also a small but growing trend toward "smaller boxes"; that is, scaled-down versions of big-box stores, with an average size of 40,000 square feet. Such stores offer a smaller range of choice, but they increase convenience to shoppers who want to spend less time in the store.

THE FUTURE

Shopping is driven by fashion, and the newest fashion in shopping environments is the so-called town center (discussed in detail by Bohl elsewhere in this issue). Town centers resemble small-town main streets, with stores opening directly onto outdoor sidewalks. The buildings, generally small in scale and traditional in appearance, typically have two or three stories, with retail below and apartments or offices above. Unlike a shopping mall, there are no anchor stores. The town center is a hybrid: in design a throwback to the suburban town center of the early 1900s, but managed like a shopping mall, with a single developer who builds the project and leases space to merchants and other tenants.

The more elaborate architecture of town centers makes them expensive to build compared to power centers, and with mixed-uses they are inherently more complicated to develop, and riskier (hence more expensive) to finance. On the other hand, the outdoor format greatly reduces the operating cost compared to a conventional indoor mall, since there are no common areas requiring air conditioning and heating. As there are no anchors (which do not pay rent in a mall), all the merchants pay real rent, which makes the economics attractive.

Town centers turn the clock back to pre–shopping-mall days; they ask shoppers to trade the comfort of a fully enclosed shopping environment for the more traditional pleasure of strolling in the open. This may not be as big a drawback as it first appears. In much of the Northeast, the worst winter weather comes after the Christmas season, when sales normally slow down anyway; and the worst summer weather—in August—coincides with another slow shopping period. However, it is notable that the most successful town centers have been built in mild-climate regions such as Florida and southern California. Town centers in the Northeast and Midwest might have to incorporate a modern version of the old arcade; that is, a sheltered space that is neither heated nor air-conditioned.

The name "town center" can be misleading. Some town centers have been built as part of master-planned communities, but many are stand-alone projects; in either case they are obliged to draw from a regional rather than a local base—just like malls. Thus, the important question is whether the town-center format itself will have the drawing power that the anchors provided in the past. So far, the answer seems to be a qualified "yes," if the town center is located in a warm climate and in an area of growing, younger residential suburbs. It is still too early to know if town centers are attractive economically in the long run.

There is obviously a place for town centers in certain locations, just as there is for festival marketplaces in specific tourist cities, especially in waterside locations. However, the success of big (and small) boxes and power centers, and the continued survival of the utilitarian strip mall, suggests that, at least when they are shopping, Americans currently place a higher value on convenience than on fun.