COMPARISON OF THE TURKISH AND AMERICAN SHOPPING CENTERS WITHIN THE CONTEXT OF THE INDUSTRY LIFE CYCLE

Hayrettin Zengin[1]

Rifat Gorener[2]

Fatih Gecti[3]

ABSTRACT

The purpose of this study is to examine the course of industrial change of shopping centers in Turkey by comparing them to those in the United States that are considered the leaders of this business in a modern sense. In order to succeed this goal, the shopping centers of both countries were compared by means of secondary data that were obtained from various institutions, mainly the Shopping Centers and Retailers Association (Alisveris Merkezleri ve Perakendeciler Dernegi) and the International Council of Shopping Centers (ICSC). Within the parameters used, it was concluded that the American shopping centers are in the maturity phase within the context of the industry life cycle, whereas the Turkish sector is in growth phase.

Keywords: *Shopping Centers, Industrial Life Cycle.*

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[1] *Assistant Professor, Sakarya University, Department of Management, Adapazarı, Turkey. E-mail: hzengin@sakarya.edu.tr*

[2] *Assistant Professor, Roosevelt University, Department of Finance, Chicago, IL, USA. E-mail: rgorener@roosevelt.edu*

INTRODUCTION

Industry life cycle is one of the concepts that explain how the industries develop. Even though the life cycles differ from one industry to another, it is expected that the industry would display certain structural characteristics in each of its development stages. While having different perspectives, industry life cycle is a concept that was generally derived from the product life cycle theory. The underlying logic here is the approach of 'if the products have their own life cycles, so do the industries in which these products are manufactured'. It is because the industries are live structures.

Industry evolution has a special place in formulating strategies; it can increase or decrease the appeal of an industry in the sense of investment opportunity. Industry evolution also requires the companies to implement strategic adjustments and modifications. Understanding the change process of the industry, or even seeing it in advance is crucial. As long as the need for change becomes more evident and the profit derived from the optimal strategy is on the maximum level for the company that chooses this strategy first, the cost of strategically responding to it generally increases (Porter, 2000:195).

It is possible that the different companies within the same industry may be in different life cycle phases. Some industries may find new application areas and benefits for their declining products and expand their life cycles. The life cycle periods of industries are different from each other. While the evolution for some industries takes place rapidly, it spreads over some long years for some others. In that sense, retail business and shopping centers are worth mentioning.

Looking at the development of the retailing industry around the world, it is evident that it consisted of little independent retail shops in the beginning and later changed towards modern store chains and, in fact, shopping centers with a fast evolution pace (Lowry, 1997). The retail industry has displayed a very fast progress in developed western countries. However, this progress was rather limited within the spatial form. For example, although the industry grew by 216% in square meter between 1966 and 1993 in the US, the sales increased only by 50%. Within the same period, significant changes in purchasing behavior of consumers also took place. (Altunışık ve Mert, 2001).

The structural transformation in Turkish retail industry is just starting. The area where the fastest transformation takes place is the retail industry of fast moving consumer goods. Within the next 15 years, the retailers who are not organized may shrink down to 20% turnover share in Turkey as well. This would mean 50% job loss of 185 thousands that are not organized. Looking at the world trends, the added value per labor is 24 million dollars per one thousand people in the EU and 8 million dollars in Turkey, while it is 35 million dollars in the US. Looking at the transformation experience in the US, it is seen that almost the entire efficiency development in 1990s arose from new entries and exits of US retails businesses, the average efficiency of large companies in the industry was 40% more than that of smaller ones, and 70% of new employment was created by the large companies (Sak, 2005).

Shopping centers are one of the most significant elements of the retail industry, especially in the sense of organized retailing. These centers have emerged with various concepts within the time by improving. The first examples of shopping centers in the United States started to emerge in 1920s. The US attained the modern shopping

centers in 1950s and the shopping center form shifted from small and regional shopping centers to super regional shopping centers within years. The development has been continuing around the axis of environmentally conscious designs since 2000s.

Looking at Turkey, we see that modern shopping centers have entered into the country's agenda starting from 1980s, made rapid progress in 1990s and especially 2000s, and the investments in this sector have been continuing intensely during recent years. The fact that the shopping centers incorporated entertainment, culture, art and shopping, etc. elements beyond being only a place for going shopping to satisfy certain needs is a significant factor in this kind of development.

Turkey met its first shopping center with Galleria Shopping Center, that was inaugurated in 1988. The shopping centers we have observed in different types and sizes over years have been providing substantial contributions to Turkey's economy. There are about 200 shopping centers within the industry. The shopping centers, prodominantly concentrated in metropols, have been rapidly spreading in Anatolia and their numbers have been mounting. There are approximately 50,000 shopping centers in the US. These shopping centers provide serious contributions to the US economy. The retail sales turnover taking place in these centers exceed 2 billion dollars a year.

The purpose of this study is to examine the course of industrial change of shopping centers in our country by comparing them to those in the United States that are the leaders of this business in a modern sense. Within this context, the shopping centers industry of the US as a developed country will be examined and compared to the developing shopping centers industry of Turkey.

1. INDUSTRY LIFE CYCLE

1.1. Theoretical Framework

When the literature about the industry life cycle was examined, it was observed that the industry's evolution emerged from two main disciplines. The first of those disciplines is the product life cycle theory that attracted researchers such as Porter, Suarez, Utterback and Abernathy; and the other one was the evolutionary economies that drew the interest of researchers such as Klepper, Gort and MacDonald. Some reserachers later developed different models stating that these disciplines were insufficient to explain the industry evolution. The industry evolution in this study was examined within the context of the product life cycle based model.

Industry life cycle is a concept corresponding to the offer side of the product life cycle. The industries are structures manufacturing many products and the periods of their life cycles will probably be longer than that of one single product. For example, while 128-bit video games such as Play Station 2, X Box and Gamecube have a life cycle of a couple of years, the start of the life cycle of game industry dates back to Atari 2600 that was launched to the market in 1977.

Industry life cycle model is a concept that is applied from the dynamic industry point of view. The industry life cycle models also contain crucial implications

and results for strategies related to organizational technologies (Rice and Galvin, 2006:384). Looking at the life cycle literature, it was observed that the effects of life cycles related to pricing, production and the number of companies are far more than those of business life cycles, and that they determined the long-term trends in the industry (Dinlersöz and MacDonald, 2007:4).

Klepper (1996), even though he defended the evolutionary economy view, set forth - in accordance with the product life cycle theory and in regards to entries and exits to and from the industry - that the number of companies would be able to increase in the introduction stage within the time or would hit the top and fall. However, the number of new incoming ones would decrease eventually, the number of manufacturers would increase and reach the top and finally would gradually decrease in spite of the increase in industry efficiency (Klepper, 1996:564).

The introduction stage or the initial stage of the industry is called as fluid phase by some authors where various technological alternatives and more product innovations are present. Here, the dominant design concept step in. The dominant design shifts the industry from product innovation to process innovation and causes drops in the number of companies. Explaining the dominant design concept would be helpful at this point.

Suarez ve Utterback stated that the dominant design was certain methods, steps and policies that established dominance between the design methods and ways (policies) that competed with each other along with the industry's design hierarchy (Suarez and Utterback, 1995:416).

The result of the competition between competing designs and technologies is usually the dominant design that the industry concentrates around. The dominant design is a product architecture that is viewed as a whole by the industry and has elements such as product's production management, appearance and function. For instance, IBM has established important technical standards for personal computers beside basic design parameters. This situation brought IBM to a dominant or supreme position (Grant, 2005:302).

The authors that set forth the dominant design concept stated that the industries in the beginning were characterized by an inconsistent stage that had a high number of technological alternatives and a high innovation degree. The model that the authors developed is based on the understanding of the product life cycle where the shift to regular innovation that is associated with a dominant product design in terms of architecture takes place (Cassia and others, 2006:22).

The reason for calling the model or design as the dominant model/design is because this approach provides more effectiveness than other present

alternatives. The dominant model is sayıdır of competing product and process design concepts (Argyres and others, 2004:1)

When a product is introduced into the market, a high level of uncertainty in technological tools that are used to satisfy customers and customer references is present. Therefore, every company introduces different presentations. Within the time, the buyers gain the capability of trying different presentations that businesses offer by focusing on a couple of different models. A convergence that is viewed as an industry standart in regards to dominant design takes place. This standard is an actual standard that depends on being determined through a certain regulation or being concluded through general acceptance (Cassia and others, 2006:23). The emergence of the dominant model is extremely important for industry evolution. Because those models create opportunities in achieving scale economies. Because the companies benefit from new activities, their sales volume increases in the industry. The companies that do not adjust themselves in accordance with dominant model or cannot provide access to supplier networks are exposed to strong competition pressure and the majority of them leave the industry in a shakeout (Argyres and others, 2004:2)

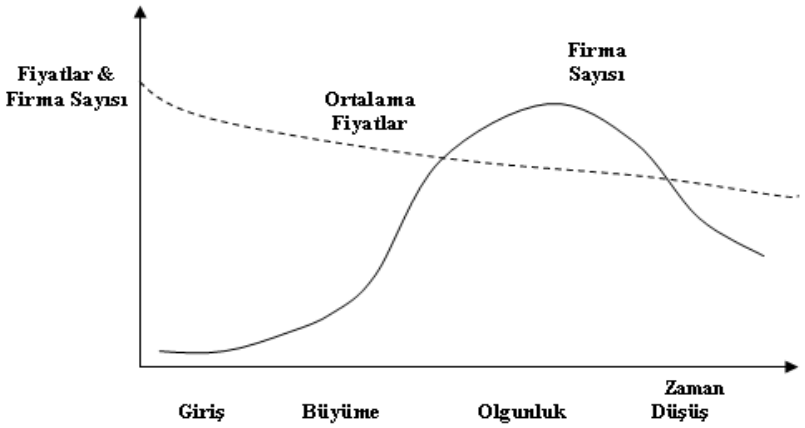
1.2. The Parameters and Variables of Industry Life Cycle

Some of the parameters and indicators of industry life cycle models are as follows (Stephan and König, 2006:3):

- The Size of the Market/Demand: The total size of the market
- Production Volume: Total products manufactured in unit basis.
- Growth Rates: Change in the size of the market and in numbers of units manufactured during the period.
- The Competitor's Numbers: The number of companies present in the industry.
- Market Entry Rate: The number of companies that enter and exit the market.
- Survival Rate: The probability of staying in the industry for companies within a definite period.
- Concentration Rate: The percentage control that the larget companies have in terms of their assets, profits and sales.
- Dominant Design: The number of competing product and process design concepts.

The major variables that represent the industry evolution are the prices of sold products and the number of companies that operate in the industry. These variables are shown in Figure 1.

Figure 1. The Average Price During the Industry Life Cycle and the Evolution of the Number of Companies

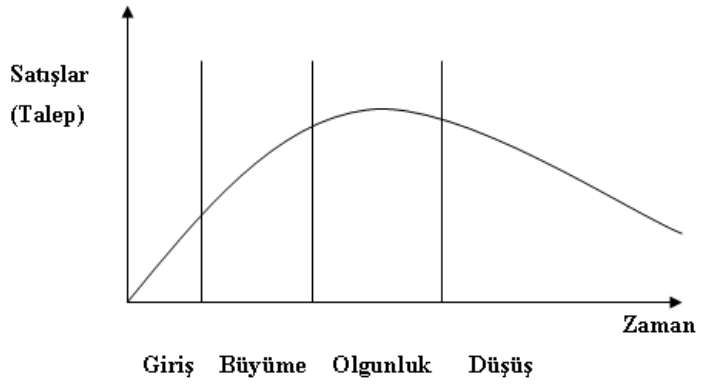


Source: Cassia and others (2006:24)

1.3. The Stages of Industry Life Cycle

The industry life cycle consists of introduction, growth, maturity and decline stages. These stages are shown in Figure 2.

Figure 2. Industry Life Cycle



1.3.1. Introduction Stage

The introduction stage as the first stage of an industry life cycle is a phase in which what should be followed (which strategies should be implemented) is determined. The researches show that the companies that enter the market first (leading companies) gain significant advantages. The competition advantage that is gained by the leader is called as the first-mover advantage, because it is one of the first companies that enters the market. The first entrant companies behave steadily at the point of maintaining their competition advantage and

their market shares when the industry reaches the maturity (Dess and Miller, 1996:169).

This stage is explained with rapid growth, quick changes in techology, tracking new customers and changing market shares (Byars, 1987:104). The industry just starts to develop at this embriyonic stage, which is the first stage. The growth in embriyonic industries is slow. Because benefiting from scale economies and delivery channels are less developed, the prices are high (Hill and Jones, 1989:75–76). One of the very important signs of the industry's introduction stage is ambiguity.

1.3.2. Growth Stage:

The second stage of the industry life cycle, the growth stage is subject to a rapid growth. At this point of the cycle, the customers, market shares and technology are understood more compared to the introduction stage. Entering the industry is harder (Byars, 1987:104).

The industry starts to display the characteristics of a growing industry and improves them when the demand for products in the industry starts increasing. The growing industry is the industry in which as many customers as possible enter the market and therefore the demand increases. Especially, the growth takes place when the prices drop because the scale economies are provided with experience and the costumers are used to products (Hill ve Jones, 1989: 76).

The companies compete with each other for capacity and distribution sources in growth stage (Cassia and others, 2006:24).

The basis of competition shifts from vision and acquiring sources to production and distribution process during the growth stage. Innovation maintains its importance, but R&D focus shifts from product innovation to process innovation. The companies that could be characterized as profitable during the growth stage are those that manufacture the most appealing products within the most successful product class during the introduction stage. The costs and prices drop during this stage. Lower prices and product renovations expand the market, and scale economies and learning curves emerge. The consolidation that started with the shakeout of the companies that were underwater during the introduction stage continues in growth stage as well. The growth rates of successful companies increase. The intensity of competition between successful companies are reduced through demand. Because the market grows rapidly, the companies in growth stage do not need to steal customers from their competitors in order to grow (Soloner and others, 2001:283).

The dominant design emerges during this stage. A dominant model emerges when it defines the implementation of business efficiency of a company and when it increases its value among customers and suppliers. Ambiguity disappears because the dominant design emerged. A dominant design is extremely crucial for industrial evolution as it produces economies of scale and

economies of scope. The sales volume increases. The increase in sales encourages the companies to enter the industry. The growth stage is characterized by a sharp and fast increase in the number of competitors. Therefore, if the majority of companies cannot keep up with the dominant model or cannot access the networks of customers and suppliers, they leave the industry (Stephan and König, 2006:4).

1.3.3. Maturity Stage

Maturity stage is explained with consistency in customers, technology and market shares(Byars, 1987). The growth in maturity stage is very low or doesn't exist (Hill and Jones, 1989:75–76).

The maturity stage is described as a stage in which the entry rates drop. New entrants focus on the market niches and assume their supplier roles. Furthermore, the increase in competition may force the manufacturers to leave the industry. The industry faces an equilibrium of entry and exit. The surviving companies face a profitable and stable stage; their market shares are steady, and because their management, manufacturing and marketing techniques and innovations mean less, they are in a more refined state (Stephan and König, 2006:4). When the industry reaches the maturity, industry life cycle curve clearly flattens and indicates and slowing growth.

The maturity stage of the industry life cycle is a stage that displays more stability and equilibrium compared to introduction and growth stages. The consolidation that is maintained through alliances between large companies mostly accompany the transformation from growth to maturity stage. When the industry reaches the maturity, the market leaders that are settled in the industry become rather stable companies with good positions and market shares. The companies focus on maintaining their competition advantages within their areas of influence. The ratio of failure among the new entrants during the maturity stage is much higher than that of settled companies in the industry (Soloner and others, 2001:284-286).

There are generally fewer companies in mature industries. These surviving companies may become bigger and more dominant. During the maturity stage, price wars take place as well. Price wars have various negative effects.

1.3.4. Decline Stage

The last stage of the industry life cycle is the decline stage. Some authors also call this stage as recession, fall or aging stage. This stage is explained with the decrease of demand and the number of competitors. Product lines shrink during this stage (Byars, 1987:104). The decline stage is characterized as a stage in which product differentiation diminishes, the customers become more aware and their negotiation power gradually increases. (Cassia and others, 2006:25).

The growth in this stage is in negative due to a couple of reasons. These reasons are the technological state (for example, air traveling instead of railroad traveling), social changes (for example, the fact that consumers become more conscious about health disrupts tobacco sales), demographic factors (for example, the decrease in birth rates threatens child food industry) and international competition (for example, low-cost foreign companies push the American steel industry towards the decline stage) (Hill and Jones, 1989:76).

The sales during the decline stage drop at a high rate and cause the creation of the curve that displays the drop trend. As it was seen in the industry life cycle curve, the curve follows a route that drops. The profits may still continue to increase despite that. However, because the competition gets intense between competitors, the entry rate turns negative and the number of competitors decrease.

2. SHOPPING CENTERS

2.1. Shopping Center Concept

Various authors and institutions have defined shopping centers in different forms over years. Even though these individuals and institutions set forth different shopping center definitions, it is evident that those definitions are similar to each other in terms of their content. Some of these definitions are specified below.

Shopping centers are the planning, developing, owning and managing of a group of retailers with other commercial enterprises as one property (Hasty and Reardon, 1997:232).

A planned shopping center is a facility that is centrally manager and owned, planned as a unit, based on the balanced tenancy and use (completing each other in terms of product types and qualities that are offered by the store group) and has a parking lot around itself. What is meant by balanced tenancy is the correlation between the type and number of stores that exist in a planned shopping center and satisfying the demand of the population in that vicinity (Berman and Evans, 1989:248).

A planned architectural structure is a complex, the sales area of which starts from 5.000 m^2 and stretches up to 300.000 m2, which includes more than one department store, small and big retail units, cafeteria, restaurant, entertainment center, movie theatre, showroom, bank, pharmacy and similar businesses, and is usually located outside of the city while managed from one center (Alkibay and others, 2007:2).

2.2. Shopping Center Types

Classification of shopping centers may be made in various forms and according to various criteria. The shopping centers essentially are classified in three groups as traditional, by their functions and based on their factors.

According to traditional classification, they are grouped under three categories as local, regional and areal shopping centers. According to their functions, they are classified as organized shopping centers (malls) and open bazaars (open air centers). Within a factor based classification, shopping centers are grouped under four categories based on major three factors. These groups consist of regional organized shopping centers, mid-level organized shopping centers, retail parks and special centers. The classification type that the industry institutions in our country adopted is the classification type that International Council of Shopping Centers made. This classification is shown in Table 1.

Table 1. ICSC European Organization SC Classification

Format	Proje Tipi		Toplam Kiralanabilir Alan (m2)
Geleneksel	Çok Büyük		80.000 m² ve üstü
	Büyük		40.000–79.999 m²
	Orta		20.000–39.999 m²
	Küçük	İhtiyaç Odaklı	5.000–19.999 m²
		Karşılaştırmalı	
Özellikli	Perakende Parkı	Büyük	20.000 m² ve üstü
		Orta	10.000–19.999 m²
		Küçük	5.000 – 9.999 m²
	Outlet		5.000 m² ve üstü
	Temalı (eğlence odaklı)		5.000 m² ve üstü
	Merkez (eğlence odaklı olmayan)		5.000 m² ve üstü

Source: Arasta (2006:49)

2.2. Shopping Centers in Turkey and the US

The history of Turkey's shopping centers dates back to covered bazaars (bedesten) and covered markets that were built during the Ottoman Empire era. These covered bazaars and covered markets have maintained their presence until today and have undertaken significant roles for their cities and regions to become important commercial centers.

The tradition of district bazaars during the first years of the republic continued as well as the traditional grocer shopping system. Upon starting to interact with retail commerce systems in developed countries during 1950s, Migros entered the Turkish market and continued its development with Gima's establishment in 1956. Regulatory sales stores that were established by municipalities in 1970s

in order to regulate the market prices provided the expansion of cheap and whole sale shopping habits among consumers. During 1980s, import substitute policies started to be abandoned. However, the consumers' interest for imported goods increased. Therefore, the necessity to establish shopping centers where such products could be available emerged. With fast growing big retailers and fast incoming foreign capital during 1990s, the shopping centers entered into their most rapid structuring period (Alkibay, from 1994:46, Özden, 2002:80).

Our country met its first shopping center in a modern sense in 1988. The contemporary Prime Minister Turgut Özal requested the construction of a shopping center in Istanbul by taking the Galleria shopping center in Houston in the US as a model. As a result of Bayraktar Holding's partnership with the government and project that started in 1987 and continued for 20 months, Galleria Shopping Center emerged.

Upon seeing the first model with Galleria, Turkey has increased it shopping center number to 179 and the leasable area size to approximately 3.5 million square meter. With the anticipated ones in the next 5 years, the amount of total investments is expected to reach 22 billion dollars. With 49 SCs that were inaugurated during the second half of 2007, the total leasable area size increased by 1 million square meter. This is considered as one of the fastest developments taking place around the entire world. The total leasable area per 1,000 people in

Turkey is about 49,8 square meters. However, this number is 101 square meters in Istanbul (Bilgin, 2007:15).

Shopping centers in Turkey have become investments that provided serious contributions to Turkish economy, especially after 2001. Aside from that, the shopping centers are crucial real estate investments within the context of the development of different consumption cultures, meeting various needs and creating employment.

Looking at the US, it is evident that the beginning of modern shopping centers ranging from a small out-of-town market to super regional shopping centers with thousands of square footage that offer almost all kinds of goods and services dates back to 1920s. The shopping center called Country Club Plaza was established in 1922. This center has an integrated architecture and includes a lighted car parking garage. The shopping center was managed under a single unit. The first two-storey shopping center with a completely covered top called Southdale Center was inaugurated in 1956 in Edna/Minnesota. Southdale Center was considered as the first modern regional shopping center by many experts within the industry. Most shopping centers that were established in 1950s and 1960s were the ones that served their customers in new residential areas. As of 1972, the number of shopping centers in the US doubled during 1960s and reached 13,174. Many new shopping center types were developed during 1970s. With launching more than 16,000 shopping centers during

1980s, the industry entered into an unprecedented growth period. This period is also a period during which super regional shopping centers were made popular by consumers in increasingly growing intensity. It was observed that factory sale stores are the fastest growing segment within the shopping center industry in 1990s. Shopping centers still continue to improve and satisfy the social and economic needs of consumer groups throughout 2000s as well. The developer implements innovations in their designs and renter combinations in order to win customers. Upon merging the fashion, food, entertainment and services, the place of shopping centers in the eyes of the community increasingly has been elevating to a better position. 2000s are the years when lifestyle centers displayed a rapid development. An increase in the number of such centers in this shape and form has been observed (ICSC, 2000).

According to the data of International Council of Shopping Centers, the total number of shopping centers in the US as of the year of 2005 is 48,695. Table 2 presents the information related to the total number of shopping centers in the United States, their contributions to local economy and economic indicators.

Table 2. US Shopping Centers and General Indicators Regarding the US Economy

SC STATISICS	YEARS			
	2002	2003	2004	2005
The Number of Shopping Centers (quantity)	46.434	47.104	47.834	48.695
Total Leasable Area - (GLA) (Billion square feet[4])	5.77	5.86	5.95	6.06
The Number of Shopping Adults (Million/month)	185.6	187.6	188.7	190.8
THEIR CONTRIBUTIONS TO THE LOCAL ECONOMY				
SC Retail Sales[5] (Trillion $)	1.81	1.88	2	2.12
Sales Except Otomotive Industry[6]	% 76	% 75	% 75	% 75
State Tax Income Provided by Sales (Billion $)	95.2	101.1	108.2	114.4
The Number of People Employed in SCs	12.455.425	12.367.953	12.492.950	12.675.920
Employment Percentage Except Agriculture	% 9.6	% 9.5	% 9.5	% 9.5
THE NUMBER OF SCs ACCORDING TO THEIR SIZES				
Smaller than 101,001 square feet (quantity)	28.819	29.234	29.710	30.270
Between 100,001 and 200,000 square feet	11.220	11.336	11.471	11.617

[4] 1 square feet =0,0929 m^2

[2] The items that are included in SC retail sales are general retail products, clothing, furniture, electronics, health-personal care, food-drinks, construction materials and garden equipment.

[3] Retail and food services sales except motor vehicle parts and sales at gas stations

(quantity)				
Between 200,001 and 400,000 square feet (quantity)	4.137	4.233	4.315	4.405
Between 400,001 and 800,000 square feet (quantity)	1.507	1.540	1.573	1.628
Between 800,001 and 1,000,000 square feet (quantity)	332	334	335	338
More than 1,000,000 square feet (quantity)	424	427	430	437
ECONOMIC INDICATORS				
Settled Population (000)	287.985	290.850	293.657	296.410
Employment Except Agriculture (000)	130.341	129.999	131.435	133.463
Unemployment Rate	% 5.8	% 6	% 5.5	% 5.1
Per Capita Income ($)	30.810	31.484	33.050	34.586

Source: ICSC (2006b)

3. THE METHODOLOGY OF THE RESEARCH AND ANALYSES

3.1. The Methodology

The research was conducted based on the examination of the secondary data that was derived regarding the Turkish and US shopping centers industry and comparison of them with each other. Secondary data consists of the data that are included in reports and researches that official and private institutions prepared as well as those covered in articles, magazines and books pertaining to the industry.

3.1.1. Research Questions

The questions that are sought answers for are as follows:

- How are the structures of the shopping centers industry in Turkey and the US in terms of the size?
- What kind of course did the change in the growth rate of the industry follow in both countries?
- Are the total leasable areas and leasable areas per 1,000 people correlated with the inflation and economic development?
- How are the sales & turnover structures in both countries and what kind of change do they display over time?

3.1.2. Collecting Data

The data regarding the shopping centers in Turkey were derived mainly from the officials of Shopping Centers and Retailers Association as well as various journals, newspapers, books, reports and presentations. Other data regarding Turkey were obtained from reports that were issued by various official agencies and Internet sites.

The data regarding the shopping centers in the US were derived mainly from the officials of the Council of International Shopping Centers, the reports and research papers that the council has published, the council's Internet sites and

other Internet sites. Other data regarding the US were obtained from reports that were issued by various official agencies and Internet sites.

3.2. Examination and Analysis of Data

The Turkey data that were included and analyzed in the research are displayed in Table 3, and those of the US are displayed in Table 4.

Table 3. Turkey Data[7]

Years	Total Leasable Area (M2)	Population (Estimated)	Inflation Rates (Consumer Price Index - CPI) %	Per Capita Income ($)	Unemployment Rate (%)
1988	42.060	54.924.387	68,80	1.326	8,4
1989	63.836	55.693.328	63,30	1.816	8,6
1990	63.836	56.473.035	60,30	2.715	8
1991	87.336	57.834.256	66,00	2.666	8,2
1992	87.336	58.643.936	70,10	2.766	8,5
1993	145.286	59.464.951	66,10	3.091	8,9
1994	176.004	60.297.460	106,30	2.192	8,6
1995	208.175	61.141.625	89,10	2.835	7,6
1996	245.925	61.997.607	80,40	3.000	6,6
1997	321.447	62.865.574	85,70	3.105	6,8
1998	492.373	63.921.000	84,60	3.255	6,9
1999	700.661	64.851.000	64,90	2.879	7,7
2000	954.876	64.900.000	55,90	2.965	6,5
2001	1.374.095	65.000.000	54,40	2.123	8,6
2002	1.550.599	65.703.347	45,00	2.612	10,6
2003	1.794.832	66.722.349	25,30	3.366	10,8
2004	1.955.878	67.912.431	10,60	4.256	10,6
2005	2.260.839	68.928.018	7,72	5.029	10,5
2006	2.653.346	69.641.627	9,65	5.482	9,9
2007	3.518.074	70.547.256	8,39	9.333	9,9

[7] The numbers and leasable areas data were collected from AMPD, various books and industry publications. Population numbers were provided from Turkish Statistics Agency. Because there is not census held every year, the data obtained from Turkish Statistics Agency shows the data of certain years. The numbers pertaining other years are estimated taking the population growth rate in consideration. Per capita income and unemployment rates are obtained from Turkish Statistics Agency, and inflation rates are derived from the Turkish Central Bank's publications.

Source: Turkish Statistics Agency (09.07.2008); Republic of Turkey Central Bank (08.07.2008); Alkibay (2007:150); Gürlesel (2008), Shopping Centers and Retailers Association (06.05.2008) **Date formats are kept as is (DD.MM.YYYY)**

Table 4. US Data[8]

Years	Total Number of SCs	Total Leasable Area (M2)	Population	Inflation Rate (%)	Per Capita Income ($)	Unemployment Rate (%)
1970	11.011	138.425.470	205.052.174	5,84	4.085	4,98
1971	11.895	144.928.680	207.660.677	4,30	4.342	4,95
1972	13.174	153.289.950	209.896.021	3,27	4.717	5,60
1973	14.403	167.225.400	211.908.778	6,16	5.231	4,86
1974	15.074	173.728.610	213.853.928	11,03	5.707	5,64
1975	15.480	183.018.910	215.973.199	9,20	6.172	8,48
1976	17.458	211.818.840	218.035.164	5,75	6.754	7,70
1977	18.420	222.967.200	220.239.425	6,50	7.405	7,05
1978	19.201	232.257.500	222.584.545	7,62	8.245	6,07
1979	21.061	259.199.370	225.055.487	11,22	9.146	5,85
1980	22.050	274.992.880	227.224.681	13,58	10.114	7,18
1981	22.688	287.999.300	229.465.714	10,35	11.246	7,62
1982	23.304	301.005.720	231.664.458	6,16	11.935	9,71
1983	24.046	308.437.960	233.791.994	3,22	12.618	9,60
1984	25.508	314.012.140	235.824.902	4,30	13.891	7,51
1985	26.553	322.373.410	237.923.795	3,55	14.758	7,19

[8] The data regarding the number of shopping centers and the leasable areas are provided from ICSC. Population data are obtained from Census Bureau's website (www.census.gov), other statistics are provided from the US Bureau of Labor's website (www.bls.gov).

1986	28.496	327.018.560	240.132.887	1,91	15.442	7,00
1987	30.641	345.599.160	242.288.918	3,66	16.240	6,18
1988	32.563	366.966.850	244.498.982	4,08	17.331	5,49
1989	34.683	391.121.630	246.819.230	4,83	18.520	5,26
1990	36.515	407.844.170	249.438.712	5,39	19.477	5,62
1991	37.975	423.637.680	252.127.402	4,25	19.892	6,85
1992	38.966	434.786.040	254.994.517	3,03	20.854	7,49
1993	39.633	443.147.310	257.746.103	2,96	21.346	6,91
1994	40.368	451.508.580	260.289.237	2,61	22.172	6,10
1995	41.235	461.727.910	262.764.948	2,81	23.076	5,59
1996	42.130	473.805.300	265.189.794	2,93	24.175	5,41
1997	42.953	485.882.690	267.743.595	2,34	25.334	4,94
1998	43.661	495.172.990	270.298.524	1,55	26.883	4,50
1999	44.426	507.250.380	272.691.000	2,19	27.939	4,22
2000	45.115	517.469.710	281.422.000	3,38	29.845	3,97
2001	45.827	527.689.040	285.102.000	2,83	30.574	4,76
2002	46.438	536.050.310	287.985.000	1,59	30.821	5,78
2003	47.104	544.411.580	290.850.000	2,27	31.504	5,99
2004	47.834	552.772.850	293.657.000	2,68	33.123	5,53
2005	48.695	562.992.180	296.410.000	3,39	34.757	5,08

Source: ICSC (2006a); Census Bureau (10.07.2008); Bureau of Labor Statistics (10.07.2008) Dates are kept as is.

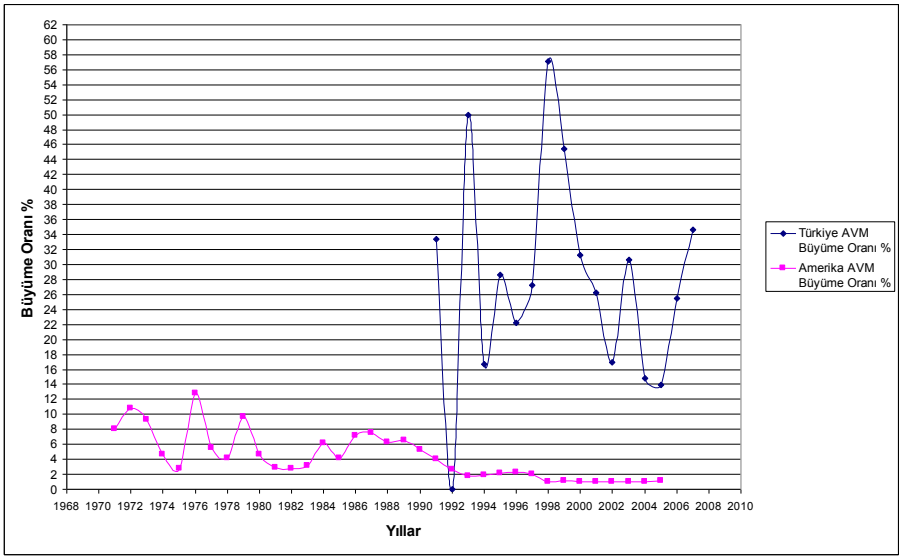
The Turkish and US shopping centers industry is examined and compared in terms of data obtained. The charts are provided using MS Excel. The elements subject to comparisons and analyses are the growth rates, total leasable areas, leasable area per 1,000 people and retail sales.

3.2.1. The Growth Rate in SC Numbers

The growth rate of both countries' total shopping center numbers is shown in Figure 3. According to the figure, 2 shopping centers that were opened right after two years following the first shopping center that was inaugurated in 1988 increased the growth rate to 200%. Because there was no shopping center opening in 1990, no growth took place. One shopping center that was opened in 1993 resulted in 33% numeric growth in the industry.

The absence of any SC opening in 1992 also caused no change in growth rate in that year. The growth curve reached its peak in 1993 for the first time. 2 centers that were opened in 1993 increased the growth rate to 50%. However, the growth rate dropped one year later by decreasing to 16.67%. Looking at the causes of this sudden drop, it is notable that 1994 was a difficult year in terms of a general economic scene, the inflation rate in the country increased to 106% and per capita income decreased approximately by 30%. It appears that this situation in the economy affected the shopping center investments.

Figure 3. The Growth Rates in the Number of SCs in Turkey and the US by Year



It appears that the growth rate took place as 28.57% by 1995. An increase in per capita income by 30% occurred in 1995. 2 SCs that were opened in 1996 caused the rate to go up to 22%. The industry experienced its second peak 5 years after the first peak in the sense of growth. 8 SCs that were opened in 1998 caused the industry to grow in the number of centers by 57.74%. It appears that the growth rate decreased between 1998 and 2002. This rate especially hit the bottom after the year of 2001. The 2001 crisis that resulted in a serious decrease in per capita income and purchasing power affected the shopping centers as it was the case in many other industries. The effects of the crisis were overcome quickly. The

boom in the new shopping center opening that took place in 2003 caused the growth of 30.65%. However, during the period of 2004-2005, the decrease in new shopping center openings reduced this rate to 13%. During the period of 2006-2007, high number of shopping center openings, especially in 2007, increased the growth rate to 34% and caused the growth curve to turn into a rapidly rising curve.

Looking at the US, it appears that the growth cycle maintained a fluctuating course, especially between 1970 and 1984. The growth rate of 6% in 1970 maintained the increase until 1976 and decreased during the period of 1972-1975. However, during the period of 1972-1975, the decrease in new shopping center openings reduced this rate to 13%. While the inflation rate in the country was 3.72% in 1972 and the number of new shopping centers opened was around 1200, the inflation rate increased to 9.20% in 1975 and the number of newly opened centers decreased to 600s. From her, it is also possible to conclude that inflation was affecting the openings of new centers.

The growth in the industry was at the peak in 1976. 1978 shopping centers that were opened this year increased the growth rate approximately by 10%. However, the decrease in new center openings during the period of 1977-1978 reduced the rate again. The industry experienced its second peak after 3 years following 1976 in the sense of growth. Per capita income during this period increased to $9,000 for the first time.

The growth during 1980-1983 dropped down to 2.7%. The 6.1% growth rate in 1984 decreased in parallel with the decrease of openings in 1984. 1986 became the year when the lowest inflation rate of the last 15 years (1.9%) had taken place and the growth rate took place as 7.1%. The growth reached the peak in 1987 for the last time. In general, it appears that inflation played a distinct role in SC investments until mid 1980s. Looking at 1990s, it is noticeable that the growth rates started to gradually decrease in the beginning of 1990s. While the number of new center openings was 1,800 in 1990, it decreased by one third in 1993. It can be said that the recession that was witnessed in the US economy, especially in the beginning of 1990s seriously affected the SC investments. Looking at the period of 1993-1997, even though the number of total SCs was around 40,000, the number of new center openings was around 700s. During this four-year period, a growth rate of 2% took place. Looking at the post-1998 period, it appears that the growth rate further decreased and maintained below 2% between 1998 and 2005.

As it can be concluded from the figure, the growth cycle is a curve that has been steady since the second half of 1990s until today. In short, while the US shopping centers industry had an average growth rate of 7.5% during 1970s in terms of the number of SCs, this rate dropped by 2.5% on average during 1980s and has been maintaining at annual 1.25% on average after 2000. This is a sign

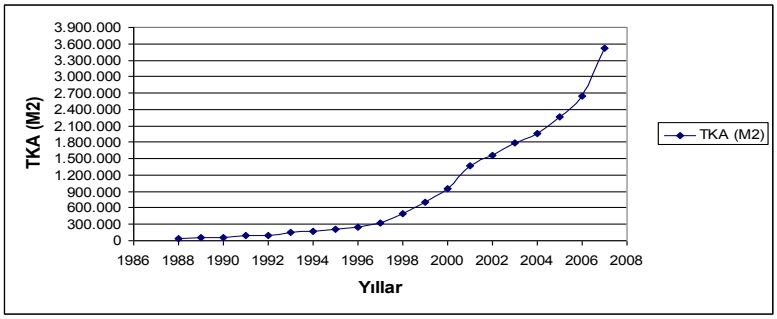
that the industry is in the maturity stage, or even in the advanced phases of the maturity stage.

3.2.2. Total Leasable Area

3.2.2.1. Total Leasable Area in Turkey

The leasable areas of Turkey's shopping centers are shown by years in Figure 4.

Figure 4. The Leasable Areas of Shopping Centers in Turkey by Year



The first shopping center that was opened in 1988 was a shopping center with 42,000 m^2 leasable area. With 2 shopping centers that were opened in 1989, the total leasable area (TLA) in the industry reached 63,000 m^2. The absence of any shopping center opened in 1990 caused the industry to stay on the same level in terms of TLA. TLA became 87,336 m^2 with the only center that was opened in 1991. This SC that was opened in 1991 was a mid-size SC. There were not SC openings in the industry in the year of 1992 as well. 2 mid-sized shopping

centers that were opened in 1993 increased the total leasable area (TLA) of the industry approximately by 60,000 m^2.

Looking at the 6-month period between 1988 and 1994, it appears that the TLA maintained below 200,000 m^2. The only opened shopping center that was opened in 1994 and had a leasable area of almost 30,000 m^2 increased the TLA level to 176,000 m^2. 2 new small and mid-scale shopping centers that were opened in 1995 increased the TLA of the industry approximately by 40,000 m^2. 8 new small and mid-scale centers that were opened in 1998 caused the total leasable area in the industry to increase to 500,000 m^2.

Looking at the figure above, the TLA curve stayed in a very slowly growing trend between 1988 and 1992, in a relatively faster growing trend in 1993 and 1997 and in a trend the growing speed of which increased after 1988. With 20 new centers that were opened between 1999 and 2000, the total leasable area of the industry reached 1,000,000 m^2. 9 new shopping centers that were opened in 2001 the majority of which consisted of small and mid-scale ones contributed to the total leasable area by around 180,000 m^2. The new shopping centers that were opened in 2002 and were in small scale provided that TLA to reach 1.5 million m^2.

The highest number of shopping centers of the last 15 years was opened in the year of 2003. The contribution of 19 new centers during this period was around

200,000 m^2. Although 19 shopping centers were opened, the increase by 240,000 m^2 in the total leasable area resulted from the fact that the majority of newly opened SCs consisted of small-scale centers with a capacity of less than 20.000 m^2.

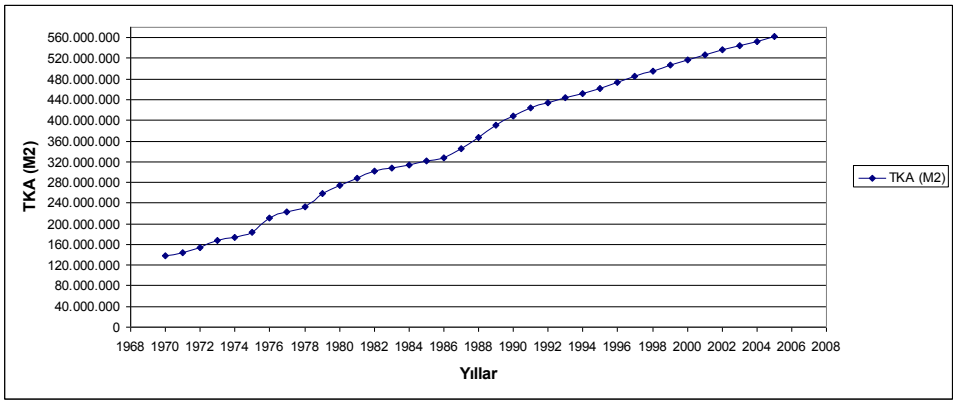
The TLA in the industry stayed only around 1,000,000 for 4 years in the sense of square meters. 2005 and 2006 were the years during which a boom of shopping center openings took place. With 40 new shopping centers that were opened within this period, the TLA of the industry increased to 2,653,346 m^2. Looking from the perspective of the industry's history, 2007 became the year when the highest number of shopping centers was opened during recent years, and the industry's total leasable area reached 3,518,000 m^2 with newly opened SCs.

Looking at the figure above, the TLA looks like a curve that extremely rose especially during the last 4 years when assessed from the curvilinear motion perspective.

3.2.2.2. Total Leasable Area in the US

The total leasable areas of the US shopping centers are shown in Figure 5.

Figure 5. The Total Leasable Area of Shopping Centers in the US by Year



There were 11,011 shopping centers in the United States in 1970 and the TLA of the industry was 138,425,470 m^2. The average 1,200 shopping centers that were opened every year between 1970 and 1980 doubled the total leasable area of the industry and increased it to 275,000,000 m^2. The major contributor in this development was the number of newly opened centers by 1,200 in three years (1973, 1976 and 1979).

The number of newly opened centers during the period of 1980-1983 maintained 740 on average and the contribution of these new centers to the industry took place around by 49,000,000 m^2. The second half of 1980s became the years during which the SC industry experienced a rapid growth and almost 10,000 new shopping centers were introduced during the period of 1984-1989. The contribution of these new centers was about 83,000,000 m^2.

The stagnation that was witnessed in the US economy in the beginning of 1990s affected the SC investments as well. While 1,460 new shopping centers were opened in 1991, the number of shopping center openings was in 992 in 1992 and dropped to 667 in 1993. The number of new shopping center openings took place around 780 annually during the period of 1993-1998, and the TLA of the industry came close to 500,000,000 m^2.

That fact that the growth rates took place below 2% after 1998 was also reflected on TLA's development. Approximately, 717 shopping centers on average were opened annually during the period of 1998-2005 and its contribution to the industry became approximately 55,000,000 m2. The TLA as of the year of 2005 was 563,000,000 m^2.

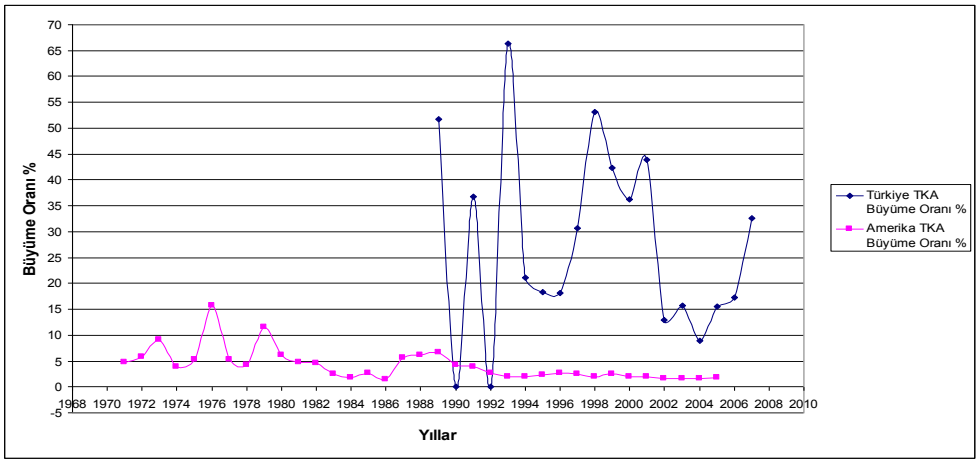
Looking at the figure, it appears that the TLA curve traveled in an increasing trend until mid 1980s and turned into a flattening one after this period and especially during 2000s.

In short, the TLA maintained 100 million m^2 for 6 years, 300 million m^2 for 8 years, 400 million m^2 for 9 years and 500 million m^2 for 7 years between 1970 and 2005.

3.2.3. Total Leasable Area Growth Rate

The growth rates of both countries' total leasable areas are shown in Figure 6.

Figure 6. The Growth Rates of SCs in Turkey and the US in Terms of TLA by Year



Looking at the TKA growth curve of SC industry in Turkey, it appears to be fluctuating. The curve is in bottom levels in 1990 and 1992 as there were no shopping center openings. The growth rate of 51.77% occurred with the SCs that were opened in 1989. The curve at the bottom in 1992 rose to peak in 1993. 2 shopping centers that were opened in 1993 played a role in that movement. While the growth rate of SCs was 16.67% in 1994, the growth in TLA took place by 21.14%. The reason for such a rapid drop resulted from only one opening of a shopping center that year. The industry that grew by 28.57% in SC numbers in 1995 also grew by 18.13% in terms of TLAs. The reason for this development arose from the fact that SCs that were opened were small to mid-sized centers. 1996-1998 is a period in which a rapid growth in TLAs took

place. The year 1998 is the second peak year. It was because the centers that were opened in 1998 were large to mid-scale centers.

While 20 shopping centers that were opened during the period of 1999-2001 increased the TLA by 40%, this rate rose up to 44% with 11 new centers that were opened in 2001. A serious decline in growth rate between 2001 and 2004 was also experienced. Approximately, 20 newly introduced small scale shopping centers during this period caused the rate decline. Looking at the TLA curve, it appears to be in a rapid rising trend after the year of 2006. Especially 73 shopping centers in total that were introduced in 2006 and 2007 caused the curve to maintain such a rapidly increasing course.

Looking at the US SC industry's growth curve in terms of total leasable areas, the course of the curve appears to be different during the first 20 years from that during the last 15 years. While the curve ranged in a fluctuating state starting from the early 70s until mid 80s, it has been maintaining a steady course starting from the start of 90s until today. The peak years in terms of growth are 1973, 1976 and 1979. The fact that the number of introduced shopping centers during those years was approximately 5,000 caused the growth rate to hit the peak.

The decrease in SC openings starting from 1980 continued until 1986 and caused the TLA rates to drop to 1.44%. The decrease that continued in

shopping center openings in 1990s also affected the growth of TLAs. The growth course in regard to SC numbers after the second half of 1990 also displayed a parallel course in TLA levels. The growth rates that maintained a course below 2% between 1997 and 2005 maintained the same trend in total leasable areas as well. The growth rate in TLAs took place as 1.85% in 2005.

To sum up, when the US shopping centers industry is examined in light of TLA growth, it appears to have reached the peak position three times during the 70s. The growth rate generally decreased in the 80s. The decreases in new center openings took place especially during 90s due to the general economic situation in the country, and the growth curve became a steady curve maintaining 1% level. When this situation is examined in terms of TLA growth, it indicates the maturity.

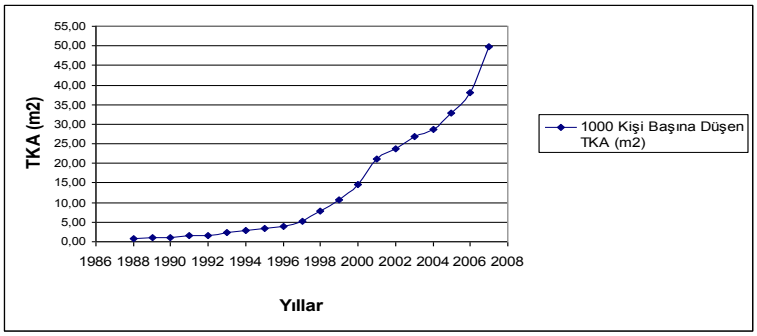
Looking at Turkey, the TLA curve that hit the peak six times during the last 20 years looks likely to maintain its growth during the period after 2008. The fact that the curve hit the peak 6 times in Turkey in 18 years vs. 6 times in the US in 35 years indicate the extent of rapid growth trend that the industry in Turkey is maintaining.

3.2.4. Leasable Area Per One Thousand People

3.2.4.1. Leasable Area Per One Thousand People in Turkey

The total leasable area per one thousand people in Turkey by years is shown in Figure 7.

Figure 7. The TLA (m^2) per 1,000 people in Turkey by Year



One of the important parameters in industrial assessments regarding the SCs is the leasable areas per 1,000 people. At this point, the population of the country plays a significant role. The population of Turkey in 1988 was approximately 55 million. After the first SC with 42,060 m^2 that was opened, the leasable area per capita (LAPC) was calculated as 0.77 m^2. With new centers that were opened in 1989, this number nearly doubled. No growth took place in TLAs in 1990 and 1992 as there were no SC openings. Upon the increase of population, LAPC for 1.000 people also declined.

Looking at the figure, the growth appears to take place in a slow pace in the period of 1988-1996. Although the population increased approximately by 8 million during this period, TLA increased through SC investments and LAPC for 1,000 people came close to 4 m^2.

When the population growth was approximately 0.014% annually, TLA growth rate was significantly higher than that of population growth. That means, if the SC investments do not decrease, or the population growth does not exceed TLA growth rate, the LAPC for 1,000 people would increase continuously.

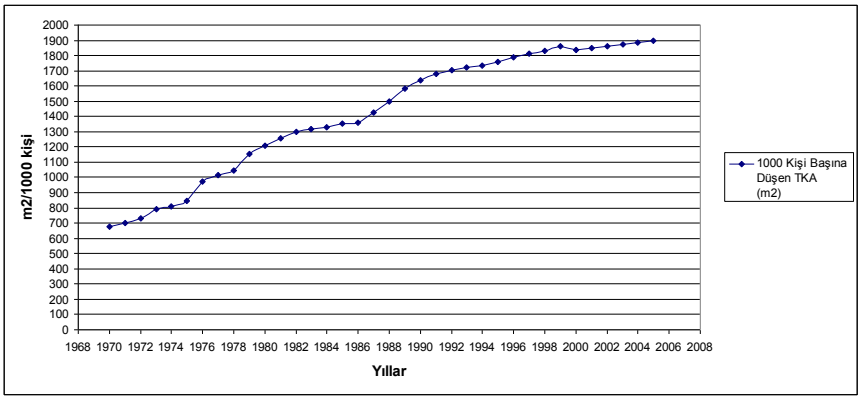
Two digit numbers were reached in 1999 for the first time in terms of LAPC for 1,000 people. 10 newly opened SCs increased the leasable area per capita. As a result of intensive SC openings between 2001 and 2005, LAPC for 1,000 people reached 20 m^2 levels in surface. Especially because the new shopping center openings observed after 2005 increased intensively, LAPC for 1,000 people also increased. This number reached 38.1 m^2 in the industry with 27 SCs that were opened in 2006 and reached 49,8 m^2 following the investments in 2007.

Looking at the chart, the industry that became a curve with increasing growth speed in regard to LAPC for 1,000 people, especially after 2001 turned into a curve that almost became perpendicular as of 2007.

3.2.4.2. Leasable Area Per One Thousand People in the US

The total leasable area per 1,000 thousand people in the US by years is shown in Figure 8.

Figure 8. The TLA (m^2) per 1,000 people in the US by Year



Looking at the LAPC curve for 1,000 people in the shopping centers industry, it appears to be growing between 1970 and 1985 and turns into a flat curve during the period of 1986-2005. The LAPC for 1,000 people was calculated as 675 m^2 in the US with a population of 205,052,174 in 1970.

A population growth of nearly 13 million took place between 1970 and 1976. However, because an average of 1,400 SCs were opened especially in 1972, 1973 and 1976, TLA increased by nearly 45 million m^2 and consequently, LAPC for 1,000 people reached to 1000 m^2 levels. Four digit numbers were reached in 1977 for the first time and the LAPC for 1,000 people took place as

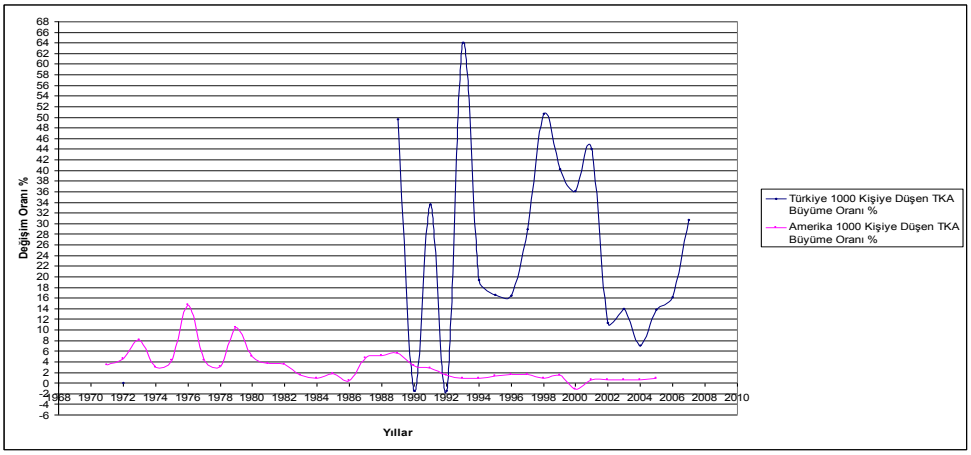
1.012 m^2. Looking at the period of 1979-1986, the curve appears to be starting to flatten slightly. The drop in growth rate of TLA from 12% to 3% played an effective role in this development. 1987 became the year when the highest number of SCs in the industry was opened, and it caused the curve to bend upwards. However, this increase lasted only 3 years.

The decrease in new center openings starting from the early 1990s caused the curve flatten further. As mentioned earlier, the recession in the US economy during this period has its own share in this kind of development. The number of SC openings in 1992 dropped below 1,000 levels for the first time after 10 years, and this number generally continued to decrease until the year of 2005. While the leasable area per one thousand people was around 1,700 m^2 during the period of 1991-1996, it lingered around 1,800 during the period of 1997-2005. When this period is examined, the curve appears to be maintaining its course on a balanced level. The total leasable area per one thousand people as of 2005 took place as 1,899 m^2.

3.2.5. The Growth Rate in Leasable Areas Per One Thousand People

The growth rates of leasable areas per one thousand people of both countries are shown in Figure 9.

Figure 9. The Growth Rates of TLAs per 1000 People in Turkey and the US by Year



Looking at the last 18-year performance of Turkey, the growth rate appears to have hit the peak six times. Turkey experienced the highest growth in terms of LAPC for 1,000 people in 1993 and 1998. The shopping centers that were opened in 1993 expanded the industry by 67% in terms of TLA and by 64% in terms of LAPC per 1,000 people. There was growth observed in 1990 and 1992.

It appears that the curve started to rise during the period of 1996-1998 and hit the peak in 1998. The number of SCs increased by 57% in 1998 and the majority of this increase arose from the mid and large-sized shopping centers. As a result of this, the growth rate in LAPC for 1,000 people reached to 50% levels. The growth that maintained 40% levels during the period of 1998-2001 dropped to 11% after the economic crisis that caused a drop of 29% in per

capita income in 2001. The fact that the investments were directed towards small-scale centers was a significant factor for this rate to drop to such levels.

The fact that the majority of shopping centers that were opened in 2003-2004 period largely consisted of small-scale centers reduced the growth rate of LAPC for 1,000 people down to 7%. However, the growth increased after 2005. The LAPC for 1,000 people as of the year of 2007 increased by 30% compared to the previous year. The fact that the SC investments were mid and large-scale SCs during the last years also played a role in this development.

Looking at the US, the growth rate of LAPC for 1,000 people appears to have hit the peak three times. The industry experienced its highest growth in a 35-year period in 1976 by 14.64%. The fluctuating growth rates until the end of 1970s decreased starting from the beginning of 1980s until the mid 1980s. The growth rate of 5.08% in 1980 dropped below 1% in 1986. The curve appears to be starting to rise in 1987. The fact that the highest number of shopping centers were opened that year played the major role in this development. The LAPC for 1,000 people that grew by 5% during the late 1980s started decrease quite a lot during 1990s.

1993 experienced a decrease of 300 in SC openings compared to the previous year, and as a result of this the growth rate dropped below 1% for the first time. Looking at the late 1990s, the rate appears to be around 1% level as well. It

appears that the growth rate took place in negative for the first time by 2000. Although the growth rate in terms of TLA was 2% in 2000, the growth in LAPC for 1,000 people took place as -1.38%. The increasing American population is a significant factor for this rate to drop to such a level. The country's population increased by approximately 3.3% as it was never seen before. As a result of this, the growth rate in LAPC for 1,000 people decreased to negative levels. Starting from the year of 2001, this rate turned to positive again, but always maintained its course below 1%.

If we evaluate both countries together, we can state that the US displayed growth in LAPC for 1,000 people during the 1970-1980 period (especially in 1973, 1976 and 1979), growth was also present during the 1980-1990 period. However, this growth took place in a decreasing manner. The period of 1990-2000 (especially the beginning of 1990s) appears to be the years during which the growth rates decreased due to general economic developments throughout the country.

Looking at Turkey's 1990-2000 period, the growth appears to be more rapid in the periods of 1992-1993 and 1996-1998.

Looking at the US during the post-2000 period, the growth appears to maintain its steady position below 1%. However, the curve appears to be maintaining an

increasingly rising trend in Turkey, especially during the 3-month period following 2004.

3.2.6. Retail Sales

3.2.6.1. Retail Sales in Turkey

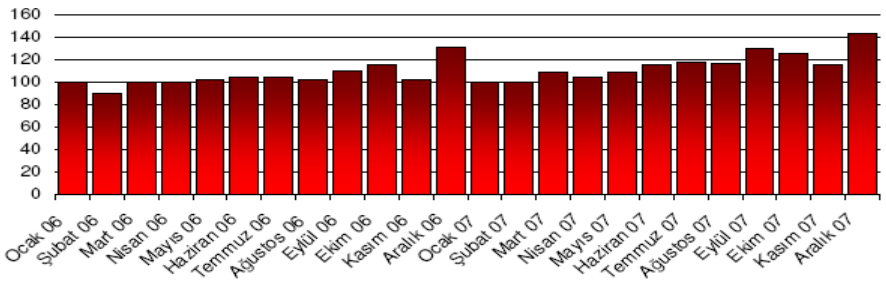
Shopping centers in Turkey have been in the country's agenda for the last 20 years. The shopping centers are not an independent industry as they are in the US. Therefore, the retail sales data regarding shopping centers in Turkey are not exclusively concerning the shopping centers as they do in the US shopping centers industry, and they are in the form of data and statistics covering the entire retail industry. Hence, the shopping centers industries in the US and Turkey cannot be compared to each other based on parameters such as sales, turnover, sales per square meter, etc. on a one-to-one basis.

The assessments regarding the organized retail industry are performed by various research and consultation companies and mainly AMPD. However, obtaining the parameters such as sales, turnover, sales per square meter by years regarding the industry is not available in the form of time series. The statistics regarding the industry started to be recorded regularly during the last couple of years. In that regard, the indeces concerning organized retails that were jointly prepared by AMPD and Nielsen are used in this section.

The turnover index for 2006-2007 is shown in Figure 10. The index indicates that the organized retail industry continues to grow. According to AMPD-Nielsen index, the organized retail industry grew at a lower pace in December 2007 compared to previous months. The turnover amount in December increased by 9.6% compared to the previous year. The monthly turnover sales numbers took place as follows (AMPD and Nielsen, 2008:2)

- July: % 12,3
- August: % 14,7
- September: % 18,0
- October: % 8,7
- November: % 14,0
- December: % 9,6

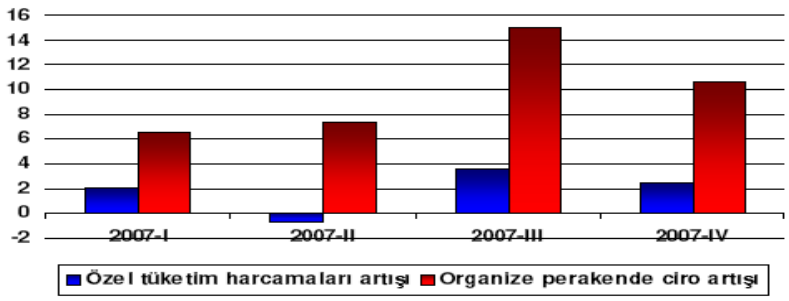
Figure 10. The Turnover Index for 2006-2007



Source: AMPD and Nielsen (2008:2)

Figure 11 shows the private consumption spending and organized retail turnover increases.

Figure 11. Private Consumption Spending and Organized Retail Turnover Increases



Source: AMPD and Nielsen (2008:3)

According to index, the industry's 2007 4th quarter turnover increase rate took place as 10.6% including the December data. The turnover growth of the annual organized retail took place as 10%. Index states that the organized retail has displayed a better performance than the average growth. The index also indicates that the organized retail continues to increase its share within the total. The industry's high growth, especially during the 2nd and 3rd quarters of 2007 is remarkable. The fact that the industry made growth above private

consumption spending in all quarters of 2007 means that the organized segment's share increased (AMPD and Nielsen, 2008:3)

3.2.6.2. Retail Sales in the US

ICSC (International Council of Shopping Centers) generally calls the sales in shopping centers as indiclined sales. The retail products that are included under this term are general retail products, clothing, furniture, electronics, health-personal care, food-drinks, construction materials and garden equipment. The information regarding the retail sales in the US shopping centers, the number of adults shopping at these centers and the employment status in these centers are shown in Table 5.

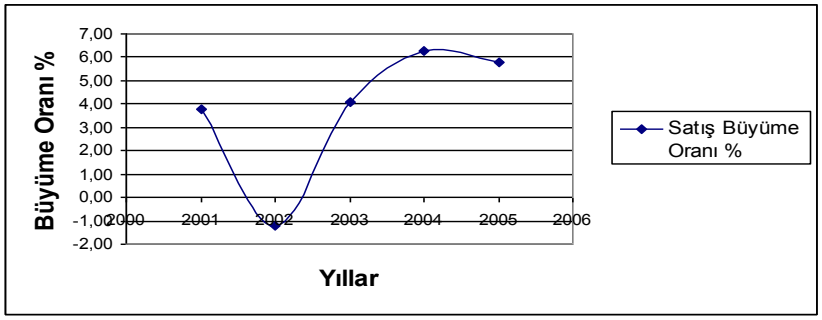
Table 5. Sales, Employment and Customer Numbers in the US Shopping Centers

Years	Retail Sales ($)	The Number of Shopping Adults (million/month)	The Number of People Employed in SCs
2000	1.764.000.000.000	196,6	10.746.400
2001	1.830.700.000.000	199,3	10.860.700
2002	1.808.900.000.000	185,8	12.455.425
2003	1.882.700.000.000	187,6	12.367.953
2004	2.001.200.000.000	188,7	12.492.950
2005	2.116.500.000.000	190,8	12.676.920

Source: Uluslararası Alışveriş Merkezleri Konseyi (08.05.2008)

As seen in the table, 2.16 billion dollar sales (indeclined sales) took place in the US shopping centers as of 2005. The growth rates regarding these sales are shown in Figure 12.

Figure 12. The Growth Rates Regarding the Sales in the US Shopping Centers



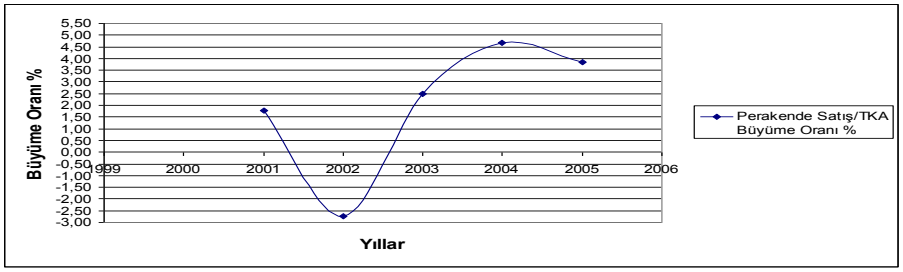
A growth of 2.44% was provided in 2001 compared to the previous year according to the chart. The impact of the growth by approximately 3 million in the number of adult shoppers per month compared to the previous year played a role in this development. Sales growth rate dropped to negative levels in 2002. The rate that took place in 2002 is -1.19%. The negative impact of Sept. 11 attacks that was inflicted upon the American public was especially among the reasons of such a serious decrease. Hence, the number of adults who used to shop in shopping centers in 2002 decreased by 6.77% compared to those in 2001.

The number of adult shoppers in shopping centers in 2003 increased approximately by 2 million people per month and sales mounted by 3.05%. The sales also continued to increase in parallel to the increase of consumer numbers that went shopping in SCs in 2004. The sales increased by 5.26% in 2004. The sales growth rate took place as 4.78% in 2006. Looking at the reasons of the decrease, a correlation between the inflation and per capita income may be established. A decrease in per capita income and an increase in the inflation rate was observed in 2006. While per capita income was 5.14% in 2005, it increased by 4.93% in 2006. While the inflation was 2.68% in 2004, it rose up to 3.39% in 2005.

When the period of 2000-2005 is evaluated in terms of per square meter, the numbers performed as 3.409 $/m^2 in 2000, 3.469 $/m^2 in 2001, 3.374 $/m^2 in 2002, 3.458 $/m^2 in 2003, 3.620 $/m^2 in 2004 and 3.759 $/m^2 in 2005.

The growth rates of sales per square meter are shown in Figure 13.

Figure 13. The Growth Rates of Sales per Square Meter in the US Shopping Centers



The sales per square meter increased by 1.77% in 2001 according to the chart. However, the sales took place as -2.73% in 2002. Sept. 11 attacks played a major role in this kind of development. Hence, a serious drop in the number of shopping adults took place. A decrease in per capita income growth was also observed. The increase in shopping adults by approximately 1.8 million per month compared to the previous year increased the sales per square meter by 2.48%. The year when the growth rate hit the peak was 2004. The per capita income increased by 5.14% in 2004. Furthermore, the number of shoppers in SCs increased approximately by 12 million annually. The growth rate decreased to 3.84% in 2005. The increase in inflation, the decrease in the increase of per capita income and the low increase of total leasable areas such as by 1.85% player a role in this kind of decrease.

CONCLUSION AND RECOMMENDATIONS

The main issue of the research consists of comparing the shopping center industry of a developed country to that of a developing one in terms of industry life cycle dimension, determining which stages these two industries are in regard to industrial evolution and therefore, examining the industrial developments of two countries within the context of shopping centers. In that regard, various conclusions pertaining to the issue of the research have been reached, and various recommendations are presented.

The shopping centers of Turkey and the United States have been compared to each other in the study on the industrial basis. However, these comparisons were performed within the parameters that were available. Therefore, the positions of shopping centers in the US and Turkey within the industrial evolution were assessed within these parameters.

The research was conducted based on analyzing the secondary data that were derived from various sources regarding the shopping centers in Turkey and the US, and examining and comparing the industries within certain parameters.

There were some limitations for this study. The most significant limitation of the study was the absence of data pertaining to the industry in the US that could be compared to that in Turkey on an one-to-one basis. Therefore, the analyses are based on a limited number of parameters. Also, factors such as the

consumer needs, consumer behaviors, competition conditions and demand-supply conditions should be taken into consideration in order to conduct more detailed analyses about the shopping centers and SC industry. However, such parameters that would make a thorough analysis of the industries possible were ignored due to difficulties in obtaining data.

Various charts were created about the course of development of industries within the parameters used. Looking at the course of the industries in both countries by years within the charts created, it was concluded that the shopping center industry was in maturity stage in the US while the industry in Turkey was in growth stage.

The shopping centers in Turkey appear to be in an earlier stage in the industrial sense compared to the US. This is because our country met its first shopping center in a modern sense many years later than the US. However, the Turkish shopping centers have been progressing in growth stage in terms of industrial evolution and are in a rather quick rising trend in terms of development pace. There are various reasons for it. Among the reasons are Turkey's economy that is growing fast and is open to foreign investment and new developments, its social structure that is increasingly becoming more modern, changing consumption habits and consumption preferences, and especially its young population.

Within the context of the industry life cycle, looking at the US shopping centers' industrial evolution, it was concluded that they were in maturity stage due to many parameters such as the leasable area per one thousand people, the number of shopping center openings by years, etc., and they maybe be even moving towards the later phases of this stage. The US may seem to be maintaining its leader position within the shopping centers industry. However, it may be entering into the decline stage in near future.

While the increase in shopping centers in the US by years, or the growth rate in other words, had been 10-12% during 1970s, the same rate is below 2% today. This last rate has been maintaining itself for the last 5 years below 2% and it is estimated that it will maintain such a course in the upcoming years. This is a situation that overlaps with the principle of "there is either no development, or there it is very low" during the maturity stage and is an indicator that the industry is about to complete its saturation.

Looking at Turkey, even though the history of shopping centers dates back to Kapalicarsi (covered bazaar) that was put into service during 1400s, clearly Turkey has created its first modern shopping center approximately 30 years after that of the US. The first shopping center was also built in our country by taking a shopping center in the US as an example.

The SC investments in Turkey have been ongoing intensely especially since 2000s. The industry is a growth stage in general. However, looking locally, the industry has reached the saturation point in some regions.

Due to ongoing intensive investments in Turkey, a serious competition regarding the shopping centers is expected in the upcoming years. Therefore, the shopping centers need to diversify as a concept.

Location is essentially crucial for SCs. The better the location of SCs, the higher their success rates will be. In that regard, the utmost attention should be exhausted to factors such as location and architecture for shopping centers that are planned to be opened. Aside from selecting proper location, they also have to incorporate the right concept and the best retailers in their field into their business in order succeed.

Before starting the investment, factors such as population distribution, the economic purchasing power of people in the area, life styles, the general retail structure in the area, etc. should be carefully studied and the investments should start by taking such factors into consideration. The investment return may turn difficult in shopping centers that are opened without conducting serious feasibility studies.

In order the Turkish shopping centers could improve their growth processes and maintain them when they enter the maturity stage, international standards

should not be compromised, a variety in marketing and promotion policies should be created or should be maintained, and they should build their store mix and management types optimally.

The number of shopping centers that try different concepts is low. While the emphasis towards the food court stands out in some shopping centers, the marketplace is the emphasized in some others. Other centers need to create different concepts as well.

The store mix should especially be paid attention to, and they should overlap with the concept and the identity of the shopping center. The shopping center administrations should display due diligence in operating efficiently and organize activities that would make a difference. The competition in the upcoming period is not only between shopping centers, but also between their administrations. Furthermore, the shopping center administrations should pay attention to product-store mix during the process of leasing.

The industries of two countries that have different development levels were compared in this study. Countries with similar scales to that of Turkey can be compared in the following studies. Similarly, countries with similar development levels can be examined and compared on an industrial basis as well. Furthermore, factors that affect the development of shopping centers and

the structural change in shopping centers can be examined deeper in studies that would be conducted on the same subject in the future.

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