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Location of franchises and large retail chains following the Great Recession. The case of the city of Zaragoza (Spain)

1. THE ROLE OF RETAIL ACTIVITY IN CHANGES TO THE URBAN LANDSCAPE

Literature has proved the benefits of analysing retail activity to define the structure, cultural models (Mérenne-Schoumaker, 2008; Soumagne, 2014), and competitiveness of places at different spatial levels (Moreno y Escolano, 1992; Tarragó, 1992; De las Rivas, 2007). However, retail activity should be analysed at city level when exploring particular attributes, such as social and cultural structure, and the resiliency of locations (Desse, 2014; Soumagne, 2014).

Although commerce and city constitute an inseparable binomial on all scales, their unstable relationship has contributed to their reciprocal adaptation over time (Tarragó, 1992; Dugot y Pouzenc, 2010; Moati, 2011; Gasnier y Lemarchand, 2014) and fostered changes in spatial organization. In this respect, the new commercial modes overlap with traditional locations as they adjust to current demands (Desse, 2001; Lowe, 2005; Villarejo, 2008; Conseil National des Centres Commerciaux, 2013). Additionally, they must adapt to current trends in consumption, use of time and the introduction of digital space as an intangible environment for shopping (Relaño, 2011), leisure and consumption.

For their part, the large commercial areas on the periphery have been a reference model for the last three decades (Escudero, 2015). These have coexisted and competed with the open commercial centres of the historical or functional districts (Castresana, 1999; Espinosa, 2003; Carmona, 2015; Morales, 2015), which have often fallen into decay, with local proximity trade, street markets or informal sales. Currently, these models are facing new forms of consultation, management and acquisition of goods and services through the Internet and digital networks, which have grown exponentially in recent years and compete with the classic patterns of physical commerce.

However, the economic downturn has also strengthened certain commercial formulas since 2008, such as franchises and large retail chains. Both have adapted to this new scenario by boosting their online shopping platforms and relocating their shops into urban centres, especially in the smartest and busiest streets. Simultaneously, newly-developed districts are designed to have little commercial activity, in the same way that "food deserts" are found in the USA (Apparicio et al., 2007; Jaskiewicz et al., 2016). This raises road congestion, since cars have to be used to buy basic goods (Arranz-López et al., 2017), as well as consolidating e-commerce and home delivery.

In short, commercial activities continue to play a fundamental role in the physical and social reconfiguration of cities, generating new dynamics and spatial strategies with changes in the territory (Thomas y Bromley, 2003). In addition to homogenization of the commercial scene in cities (Barroso, 1999; Bordonaba et al., 2009), there are other internal and temporary differences in the organization of retail according to urban hierarchies, income levels, culture, legislative and urban models, and type and level of commercial activity (Precedo, 2004; Guelton, 2014; Vanier, 2015).

In this context, this article aims to further knowledge of new strategies for locating retail activity after the Great Recession. To this end, the current distribution and typology of franchises and large retail chains in the city of Zaragoza has been analysed. This information was then compared with data prior to the economic downturn. This can help in understanding some of the changes and new logic in the location of commerce undergone in many Spanish cities, such as the revitalization of urban centers, the decline of popular residential areas, the transformation of shopping centres due to competition among them, or the "food deserts" in recently developed urban areas.

The article is organized as follows. Section I introduces the context of the research, showing the role of retail activity in the urban scene. Section II includes the sources of information, the methodology used to classify the retail activity, and a description of the study area. Section III continues with a presentation of the main results obtained. Finally, section IV provides the conclusions of the work.

II. METHODS AND DATA

II.1. Study area

In the context of Spain, Zaragoza is a medium size city located in the north-east and chosen as a case study. Zaragoza has undergone significant urban transformation over the last twenty years, driven by both heavy real-estate development and a great many changes in the retail landscape.

While the past decade was dominated by shopping malls, the current local institutions are implementing policy packages focused on promoting traditional retail activity (mainly food stores). Large sums are being invested in revitalising small stores in traditional neighbourhoods in order to improve the volume of sales for small shops. Other initiatives are street markets and advertising campaigns.

II.2. The methodology for mapping retail activity: data and methods

Mapping retail activity involved the combination of data from various institutions and corporate websites. The methodology consisted of two different phases: (i) selection of data sources, (ii) retail activity classification and mapping.

II.2.1. Selection Of Data Sources

The main database was original and non-spatial, developed by the Spanish Ministry of Economy (http://franquicias.comercio.es/) and differentiated by its requirement for franchises to register. Data was cross-checked with other specialist websites such as *tormofranquicias, franquicias.es, 100franquicias, topfranquicias* and *infofranquicias*.

We also used corporate websites of retail stores belonging to large distribution chains such as *Inditex, Cortefiel*, *Mango*, *Decathlon*, *Primark*, *Bonarea*, *Simply*, *Mercadona* and *Eroski*. Despite the fact that they were not franchises, they were felt to be relevant because their spatial location patterns were similar to franchises. As seen above, we also cross-checked data through other websites such as *Alimarket, Acotex, Anged* and *Aecc*.

Finally, we consulted the non-spatial database from the *2009 Local Supporting Plan of Proximity Commerce* to compare retail activity evolution from 2009 to 2016. This document included franchises, large retail chains and traditional retail.

It is worth mentioning that individual services and intangible services (e.g. beauty salons, banks), while interesting, were excluded since domestic stores generate the largest percentage of population mobility.

II.2.2. Retail activity classification and mapping

Retail activity followed the initial classification in 22 categories, according to the Spanish Ministry of Economy. In order to make both the 2009-2016 retail comparison and data visualization simpler, initial categories were reduced to the next seven categories: (i) food, (ii) costume jewellery, (iii) fashion and accessories, (iv) home decoration, (v) photography and optics, (vi) computer and mobile phone stores, (vii) other retail activity. The final result was 1,343 retail stores in 2016 and 1,054 in 2009.

Retail locations were digitised in *My maps app*, powered by *Google,* for two reasons. First, digitisation was easy due to its powerful address locator; second it enabled data to be exported to a GIS environment (*ArcMap*).

III. RESULTS

III.1. Significance of franchises and large retail chains

The results of the analysis of the presence of franchises and large retail chains in the city of Zaragoza show the higher number of shops belonging to retail chains (56.81%) compared to franchises (43.19%) in 2016. This fact is linked to the amount of food shops (26.14% of the total) that are part of retail chains, such as supermarkets or bakeries (*Mercadona*, *Simply Market*, *Eroski*, *Frutos Secos el Rincón*, *Martín Martín*). This group has withstood the consequences of the economic downturn and have continued to expand their premises. The group is also made up of large textile chain stores (17.65% of the total, with brands such as *Inditex*, *Mango* and *Grupo Cortefiel*, among others).

However, franchised firms are also well represented and the trend is for continuing growth in sectors such as perfumery, fashion, footwear, delicatessen or organic food, accessories, costume jewellery, etc. The franchised firms offer an identifiable brand for the clients and certain financial facilities for the entrepreneurs, so they are an attractive option in times of crisis.

III.2. Distribution of franchises and large retail chains

Regarding the analysis of location trends in the city, franchises and large retail chains are widely distributed throughout the urban space, although concentrated in the downtown area, specifically in the main streets and in shopping centres and their surroundings. On the other hand, they are rather scarce in the most peripheral and recently developed residential areas, such as Valdespartera, Arcosur, Parque Venecia, Parque Goya and Miralbueno.

Particularly striking is the urban centre, where the distribution of commercial locations for franchises and large retail chains is relatively dense and occupies the main streets. They are also found in secondary streets, around the two sites of the *El Corte Inglés* department store, which act as flagship and benchmark retail stores for the city centre.

Initially, some franchises and large retail chains that opted for locations in shopping centres - with their own premises - are currently relocating or opening new stores in the city centre. Recently, the popular neighbourhoods are also witnessing an increasing presence of franchises and large retail chains sharing the space together with local shops.

III.3. Retail distribution by categories

Firstly, the predominance of stores in the food sector must be mentioned, which is justified by the presence of a large number of chain stores, depending on the size and population of the city. Locations are distributed throughout the city, although there are more in consolidated neighbourhoods than the new residential areas.

The second retail sector is fashion and accessories. In this case, the distribution of stores around the city is more selective, since it is non-daily retail, which also takes into account the regional role of the city. It is located in the urban centre, in the main streets of the residential areas, and in the shopping centres.

The rest of the retail categories studied in this research do not present a dense grouping of locations, with the exception of jewellery and costume jewellery shops which are found mainly in the city centre and, to a lesser extent, in shopping centres.

IV. CONCLUSIONS

The study of franchises and large retail chains is fundamental to understanding the retail organization of the city of Zaragoza. This is characterized by its multiple locations, such as the urban periphery, intra-urban clusters grouped around the main streets, and in other sub-centres located in the traditional neighbourhoods. Stores associated with large retail chains maintain a higher number of locations and a more diverse distribution for all types of urban areas (urban centre-periphery). Furthermore, the presence of franchised establishments with the same type of distribution and spatial segmentation is also very significant.

This research has proposed a methodology that can be replicated in other Spanish cities using the same selection of information sources, reclassification of establishments according to the retail sectors used and proposed geo-referencing. The case study for the two types of retail analysed - franchises and large retail chains - has shown an increase in the number of establishments of both types between 2009 and 2016. Nevertheless, the large retail chains have come out of the Great Recession in a stronger position.

In addition, an analysis of the spatial distribution of retail activity provides more in-depth knowledge on the spatial processes of adapting economic activities to the new behaviour of the population after the Great Recession. The assessment of the impact of *e-commerce* in the spatial distribution of retail suggests far-reaching changes in the organization and development of cities and, particularly, in retail.

Zaragoza is an example of a city with a strong overlap of formats and commercial locations, from the retail expansion to the peripheries - in shopping centres, large retail areas and roadways - to revival of the urban centre.

Thus, there is a loss of commercial diversity in favour of homogenized spaces with the same stores and products. It generates retail deserts in the rest of the urban space, due to the lack of a renewed offer that meets current demands, especially in traditional neighbourhoods. Some similarities with Anglo-Saxon "food deserts" have been found in these residential areas.

Moreover, the construction of new shopping centres in Zaragoza has led to changes in the firms settled there. As a result, several companies and stores have moved to the newest shopping centres, due to the lack of an updated retail offer. A further factor galvanising these retail areas is the location of leading brands (flagship stores of several firms such as *Primark*, *Decathlon*, *Zara*, *Media Markt* and *IKEA*), that are the main attraction for consumers in the new shopping centres. For its part, the most central urban areas are recovering their ability to attract retail, especially franchised stores and large retail chains, due to urban upgrading of the historical areas and city centres.

Finally, franchises and large retail chains have increased in prominence in recent years, and consequently tracking their locations is a clear example of what is needed to understand city patterns and transformations of the urban landscape.

V. ACKNOWLEDGEMENTS

This article is part of the results of the research project "*Indicadores multiescalares y herramientas cartográficas para el análisis de la vulnerabilidad socioeconómica y residencial en áreas urbanas: aplicación al caso de Zaragoza*" (CSO2016-74888-C4-3-R), of the State Program for Research, Development and Innovation Oriented to the Challenges of Society, Ministry of Economy and Competitiveness of Spain, and the financial support of the Government of Aragon and the European Social Fund.