THE EFFECT OF A HYPERMARKET ON THE RETAIL OF SZEGED

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Abstract: Our aim was to examine the effect of a shopping centre on the retail trade of Szeged. We found that the effect - contrary to the common opinion – is not so unequivocal. Many of the actors of the local trade adapted to the new market situation and finding their segment they were able to survive the contest for the customers. Not only their market behaviour, but the growth of the spending power helped them in this achievement. Naturally there were shops, which became bankrupt – obviously the number of these shops decreasing with the distance from the shopping centre.

Keywords: commerce, Szeged, hypermarkets

1. INTRODUCTION

The aim of our study is to examine the effect of a shopping centre to the commerce of Szeged. The public opinion is that the great shopping malls ruin the smaller shops, and drastically transform the retail network in the cities. It is because the smaller shops cannot compete with their prices, their marketing and their abundant supply. We aimed to analyze the situation in Szeged: which are the main processes caused by the most significant shopping mall, and is that true, that it changes radically the retail?

In the 1990’s the retail of Szeged changed rapidly. The number of the shops showed an explosive growth. Firstly appeared the small shops, most of them owned by people who forced to begin an enterprise, because they lost their jobs in the transformation process of the Hungarian economy. Therefore they had no capital, and many of them went bankrupt. Few years later opened the malls of the multinational firms. (MÉSZÁROS R. 1994, NAGY E. 2005) In 1996 opened the first shopping centre, it was the Metro, which was not available to anybody, but only to the ones who had a customer’s card. Thus it was not a “real” shopping mall.
In 1998 opened the city’s first “real” hypermarket, it was the Tesco. The malls is settled near to the potential costumers, since it is situated in the middle of the residential area of Szeged. Nowadays it is open 24 hours. Examining the customer behavior and the arrangement of the shopping mall we can assume that they use the hypermarket to the daily food purchase.

In 1999 opened the second great hypermarket, the Cora, which is situated in the northern part of the city, far from the residential area. Because of the distance, the number proportion customers is lower than in the Tesco.

There are numerous department stores which have specific profile, for example the Praktiker, Mediamarkt, OBI etc. We did not examined their influence because their profile – they only effect a specific sector of the commerce, while the Tesco and the Core hypermarkets have a general effect on the city’s commercial sector. Noticeable the case of the Szeged Plaza, which had opened in 2000. In a sense the Plaza became “victim” of the hypermarkets: this shopping centre has not a food store, because it had to close because of close competition with the hypermarkets.

We decided the examine the effect of the Tesco on the retail on Szeged, because of its location and the great proportion of the daily customers. We assumed that this mall has
the greatest effect on the commerce of Szeged. The Tesco has the best accessibility amongst the hypermarkets: several bus lines run near to this. As mentioned above it is situated in the center of the residential area. Therefore The hypermarkets converted the commerce of the city, and became the focuses of the city’s development and spatial transformation. In Szeged – against the expectations and the Western European experiences - the nearness of Tesco increased the real estate prices. (SIKOS T. T. 2000, TÓTH K.-KESERŰ I. 2001, NAGY E. 2005).

2. METHODOLOGY

To examine the effect of the TESCO to the retail, we made a questionnaire based survey. We asked all the shop owners and managers whom had shop not far than 1 km from the shopping centre. (Figure 2.) We asked about the profile of the shop, the foundation of the shop, the changes of the business outputs (profit/loss), and about the shops closed because of the shopping mall. The Figure shows the area drawn into the notion. We supplemented the survey with interviews with the managers of the multinational commercial firms. (BABBIE, E. 2000)

![Fig. 1 -The research area and shopping malls in Szeged](image)

*Aria de studiu și centrele comerciale din Szeged*  
*Legendă: principalele axe rutiere; alte drumuri importante; cale ferată; centre comerciale 1-8; aria studiată.*

3. RESULTS OF THE NOTIONS
We had 218 shops in total – only those were dropped out from the sample, which managers or owners we cannot access. Most of the shops (40%) had small size. More than 30% of the shops opened after the Tesco.

We categorized of the shops by their profile. The most important was the food store category. There are also many shops that provide services – sometimes competing with the mall’s supply. Relatively high number of bars (14) can be found in the research area. However, the distribution between the categories is strongly segmented: 33% of the shops is in the “other” category (Fig. 2-3).

Examining the spatial pattern of the shops, we can see that there is a strong spatial concentration; most of them situated near the main traffic lines. At the same time we can hardly find shops are in the residential areas between the avenues and boulevards. The most important commercial concentration is the one in the middle of the Csongrádi avenue, an other one is in Makkosháza quarter (near to the Mediamarkt), and a third one is near to the Tesco: between the mall and Kossuth Lajos avenue.

Fig. 2- The types of the shops on the research area

The spatial distribution of the food stores is quite even, although near to the shopping centre their number decreased, and based on the questionnaires most of the shops that became bankrupt were situated here.
On the score of our survey, we can reveal, that the effect on the neighborhood’s retail of the Tesco was not as bad, than we could assume. Most of the shops did not become bankrupt, and the mall did not created a “business desert”.

At the same time the appearance of the Tesco induced many processes. The best indicator of the effect is perhaps the changes of the business results. Among the 136 shops which existed before the opening the Tesco 82 had the same results before and after the appearance of the mall, and 54 shops had a decreasing. The food stores endured biggest dip – this is the category, where the mall is the most potent opponent.

Fig. 3 -The types of the stores drawn into research

Tipurile de magazine incluse în cercetare


Nearly the 2/3 (137 owners) of the respondents did not remember any left off shop. Those who remembered left off shops, placed them to the existing commercial concentrations mentioned above. In these places we did not find any cancelled stores, so we concluded that there is a fluctuation: there are new stores in the place of the cancelled ones (Photos 2, 3).
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Photo 2- A closed shop 150 meters from the Tesco
Foto 2 - Magazin închis, la 150 metri de TESCO

Photo 3- Shop situated in front of TESCO, having had a multiple profile changes in the past few years
Magazin situat la 150 m în fața centrului TESCO și care a cunoscut multiple schimbări de profil în ultimii ani

The stores with stable incomings are situated far from the Tesco, at the traffic focuses. There are some shops, which were capable to increase their trade since the mall opened – but only a few, and all of them is far from the shopping centre. The low “commercial density” areas also have some prosperous stores.

About the ¾ of the respondents are about the future, and does not fear from the challenge of the shopping malls. They think that their advantages are the different profile, the stable patronage, the higher quality, and the higher competency. Sometimes the shops
concentrate very different activities and profiles in the same store to become more competitive.

Not surprisingly the food stores are worried the most about the threat of the Tesco, since in this category is the closest competition. The owners opinion is that the prices and the customers’ attitude (which prefers the great shopping centres) the are equally responsible for their declining business results.

Fig. 4 - The changes of the business results of the shops in the research area

4. CONCLUSIONS

The mall does not influence only to the city, but the neighboring settlements, and through the borders it attracts customers from Romania and Serbia as well. At the beginning the vicinity of the border was an important factor, so the owners counted on the customers from the other side of the border.

We found that the effect of the Tesco is inconsistent. Firstly much less shops went bankrupt than the public opinion thinks, but the bankruptcy in the food retail was more frequent. On the other hand, the stores near to the mall complied with the new situation. They adopted various market strategies, and they not think that the mall is their competitor. Most of the owners are optimistic about the future. Obviously the distance from the
shopping centre affects the intensity of the negative effects – near to the Tesco these effects are much stronger. Likely the growth of the purchasing power slowed the setback of the small shops.

REFERENCES