

The Shanghai Model for Activity Centres and its Potential in the Australian Context

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Abstract: Increasing competition within the Australian retail sector is vital to its continued growth and was a key focus of the Productivity Commission's 2011 report into the economic structure and performance of the Australian retail industry (Productivity Commission, 2011). However, corporate shopping malls, which are increasingly dominating the Australian retail sector, are often protected from competition by planning and zoning regulations designed to promote centre vitality and viability and contain unrestrained urban sprawl. The Productivity Commission has recommended relaxing or removing what it regards as overly prescriptive and restrictive planning and zoning regulation to stimulate increased competition within the retail sector and achieve better outcomes for consumers. While this recommendation is understandable given the role that current regulation plays in restricting competition and embedding local monopolies, could it be overlooking the potential of intelligent regulatory settings to stimulate greater competition within the retail sector than could be achieved if the free market was left to its own devices? Municipal Commercial Centres such as Wujiaochang in Shanghai, where multiple competing shopping malls have been developed and now operate within the one centre, demonstrate the positive role that regulation can play in promoting greater competition within a city's retail sector. This research project's methodology employed a critical theory research paradigm, a semi-structured interview, multiple site visits and the collection of quantitative retail data to compare planning and consumer outcomes between Garden City in Brisbane and Wujiaochang in Shanghai.

1. Introduction

Suburban corporate shopping malls are distinguished by their primary function of retailing, constituted on the basis of profit-making private investment; commercial rationales for decision making; and management control (White & Sutton, 2001, p. 66). Perhaps the most influential work explaining the distribution of centres and the spatial behavior of retailers, derives from a theory developed before modern shopping malls existed. Walter Christaller's Central Place Theory identifies a hierarchy of central places, in hexagonal patterns, defined by the ranges and thresholds people are willing to travel to purchase particular goods being sold within them (Getis & Getis, 1966, p. 221). The influence of this theory on retail distribution can be seen through a prescribed hierarchy of activity centres throughout a city which "typically comprises a [comparison] retailing core, a series of [convenience] shopping districts surrounding the core but closer to it than the edge of the city, and a greater number of shopping districts in the inner than the outer parts of the urban area" (Dennis, Marsland, & Cockett, 2002, p. 186). This is seen as a natural ordering of activity centres in a market system, and also an equitable pattern to ensure access to services by populations. Australian cities like Brisbane have large shopping malls ringing the central business district in an arrangement similar to Christaller's hexagonal pattern, that were arrived at in part by market forces and individual land-holders, but also by planning. Retail hierarchies are embedded in many Australian planning systems, with regulations limiting 'out-of-centre' development, and proscriptions on the size and type of activities that are permitted to exist at each level of the hierarchy across the city (Burke, 2012; McGreal & Kupke, 2014). These reinforce the retail landscapes of cities such as Brisbane. As will be shown, due to single mall operators often owning all or the majority of designated lands within an activity centre, the impetus in Australia has been for malls to continually expand in size with a single operator dominating the retail offer within even the largest regional centres.

There are similar activity centre policies employed elsewhere in the world, but with differences that have profound impacts on the nature of the retail offer that is provided, and the competition made possible within the retail sector. Shanghai features large sub-regional centres that have very different mall ownership and retail mix as compared to those found in Australian cities. This

paper explores these differences by looking at two relatively comparable centres within Brisbane and Shanghai. The intent is to demonstrate the similarities and differences in retail planning, and the outcomes that are being achieved.

The paper commences with a summary of the influential urban factors underpinning mall development, current Australian retail planning and activity centre regimes, and the significant debates about competition (or lack thereof) in the sector. Next, Shanghai's activity centres regime is outlined, and the Wujiaochang Municipal Commercial Centre that has arisen under this model is introduced. The comparative study methods are then outlined, followed by the results. The paper ends with a discussion highlighting the limitations of the study, and areas for future research.

2. Background

The social and cultural underpinnings of shopping mall development need to be understood, in addition to the spatial economic factors that underpin Christaller's patterning. Victor Gruen's development of the first enclosed shopping malls in post-World War II USA occurred during a period marked by a significant migration of black populations from the rural south to the urban north, and the retreat of white populations to the outlying suburbs. Malls designed during this era (many of which Gruen was to later ideologically distance himself from) were typically inward-looking, reflecting a profound distrust of the streets and a yearning for the order and privacy of suburbia (Sandercock 1997, p.28). They were mostly retail, and lacked the civic functions and greater set of social interactions Gruen had originally envisaged. Their growth was made possible by the ubiquity of the automobile in the latter part of the 20th Century, with the emergence of malls decreasing the number of local retail shops, such that without a car life became difficult (Mees, 2000, p. 20). The post-war period also witnessed an increase in disposable income and leisure time, both of which have led to a significant increase in the demand for retail goods and services (Quirk, 2008). When combined with the deregulation of shopping hours in Australia, these forces have promoted a growth in shopping opportunities away from traditional retail precincts and towards corporate shopping malls (Baker & Wood, 2010).

Shopping malls in Australian cities are contained within designated activity centres: locations of higher density development, that (at least within strategic planning documents) are meant to contain a mix of uses including office employment, retail, entertainment, services, and some residential development (McGreal & Kupke, 2014; Quirk, 2008). Consolidating high density, mixed-use development into these activity centres is a strategy pursued by local and state governments for a range of interconnected environmental, social and economic benefits. According to Spiller and Szafraniec (2011, p. 12), these benefits include "lower travel distances and vehicle operating costs, more vibrant and engaging town centres, and enhanced labour and capital productivity through superior urban agglomeration." Activity centre policies spell out which broad activities — residential, retail, commercial — are permitted within centres, and prohibit them in surrounding areas, preventing retail from spreading in an unplanned manner wherever the market chooses. It is these policies that retail businesses and commercial shopping malls must adhere to when seeking to establish, relocate or expand their business in Australian cities (Productivity Commission, 2011, pp. 216-218). Given the size of the Australian retail sector and its presence in the lives of ordinary Australians, these policies can have a significant impact on the productivity and competitiveness of the retail sector and the experience of everyday consumers. The Australian retail sector is comprised of almost 140,000 retail businesses and provides a valuable contribution to the national economy, accounting for 4.1 per cent of GDP and 10.7 per cent of employment (Productivity Commission, 2011, p. XIV). Beyond its economic contributions, the frequent interaction of people with the retail sector has a significant influence on social interaction, travel behavior, and urban form (Goodman & Coiacetto, 2012, p.252).

The contribution of such shopping malls to total retail space in Australia grew at a considerable rate in recent decades; increasing from 28 per cent in the early 1990s to 38 per cent in 2005-06 (Productivity Commission, 2011, p. 219). Their growth has been particularly strong in Brisbane, where between 1993 and 2008 they grew by 87 per cent compared to only 40 per cent in Melbourne (Goodman & Coiacetto, 2012, p.266). This growth of corporate shopping malls is occurring to the detriment of the vitality and viability of traditional shopping districts such as main streets, which have decreased their share of total retail space in recent years (Baker & Wood, 2010; Flannigan, 1999; Quirk, 2008). The transition to an Australian retail sector increasingly

dominated by corporate shopping malls raises a number of challenges for the retail sector, consumers and city planners.

But Australian planning has done little other than reinforce the dominant role of the major shopping mall operators. For instance, regional activity centres in South-East Queensland, most of which are simply the sites of major malls today, have been supported by regional policies that seek to protect their role but also deliver a more diverse concentration of “businesses, services and facilities for employment, research and education, as well as higher density residential development” (Department of Infrastructure and Planning, 2009, p. 96). This is intended to promote economic growth; increase convenience and minimize multiple trips by concentrating goods and services; enhance community and social interaction; and accommodate higher density residential development, employment and trip-generating activities (Department of Infrastructure and Planning, 2009). The SEQ Regional Plan discourages out-of-centre development on the basis that it can “diminish the vitality of activity centres and detract from economic growth by diluting public and private investment in centre-related activities, facilities and infrastructure” (Department of Infrastructure and Planning, 2009, p. 96). In effect, this has entrenched the spatial monopolies of the increasingly large corporate shopping malls.

Challenges within the Australian retail sector

The retail sector plays a significant role in offering economic opportunities such as market entry to new and local small and medium enterprises (SMEs). However, large corporate shopping malls seek to minimize risk and place stringent conditions in retail leases, which have the effect of restricting entry mainly to larger national or international chains with a proven ability to attract customers and generate a high rate of revenue (Goodman & Coote, 2007; Voyce, 2006). Small businesses are more likely to find opportunities to gain entry in traditional retail precincts, which are characterised by their variation in rents, multiple owners and the existence of lower rent premises on the edge of centres (Goodman & Coote, 2007, p.53). An additional consequence of mall operators’ risk-minimizing behavior is that Australian malls end up differing very little from one another, particularly in terms of retail tenants, thereby offering consumers a less interesting and rather predictable shopping experience (Burke, 2012; Flannigan, 1999; Sandercock, 1997; Spiller & Szafraniec, 2011). Following the arrival and growth of corporate shopping malls, the openness, freedom, social interaction, political dialogue and expression that public places have traditionally promoted and safeguarded, has increasingly come under threat (Sandercock, 1997; Voyce, 2006). Rather than espouse such ideals, corporate shopping malls, in an effort to discourage any activities or cohorts which may distract consumers from their primary activity of consumption, have sought to control order and space within their centres (Sandercock, 1997; Voyce, 2006).

The Productivity Commission’s 2011 report ‘*The Economic Structure and Performance of the Australian Retail Industry*’, concluded that current planning and zoning regulations are complex, excessively prescriptive and often anticompetitive (Productivity Commission, 2011, p.XIV). Specifically, the commission cited a number of existing planning and zoning regulations that inhibit greater productivity and restrict competition including: “zoning which unnecessarily reduces land availability for particular uses; overly prescriptive local planning rules which inhibit entry and create unwarranted delays and costs through compliance burdens; and inappropriate protections of existing businesses and activity centres through adverse impact tests” (Productivity Commission, 2011, p.XXV). The Productivity Commission concluded that these policies restricted new retailers from gaining entry into the market; limited the flexibility of established retailers to modify their business structure; and could lead to the creation of local monopolies (Productivity Commission, 2011, pp. 219-222). These findings echo a 2008 ACCC report into the competitiveness of retail prices for standard groceries, which found that existing centres policies “act as an artificial barrier to the entry of new supermarkets, thereby limiting competition and increasing the level of concentration in the retail grocery sector” (Australian Competition and Consumer Commission, 2008, p.195). To increase competition within the Australian retail sector, and to promote its overall productivity, the Productivity Commission recommended providing sufficient land within activity centres at the strategic planning stage, with sufficiently broad uses, dismantling adverse impact tests, and permitting out-of-centre developments where they are likely to generate a net benefit to the community (Productivity Commission, 2011).

The challenges identified by the Productivity Commission and its recommendations to relax or

remove overly prescriptive and restrictive planning and zoning regulation, represent a key contribution to a vigorous and longstanding debate about the role of planning and zoning regulation within the retail sector and urban planning more broadly. Hartwich and Gill (2011) supported the Productivity Commission's recommendation to relax planning and zoning regulations, which they regard as government interference that restricts entry and dilutes competition within the retail sector, leading to higher prices for consumers. Central to their argument is a belief that deregulating the retail planning and zoning regime, thereby allowing market forces to play their intended role, will unlock greater competition within the sector and will ultimately lead to lower prices for consumers (Hartwich & Gill, 2011). However, proponents of planning and zoning regulation note that because shopping mall owners measure their success against levels of spending within their centre, they do not take adverse externalities into consideration of their financial appraisals (Sandercock, 1997; Spiller & Szafraniec, 2011). These proponents therefore regard planning and zoning regulation as necessary in order to achieve sustainable planning outcomes and the equitable and efficient distribution of retail floor space within a city (Goodman & Coote, 2007; Sandercock, 1997). Rather than removing regulation all together, proponents of activity centre policies advocate for intelligent and effective regulation settings, which they believe can achieve better planning and consumer outcomes than a *laissez faire* approach (Burke, 2012; Spiller & Szafraniec, 2011). The oversupply in retail space and the wastefulness of hundreds of 'ghost malls' across the USA (macabrely catalogued at the website www.deadmalls.com) is something most planners are keen to avoid.

Despite calling for a relaxation of retail planning and zoning regulations, the Productivity Commission itself acknowledges that such regulation has the potential to create a competition-enhancing effect within the retail sector. For example, policies that locate competing retailers closer to each other than they would otherwise choose, have been shown to reduce consumer search costs, increase competition between retailers and lead to lower prices for consumers (Productivity Commission, 2011, p. 223). Could similar benefits be created through policies that co-located competing shopping malls next to each other within designated activity centres? Sites such as Wujiaochang in Shanghai offer a glimpse into the possible outcomes of such policies.

3. The Shanghai Activity Centre Model

Wujiaochang is one of four municipal commercial centres (市级) in the city of Shanghai. These four centres represent one level of Shanghai's '3+1' hierarchy of centres and include:

- Municipal commercial centre (市级)
- Sub Centres (地区级)
- Community centres (社区级)
- Special commercial streets (特色商业街区)

Each level of this hierarchy performs functions relative to their level within the city-wide hierarchy and according to the catchment that they serve. The larger clustered activity centres (municipal commercial centres) such as Wujiaochang have only been permitted at a limited number of key sites throughout the city, while a greater number of smaller malls have been permitted to develop throughout the urban area in between these primary centres.

Wujiaochang was intended to serve around 500,000 citizens within its broad catchment, with a hierarchy of lesser activity centres spread out in the surrounding area in the North of the Shanghai metropolitan area. However, the scale of recent population growth within Shanghai's outer suburbs means that the actual size of its catchment is likely closer to 2-3 million people. To ensure that a large municipal commercial centre was created, city administrators designated a sufficiently large area for commercial development at the site, much greater than tends to be zoned in Australian cities. It should be acknowledged, however, that there are instances in Australian cities where designated activity centres have remained underdeveloped for years after their inception (O'Hare, 2008).

Multiple developers were then invited to bid for the available land parcels. If developers did not adhere to planning settings and regulations in their development, they risked not being issued with necessary approvals. However, once approved, market forces were entrusted to determine

the type and range of commercial activities (retail, offices, services, restaurants, etc.) within each centre. Individual malls have not been encouraged to continuously expand over time, as is common in Australia. Instead, a diversity of operators has been encouraged.

The Wujiaochang Municipal Commercial Centre is located in Yangpu District in Shanghai's northern suburbs. It lies in the middle of a busy intersection of five major roads and is bisected by Shanghai's Middle Ring Road, which passes high above. To separate shoppers from the busy streets above, and to enable them quick and unimpeded access between each of the four main malls, a pedestrian link (the Sunken Square) has been installed in the centre of the precinct. The Sunken Square is significant for the role that it plays in providing shoppers with equal access to each of the competing malls that are accessible from the square, as well as indirect access to department stores and streets along the peripheral areas. The core retailing area of Wujiaochang consists of four separate but interlinked shopping malls which are accessible via the Sunken Square; namely Orient Shopping Centre, Suning Plaza, Wanda Plaza B1, and Bailian Youyicheng (see Figure 1). A fifth mall (Hesheng Plaza) is currently being constructed and will join this category upon completion. This 'retail core', particularly the lower levels, attracts the highest volume of foot traffic on account of their accessibility from the Sunken Square as well as the two metro stations that service the precinct. Beyond the retailing core are a collection of what shall be termed 'second tier malls and department stores' which are located within the Wujiaochang precinct but are not directly accessible via the sunken square. The second tier malls and stores draw shoppers to them via the retail core. They include malls such as Life 1 Plaza and department stores such as Atlantic Department Store. This diversity of mall operators is no accident – it has been encouraged by policy – and as such this site offers an interesting comparator to Australian activity centre trajectories.

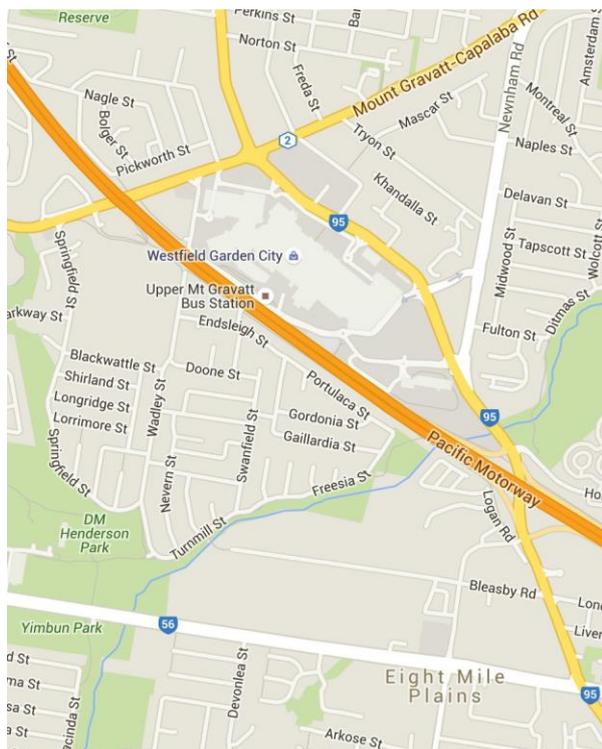
By contrast, Brisbane's Upper Mt Gravatt activity centre is dominated by the Garden City shopping mall (see Figure 2), which recently went through a large expansion. Few Brisbane residents would know the site by any name other than Garden City. It is sited a similar distance from Brisbane's city centre as Wujiaochang is from the heart of Shanghai. Garden City is serviced by Australia's most patronized busway and lies at the intersection of the Logan Road and Kessels road corridors.



Figure 1 – Panoramic view of the southern side of Wujiaochang showing (left to right) Hesheng Plaza, Orient Shopping Centre and Suning Plaza. Source: Andrew Monaghan



Figure - Garden City Shopping Centre. Source: Andrew Monaghan, 2015



Figures 3 & 4 - Garden City Shopping Centre (left) and Wujiaochang Commercial Centre (right). Source: Google Maps, 2015

4. Methodology

The research methodology for this project was guided by a 'critical theory' research paradigm (Guba & Lincoln, 1994) which employed both included quantitative and qualitative methods to enable a better understanding of the Shanghai model and a comparison of measurable outcomes

recorded at Garden City and Wujiaochang shopping precincts. This in part understands that objects such as malls are a product of a layering of historical, social, cultural, economic and regulatory factors, all of which need to be examined.

A semi-structured interview was conducted with two urban planners from the Shanghai Urban Planning & Design Research Institute. Questions were first posed in English before being translated into Chinese (Mandarin) by a native speaker. The interview was digitally recorded which enabled it to be transcribed into Chinese and translated into English.

Multiple site visits were conducted at various locations within Wujiaochang to observe the different formats and functions of each retail area, and the ways that shoppers interacted with them during different times of the day and days of the week. Given the potential for cultural bias and misunderstanding within a foreign research setting, four Chinese planning students were recruited and asked to provide their own observations and perceptions of particular retail areas within the precinct. Quantitative data of the retail composition within the Wujiaochang and Garden City shopping precincts was also collected to enable comparison between the two. Data relating to 363 retailers within Garden City was collected, while the enormity of the Wujiaochang precinct restricted data collection only to 802 retailers within Wanda Plaza and the Atlantic Department Store. Four native Chinese students were recruited to carry out the entire data collection and entry process. The involvement of these students minimized risks of cultural bias or misinterpretation and enabled them each to draw on their own knowledge and communication skills to obtain accurate data quickly. To enable an accurate description and comparison of the retail composition at each location, the following information on each retail space surveyed was recorded: Retailer name (English and/or Chinese); the level they were located on; the 'range' of their business or brand (local, national or international); vacancy; and the retail category they best aligned with.

5. Results

This section provides an analysis of the main findings of the multiple site visits and the collection of a large sample of retail data from the Wujiaochang and Garden City precincts. While observations of the entire Wujiaochang precinct are included within this section, the presentation and analysis of data relates only to Wanda Plaza and the Atlantic Department Store. Further, only the preliminary results of the retail composition data are presented for the two comparative sites. Analysis of the data reveals some similarities but also significant differences between the Wujiaochang and Garden City shopping precincts.

Economic Opportunity

As previously discussed, a lack of economic opportunity for small, local retail businesses to gain entry into the market is a significant criticism of an Australian retail sector increasingly dominated by corporate shopping malls (Goodman & Coote, 2007; Voyce, 2006). Therefore, does the Shanghai model for planning municipal commercial centres create greater opportunities for local retailers to gain entry into shopping precincts such as Wujiaochang? The categorized data on the number of retailers by type within the malls suggests a slightly higher proportion of local retailers within Garden City (25%) compared to Wujiaochang (24%). Furthermore, as vacancy rates are a strong determinant of centre or precinct viability (Baker & Wood, 2010), the low vacancy rates in both locations (1 per cent at Garden City and 2 per cent at Wujiaochang) suggest that the viability of both centres is strong. This is a particularly significant achievement for Wujiaochang given the size of the location and the intensity of competition between multiple shopping malls.

Differentiation in the presence of local retailers

While Garden City recorded a slightly higher presence of local retailers, a deeper analysis reveals a number of differences in the extent and nature of opportunities for local retailers. As Table 1 below shows, economic opportunity for local retailers varies considerably between the retailing core and second-tier malls of Wujiaochang. While such economic opportunity is relatively low in the retailing core area of Wanda B1, it increases significantly in the Shanghai First Foodmall, Life 1 Plaza and Atlantic Department Store. There is considerable heterogeneity across the malls in the Wujiaochang precinct.

Table 1 - Composition of local retailers within the Wujiaochang survey area

Mall/Dept Store	Local	National	International	Vacant
Wanda B1	8%	36%	53%	3%
Bali Chuntian	2%	37%	60%	1%
Shanghai First Foodmall	56%	27%	17%	0%
Wanda Cinema	9%	34%	57%	0%
Life 1 Plaza	29%	41%	27%	3%
Wal-Mart	11%	61%	25%	4%
Atlantic Department Store	26%	58%	16%	0%

The nature of opportunities for local retailers

Closer inspections also reveal that there is significant difference in the proportions of local retailers by retail category. While local retailers have an almost equal presence at both precincts, the nature of these opportunities differs significantly between each location. As shown in Table 2, local retailers at Wujiaochang are three times as likely to gain entry into the 'clothing and fashion' category than local retailers within Garden City, who have found the greatest opportunity within 'Health and Beauty'. This means that local retailers have been more than twice as likely to gain entry into Garden City if they were a local hairdresser or massage therapist than if they are a local emerging fashion brand or retailer.

Table 2 - Distribution of local retailers across each retail category

Category	Wujiaochang	Garden City
Clothing + Fashion	39%	13%
Electronics + Digital	4%	6%
Entertainment	1%	0%
Food (General)	23%	18%
General Services	1%	4%
Health/Beauty	6%	27%
Homewares	0%	2%
Restaurants + Cafes	21%	14%
Sports + Outdoor	1%	3%
Other	4%	12%
Total	100%	100%

These findings suggest that the highly prescriptive and selective nature of commercial shopping malls in Australian cities (Goodman & Coote, 2007; Voyce, 2006), while not necessarily restricting the entry of local retailers relative to their presence within Wujiaochang, nevertheless may still be restricting their entry into particular retail categories.

Differentiation within the precinct

Another significant difference between Wujiaochang and Garden city is the degree of differentiation throughout each retail precinct. At Wujiaochang, there is a very clear trend of individual malls seeking to differentiate themselves from their neighboring competitors through the range of goods and services they offer and by the cohort of consumer they aim to attract. Examples of the ways in which malls or department stores at Wujiaochang appear to be differentiating themselves from their competitors are given in Table 3 below.

Table 3 - Differentiation of retail categories at Wujiaochang

Mall/Dept Store Name	Method of differentiation	Target Cohort
The Shanghai First Foodmall	Variety and volume of food products and restaurants.	All shoppers, particularly during meal times
Suning Mall	Dedicated almost entirely to the sale of electronic and digital goods and equipment	Consumers seeking a wide range of higher-end electronic and digital products.
Atlantic Department Store	A broader range of lower-end retailers offering cheaper products.	Lower income shoppers
Bali Chuntian	A wide range of well-known national and international cosmetic and clothing brands.	Middle to high-income shoppers who want the best national and international fashion brands
Wanda Cinema Building	Childrens clothing and toys, A bookshop takes up the entire second floor. A cinema and KTV venue on the top floor.	Parents, avid readers, movie goers and KTV enthusiasts.

To illustrate the extent to which individual operators are seeking to differentiate themselves from their competitors by specializing in particular retail categories, Table 4 shows the breakdown of retail categories within two separate buildings at Wujiaochang; Wanda Plaza (B1) and Shanghai First Foodmall, enabling a comparison to the retail spread at Garden City in the final column.

Table 4 - Retail categories at Bali Chuntian, Shanghai First Foodmall and Garden City

Retail Category	Wanda Plaza (B1)	Shanghai First Foodmall	Garden City
Clothing + Fashion	60%	-	32%
Electronics + Digital	9%	-	6%
Entertainment	11%	-	1%
Food (General)	4%	59.5%	11%
General Services	15%	-	7%
Health/Beauty	1%	-	16%
Homewares	-	-	3%
Restaurants + Cafes	-	37.8%	11%
Sports + Outdoors	-	-	2%
Other	-	2.7%	11%

This clearly shows that while the two Wujiaochang malls each specialize in specific categories ('Clothing and Fashion' in Wanda Plaza (B1), and 'Food (General)' and 'Restaurants and Cafes' at Shanghai First Foodmall), Garden City has a more even spread across all ten retail categories. Although it does specialize in 'clothing and fashion', it does not do so to the extent that malls in Wujiaochang such as Wanda Plaza (B1) do.

Mall Presentation (Wujiaochang)

Another observable trend of differentiation within the retailing area of Wujiaochang precinct is the differences in the quality and standard of presentation and layout between the retailing core and the second tier malls.

Malls within the retailing core displayed considerably higher standards of cleanliness and hygiene as observed by glistening clean floors and cleaner bathroom facilities. High ceilings and wide thoroughfares in these malls created much more expansive spaces, which was enhanced further by an abundance of both natural and artificial light. Store signage and advertisements also met very high standards of design and presentation. Figure 3 shows an example of the high standard of presentation typical of malls within the retailing core.



Figure 5 - High Standards of Presentation within Wanda Plaza. Source: Andrew Monaghan.

Many of the second tier malls do not adhere to the same high standards of cleanliness of mall spaces and facilities as observed within the retailing core. There are lower ceiling heights and poor lighting in some of the second-tier malls. Standards of store signage and advertisements varied considerably with a greater prevalence of lower quality displays observed (see Figure 4).

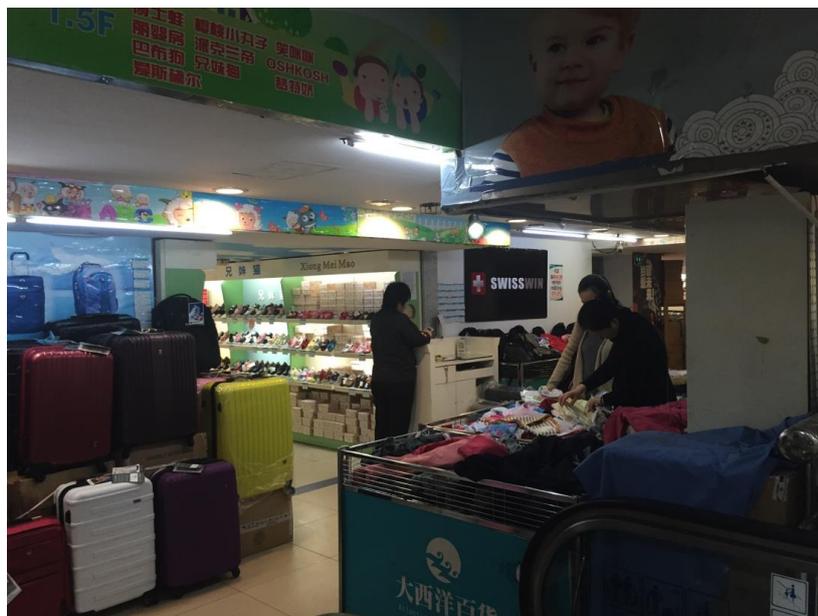


Figure 6 – Lower quality presentation within the Atlantic Department Store. Source: Andrew Monaghan.

The varied standards of presentation (cleanliness, lighting, presentation) throughout the Wujiaochang precinct suggest that mall space may be being recycled and handed down to

lower-end uses over time rather than being renovated once they begin to dilapidate. This hypothesis is supported by site visit observations and retail space data collection, which identified a strong correlation between poorer standards of mall presentation and a higher presence of local retailers. For example, in Life 1 Plaza and the Atlantic Department Store, malls where lower standards of presentation were observed, the proportion of local retailers was recorded as 29 per cent and 26 per cent respectively.

6. Discussion

The Shanghai activity centre policies have delivered a much more diverse and heterogeneous retailing environment at Wujiaochang. Contrary to expectations we did not find an increase in the overall proportion of local businesses within the malls in Wujiaochang compared to Garden City, but there was significantly greater proportions of local brands in the clothing and fashion segment in Wujiaochang. The highly regulated but different policy mix applied in Wujiaochang, encouraging a multitude of mall operators rather than continuous expansion of a single mall, appears to have merit. It appears to deliver the planned urban structuring desired by those concerned about urban efficiency and equity of access, whilst also delivering much greater competition within the activity centre itself. A low vacancy rate, comparable economic opportunity for local retailers and strong diversity of retail categories, retail formats and targeted consumer cohorts, demonstrates not only that centres such as Wujiaochang are viable, but that the intensity of competition that exists within such centres translates into positive outcomes for consumers. The policy approach pursued in Shanghai may be a preferable pathway for Australian cities as compared to the Productivity Commission's (2011) recommendations to remove planning and zoning regulation and encourage out-of-centre development. Incumbent mall operators enjoying spatial monopolies at sites such as Upper Mt Gravatt will likely resist either path. But measures to restrict the growth of single malls and to encourage multiple operators in Australian activity centres seem highly desirable. These findings should at the very least cause city planning authorities to pause before approving the next expansion of an already large mall.

There are many limitations of this study. Due to time and resource constraints customer or household surveys were not conducted. Commercially-sensitive lease and turnover data was not made available. And only two sites were compared, one from each jurisdiction. Further research could resolve some of these limitations. Surveying households in surrounding catchments to identify their retail behavior and their attitudes and perceptions of the malls may produce further insight into the effects of policy on customers. Retail and activity centre planning approaches from other nations should be explored to identify if there are further options available to Australian cities. And there is ample scope to look at what the multiple operators at sites like Wujiaochang means for non-retailing uses within the activity centre, including for social infrastructure and services.

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