

**EFFECTS OF LOCATION, INFRASTRUCTURE AND
DEVELOPER'S STRATEGIC PLANNING ON TENANTS'
PREFERENCE OF SHOPPING MALLS IN KENYA: A CASE OF
TWO RIVERS MALL, NAIROBI**

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university or for any other award.

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DEDICATION

I dedicate this research study to my beloved family for their love, endless support, prayers and patience .

ABSTRACT

This study's main objective was to investigate the effects of location, infrastructure and developer's strategic planning on preference of shopping malls with a focus on Two Rivers shopping mall in Nairobi county. The literature review provides overall insight into prior studies that specifically emphasize on factors influencing tenants /retailer's preference of shopping malls. A case study research design was applied. As for the data, it was collected through an interview guide. This data collected was scrutinized and interpreted using content analysis to allow for in-depth analysis. The study established that location is a major determinant of mall preference by tenants as it is considered to have great influence on the catchment population, accessibility and visibility of the shopping malls. The study also established that all aspects of infrastructure such as roads ,pedestrian walkways , power ,water and sewage , networking and parking play an essential role on choice of malls by tenants .It was however evident that infrastructure is very capital intensive and therefore require proper planning and implementation in order to achieve a competitive edge over other shopping malls .The study further established that strategic planning by developers is a critical pillar in the preference of shopping malls as it ensures sustainability is the highly competitive and dynamic retail environment through development of strategies that ensure the shopping malls attain and retain market leadership in both the short and long term .The study also established that developers who have given critical consideration into the location , infrastructure and strategic planning in the development of shopping malls have a higher bargaining power when negotiating for commercial terms with prospective tenants .The general conclusion to the study is that tenants prefer a shopping mall that is located within the desired catchment , has access to reliable and sufficient infrastructure and is strategically planned in a manner that will position the mall to become the desired retail destination. The study concludes that with a better understanding of the effects of location, infrastructure and strategic planning on tenants' mall preference, shopping mall developers can have a better understanding of the critical considerations in mall planning and development to ensure their malls are attractive to prospective tenants. The research findings from this research study have impactful consequences as they will support mall developers in proper development planning to increase attractiveness to tenants and enable the government and other stakeholders in developing policies that will ensure shopping mall developers develop competitive malls that will attract tenants and position Kenya as the preferred retail destination in Africa.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Location, infrastructure and strategic planning have an impact on growth and performance of the retail sector and therefore play a vital role in decision making by tenants. In the extremely competitive retail environment, even slight differences in location can have significant effects on the tenant's market share and profitability and since location is a long-term fixed investment, the disadvantages of poor location are difficult to overcome (Ghosh and McLafferty, 1987). Popp (1992) aver that tenants may be willing to pay higher rentals and stay in the same property for longer periods as long as the basic infrastructure facilities such as accessibility, security, water and parking are reliable. Lianabel (2013) argues that for any retail property developer to attract and retain tenants, it is mandatory for them to carry out detailed strategic planning to enable them identify opportunities and likely challenges for each individual retail property based on market demands and lay out an action plan for attaining desired goals. A detailed understanding of the concept of location, infrastructure and strategic planning in shopping centres and its effect on tenant decisions is therefore critical.

This study is anchored on three theories: the central place , the resource based view theory as well as the dynamic capability theory. The central place theory is viewed to be the most advanced theory in the location decisions of retail firms. The resource-based view of strategy plays a key role in attraction and retention of tenants for shopping malls. The theory states that the firm's competitive advantage depends primarily in the application of the firm's resources either tangible or intangible and capabilities to critically impact the growth potential and performance of the company (Barney and Clark 2007). The dynamic capability theory highlights how firms integrate, build and redeploy their internal and external competencies in order to adapt to rapidly changing environments within which they operate (Teece, Pisano and Shuen, 1997).

In the retail sector, changes in lifestyle are perceived to be business opportunities for shopping mall developers which immediately translates to competition and triggers the need to develop malls that are unique to market demand specifications. Research indicates that location, infrastructure and strategic planning by the developers play a critical role in attaining and retaining a competitive advantage in the retail sector which determines the preference of shopping malls by tenants thus leading to success of these malls. The concept of tenant preference investigates the key aspects of an individual's choice behaviour and how they quantify their preferences over several alternatives.

The KPMG report (2017) on evolution of malls and their value proposition identifies location, strategic planning, brand and support infrastructure such as roads, utilities, security and parking as major determinant factors on the ability of mall owners to attract and retain tenants despite high rental rates compared to other malls. Two Rivers has recorded a high tenant occupancy within a period of one year even as occupancy levels in the shopping malls sector experienced a stagnated growth in the last 12 months as per the Knight Frank report (2018). This study therefore aims to empirically test the effect of location, infrastructure and developer's strategic planning on tenants' preference of Two Rivers mall.

1.1.1 Location

The term location in the concept of retail refers to the store and its trading area from where the targeted market originate while site refers to the specific building where the store is located (Levy and Weitz 2012). The strategic value of a given location therefore depends on the strength of available resources such as purchasing power of the neighborhood, the ability of the company to seek and retrieve knowledge in the location setting and the muscle to develop a better product than the competition. Hsu (2013) avers that a well formulated location strategy plays a critical role in the success of some franchises due to its influence on critical factors such as purchasing power, accessibility, visibility and mobility. Location is defined by the demographics, economic development of the area, infrastructure in and out of the area and connectivity.

The location of retail outlets has a major impact on the business's public presence and greatly influences the potential for future income thus choosing a location that does not account for such factors may limit the potential of the business to succeed or grow (Thompson 1969). Most tenants prefer locations that provide on a macro level, enough catchment to generate potential trade and increased sales thus increasing chances of success despite increased competition from similar retailers (Kirkup,1999).

1.1.2 Infrastructure

Oppewal (2015) defines infrastructure as the basic but fundamental facilities and equipment serving a given city, community or area such as roads, pedestrian access, power, sewage, water, gas, security, parking and traffic control, ICT and technology. Further the Urban Land Institute (2014) highlights that strategically planned infrastructure systems are usually high capital investments, high capital risk rated and therefore require proper planning, implementation and maintenance strategies. To achieve inclusive growth, infrastructure development for retail malls must be based on both short and long-term strategic planning based on economically viable projects that are managed using commercial -based practices (Ojuok 2016).

Oppewal (2015) argues that for real estate infrastructure to create a competitive advantage in the highly competitive retail environment and achieve high tenant occupancy rates, it must be capital intensive, scarce and highly demanded. Retail infrastructure is very capital intensive and therefore requires proper planning and implementation to avoid financial crisis. According to Urban Land Institute (2014) on the role of infrastructure in shaping the competitive city, the main findings were: infrastructure is a key driver in the success of retail developments; quality public transport, roads, bridges and pedestrian infrastructure are of highest priorities in selection of retail centers by tenants and lastly long-term infrastructure operations and maintenance strategies are critical considerations by most retail giants.

A retail shopping center that has proper infrastructure will ensure accessibility to reliable utilities, proper road network to the mall and ease of mobility within the mall, reliable and high-tech security systems and lastly ample, user friendly, secure and enough parking. In the prevailing retail environment of economic uncertainty, most tenants prefer to take set up outlets in malls with existing support infrastructure such as road network, uninterrupted power and water supply, free or ample and well managed parking, technology integration and reliable security systems to increase footfall (Delic and Knezevic ,2014).

1.1.3 Strategic Planning

According to Mercer (1991), strategic planning involves formulation, implementation and continuous control of plans guiding a firm in consideration of the existing external and internal environment. Thnarudee (2012) defines strategic planning as the process of establishing and maintaining consistency between the company's objectives and resources and the continuously changing opportunities based on market dynamics. Strategic planning therefore mainly focuses on identification, detailed examination and definition of strategies that the management will follow to achieve high performance by attaining a competitive advantage.

Bryson, Crosby and Bryson (2009) defines strategic planning as the organizational management process of making entrepreneurial decisions with a focus on the future, systematically focusing energy and resources, ensuring that the employees and other stakeholders are working toward common goals, establishing agreements around intended outcomes, constantly assessing and adjusting the organization's direction in response to a changing environment. Mercer (1991) further argues that strategic planning shows a company where it is going and how it plans to get there. Therefore, strategic planning is an ongoing process that exists through-out the lifespan of the organization with an aim of gaining and maintaining competitive advantage.

1.1.4 Tenants' Preference for Shopping Malls

Preference of shopping malls refers to the liking of a given alternative over another or others (Ojuok 2016). Due to increase in number of shopping malls, mall owners are always on the look for new strategies to differentiate their products from other competitors and help them stay on the forefront of potential tenant's minds when making decisions of where to locate their outlets. According to the classical preference theory, retailers always have distinct preferences and thus choose the option that presents the retailer greatest performance in terms of sales.

Given the large variety of shopping malls available today, preference of a given mall will be mainly determined by the differentiation strategies in place based on market requirements. In order to identify best malls, retailers will consider a number of critical factors in their preference of the most strategic site for a shopping mall such as location, accessibility, parking, security, utilities, mobility, tenant mix, anchor tenant, loyalty programs and brand (Levy and Weitz 2012).

1.1.5 Shopping Malls Sector in Kenya

Levy and Weitz (2009) define a shopping center or shopping mall as a group of commercial and retail set up that is strategically planned, constructed, owned and managed as a single property with parking provided on-site. Muller (2008) argues that there has been a huge growth in the number and size of shopping malls leading to thousands of retail outlets within the retail space both locally and globally. The retail real estate industry in Kenya and particularly in Nairobi has grown exponentially over the last decade, becoming increasingly competitive and robust (Cytonn, 2018). In recent years the shopping malls sector has undergone a very significant period of change driven largely by the desire of the largest firms in the sector to create global delivery platforms.

A survey by Citi Group indicates that Kenya's retail market is ranked as the second most developed after south Africa which is at 60% level of formalization. According to KPMG survey (2017), there has been growth in appetite for shopping malls space in Kenya with the occupancy levels increasing despite high rental rates. According to Cytonn's investor

update 2018, the shopping malls industry would continue to register expansion of stores and entrance of foreign outlets, the retail sector is expected to record increased activity in 2018 as seen through retail chains unveiling expansion plans.

1.1.6 Two Rivers Mall in Nairobi

This research topic focuses on Two Rivers mall which is strategically situated in Runda. The catchment area is predominantly high-income neighborhood from Runda, Lone tree, Kitisuru, Westlands, Parklands and Riviera estates and middle-income neighborhood from Ruaka, Kiambu, Banana, Thindigua and Kabete. The mall houses a variety of local and global retailers with the anchor tenant being the French retail giant Carrefour while Chandarana and LC Waikiki are the sub-anchor tenants. The access to the mall is through Limuru and Northern By pass roads. The mobility design encourages use of public transport through provision pedestrian walkways, bicycle racks and public transport facilities such as taxi ranks within the mall and bus stops along the external roads. There are approximately 3500 parking spaces. To ensure uninterrupted power supply, Two Rivers owns a substation that supplies power to tenants supplemented by a solar plant and backup generators. For water supply ,the developer invested in a water treatment plant with a capacity of 2 Million liters per day that treats water from boreholes while waste water is recycled after treatment and reused for irrigation and cleaning .The installed security system includes systems such as access barriers, bollards, baggage scanners, CCTV surveillance and truck scanners

The mall opened in February 2017 and is the anchor project for Two rivers development. Two rivers development is a subsidiary of Centum investment company, a publicly listed company on the Nairobi Stock Exchange. Based on Centum's annual report for (FY 2018) as at 31st March 2018, Two Rivers Mall recorded 75% tenant occupancy with an average footfall of 320,000 per month and a total of 5.5 million people visiting the center since its launch in February 2017. This high occupancy rate is an indication of increased tenants' preference which can be related to the location within the diplomatic blue zone , support infrastructure and strategic planning of the property that makes it convenient for tenants(<http://tworivers.co.ke/>, <http://www.centum.co.ke/>).

1.2 Research Problem

The preference of a mall by tenants depends on several factors with the major one being attractiveness which in turn has a direct impact on the mall occupancy and footfall. Attractiveness of a given mall and differentiation from competitors are important considerations in attaining market leadership and therefore form part of the key decision factors in the choice of a site for a mall by retailers (Ojuok ,2016). Location represents different values in variables such as traffic, accessibility, neighborhood, socioeconomic level and proximity to green areas, just to name a few. In addition, location has an influence on the choice as well as on the offer price of retail property. Infrastructure and strategic planning, on the other hand, provides a framework for developing sustainable malls with a view of the short and long-term development inclusion to ensure reliability, accessibility and convenience to the mall users (Delic and Knezevic ,2014).

Research done by previous scholars both globally and in Kenya mainly focuses on competitive strategies such as mall location, tenant mix, loyalty programs, parking, security. brand and their effect on tenants' preference of shopping malls. Further global studies have been conducted to investigate the effect of infrastructure planning on shopping centers sustainability, growth and performance with focus on elements such as road infrastructure, security, reliable power and water, information technology and parking. No studies have been previously conducted on effect of infrastructure and developers' strategic planning on preference of shopping malls by tenants. Further, no previous study has been conducted on factors influencing tenants' preference of Two Rivers mall. All previous studies have utilized the quantitative research method and no case study has been conducted on tenants' preferences within the retail sector.

This study tries to fill this knowledge gap by evaluating the effect of location, infrastructure and developer's strategic planning on tenants' preferences of Two Rivers mall using qualitative research method. This research therefore explores to answer the question: What is the effect of location, infrastructure and developer's strategic planning on tenants' preference of Two Rivers Mall leading to the mall's success?

1.3 Research Objectives

The research objective of this study is to determine the effects of location, infrastructure and developer's strategic planning on the tenants' preference of Two Rivers mall.

1.4 Value of the Study

The outcomes from this study will affect the theory, policy formulation and practice of Two Rivers, other real estate developers, scholars, the local and national government and other policy makers in public and private sector. Two Rivers management will benefit from the findings by knowing how location, infrastructure and strategic planning has affected the performance of their flagship project. Other shopping mall developers and potential tenants may learn the primacy of location, infrastructure and shopping malls strategic planning with a focus on the effect on tenants' preferences, and consequently utilize the findings in their developments.

The research will benefit policy makers in both private and public sector as it will provide guidelines for developing policies that are likely to affect strategic planning and property development in the retail sector. Researchers and academic scholars will be able to borrow ideas from the research findings through citations as no studies have been undertaken previously on Two Rivers mall and effect of location, infrastructure and strategic planning on tenants' preferences of shopping malls. The research will also be beneficial to the existing knowledge in strategic planning in the retail sector as the research findings will act as a catalyst to develop further research topics.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is based on the study objectives and seeks to provide a review on the relevant literature required in underpinning the theoretical foundation for the study, concept of strategy and effects of location, infrastructure and developer's strategic planning on tenants' preference of shopping malls.

2.2 Theoretical Foundation

A theoretical foundation entails a collection of interrelated ideas and concepts that may be used in supporting and holding a study subject. One of the notable elements in the business market lies in the sensitivity derived from the location of businesses. This study is anchored on three theories: the central place or location theory, resource-based view theory and lastly dynamic capability theory.

2.2.1 The Central Place Theory

The central place theory was designed by Walter Christaller in 1933 and was considered as the most advanced theory in the location of retail firms and tries to provide a framework to ensure complex locational problems are analyzed though the inclusion of simplified conditions. The theory was designed to provide justification into the size, nature, and the spacing of shopping malls in central regions, efforts that would enhance the way goods could be supplied within the surrounding populace (Thang and Tan, 2003).Thompson(1969) noted that that the extent of services provided in shopping centers will depend on their sizes so that a larger shopping center would have a wider variety compared to small shopping centers.

Given that this study is primarily focused on tenants' preference of shopping centers, there are some significant terms that are related with the area under cover: with the first of this aspect being the threshold as identified by Christaller (1933), which refers to the minimum level of population required to support a provided retail function. He noted that there is a minimum requirement for people to ensure continued existence of a central place of

business hence leading to the classification of goods into high and low order goods. Christaller (1933) further defined the low order goods are those that must be replaced frequently due to regular purchase hence small retail stores in small towns have a high probability to survive because people will by prefer to buy frequently in closer locations. High order on the other hand were identified to specialized items that require large threshold and therefore not purchased regularly hence are in central places that can serve a large population. The second element as discovered by Christaller (1933) is the range, which refers to the maximum distance one can travel in the quest for purchases. He notes that demand is not uniform and is dependent on the distance from the business center. Huff (1964) further highlights that decreasing shopping probabilities radiate outward from a shopping center.

2.2.2 Resource-based View Theory

The resource based theory highlights that the primary objective of a firm is the exploitation of resources to maximize long term profits (Penrose ,1959). The competitive advantage is as a result of the firm 's specialized capabilities and resources that are expensive to duplicate by competitors. Welnerfelt (1984) defines resources as those assets either tangible or intangible which are tied semi-permanently to a firm. According to Schoemaker, Krupp and Howland r (2013) the main characteristics that will enable a resource to be turned into competitive advantage are value and rareness of the resource. In addition, two other characteristics needed for a resource to effectively generate and maintain a competitive advantage are the difficulty to imitate and the unlikely of the resource to be replaced by any other resources (Barney ,1991).

For firms to be successful, they must adapt to changing market trends by adopting differentiation strategies. Failure to adapt the firm to changes in the external business environment and internal configurations to new reality may put the organization's success in jeopardy (Aosa,1992). Schoemaker , Krupp and Howland (2013) further argue that a firm needs strategic combination of resources and capabilities that respond to changes in industry requirements in order to gain competitive advantage. A company's ability to

constantly develop new relevant resources in order to respond to changing market demands itself is already a resource (Faulkner and Campbell,2006).

2.2.3 Dynamic Capability Theory

According to Teece, Pisano and Shuen (1997), this theory is described in terms of an expansion on the resource-based view model with a target on adaptability and survival as opposed to sustainability of companies. They further argue that the theory explains the ability of organizations to reconfigure and build both internal and external competencies with the aim of adapting to rapid environmental changes. The dynamic capability theory argues that organizational capabilities must be understood mainly in terms of organizational processes (Li and Zhou, 2010). The prosperity of firms is anchored on timely responsiveness, agility as well as flexibility in product innovation and capability of the management to efficiently control and redeploy internal and external competencies as opposed to the mere accumulation of valuable resources (Teece, Pisano and Shuen,1997).

Therefore, the future success of an organization depends on the dynamic capabilities as opposed to relying on operating capabilities (Gitau ,2016). Winter (2003) defines operating capabilities as the income earning capabilities of the present while Zollo and Winter (2002) define dynamic capabilities as the higher level of capabilities achieved through systematic generation and continuous readjustment of operating capabilities as the organization seeks to be achieve higher efficiency. Further in their view Eisenhardt and Bhatia (2000) refer dynamic capabilities to the set of specific and identifiable organizational processes set up in response to market or environmental changes.

2.3 Location and Tenants' Preference

Thompson (1969) argues that even in circumstances where focus is shifted from products or purpose to stores there exists an implicit assumption that the only factor differentiating one retail outlet from another similar outlet is the location thus ignoring other factors such as pricing , image or brand and quality .Maximizing sales in the primary objective for retailers hence decisions on strategic location that will promote high footfall and growth of

the businesses of critical importance (Khan and Saxena,2011). Kocaili (2010) affirms this by stating that a strategic location of shopping malls promotes easy access, attracts high profile tenants and increase potential sales of a retail outlet.

According to Lakshmi et al (2012) the perspective that location is a critical determinant in the success of malls has been an ongoing discussion in academic research. Additionally, they note that location is critical to shopping mall developers in their decision making on most appropriate site for malls as well as tenants who are required to make choices to take up space in the mall. Levy (2013) defines catchment as a geographical region within which a shopping mall draws the targeted market. Ojuok (2016) avers that in order for tenants and developers to make a successful investment decision for shopping malls development, a good amount of knowledge concerning the catchment area is imperative as the market capacity of retail developments is defined by the catchment which directly affects the demographics and purchasing power. Simmons (1992) highlights that proximity is of importance on success of malls as this defines the aspect of time and distance. Kocaili (2010) emphasizes on this by stating that total amount of time required to reach the tenant outlet is one of the most important criteria used by tenants in choice of shopping outlets .

Strategic location is one of the main success factors of a shopping center as it can lead to a strong competitive advantage (Lakshmi et al ,2012). Gikonyo, Berndt and Wadawi (2014) identify location as the most critical decision in ensuring success of franchised restaurants. This is emphasized by Levt and Weitz (2007) who in their research indicate that tenants in retail malls may have the ability to establish a sustainable competitive advantage through maximization on the location strategy. The location strategy involves decision making by retailers or tenants to ensure stores or outlets are located at the convenience of the targeted catchment. Khan and Saxena (2011) avers that retail location strategy is divided into two main broad factors: operative factors and market factors. Market factors are related to the ability of the chosen location to attract high footfall hence increase the retailer's sales while operative factors are related to the input effort required by the retailer in opening and operating the store. Kanoga, Njugana and Bett (2015) in their research on impact of place on success of shopping malls affirms that a strategic location allows easy access, attracts a

larger number of tenants and increases the sales potential of retail outlets. They further argue that choosing the correct location for a retail store ranks amongst the top factors in determining the success or failure of an outlet.

2.4 Infrastructure and Tenants' Preference

Based on the survey conducted by the Urban Land Institute and Ernest and Young (2014) infrastructure quality emerged as the top most factor at rated at 91 % when making decisions on where retail investments occur. When a shopping center is located in close proximity to public transportation, the probability of enjoying a bigger catchment area and attracting more footfall is higher (Seah, et al , 2003). These findings are in line with Tong (2005) who concluded that accessibility and support infrastructure are essential consideration factors by retailers when choosing a location that will attract more sales. Accessibility and transport connectivity to the retail center by both public and private transport has a great effect on mall preference by tenants (Alexander ,1992). The concept of accessibility can be classified into macro-accessibility and micro-accessibility. Macro-accessibility entails the road network from the mall user's residence or place of work to the mall and back to their preferred destinations while micro-accessibility entails the circulation and mobility within the mall from the entrance point (Ndung'u 2008).

Ndung'u (2008) highlights that availability of parking and its operations are key determinant factors in the success of shopping malls. Parking is one of the most critical issues facing retailers today and therefore people will tend to avoid shopping centers whose parking is costly, difficult to access, insufficient or not readily available (Gibbs ,2012). Ndung'u (2008) further argues that the parking system should not only be available but should also be secure, easily accessible, comfortable and provide a memorable experience to the users. Levy and Weitz (2012) observe that the benefits of ample parking facilities should not be overlooked in assessing the mall location. Popp (1992) categorizes parking in terms of different attributes including location, scale, tariff, regulations and accessibility. Oppewal (1995) identifies parking convenience and parking costs as the main consideration attributes while Timmermans (1996) identifies parking search time, availability of parking facilities, quality of parking facilities and number of parking spaces

as the main consideration attributes. Van der Waerden and Oppewal (1996) highlight that characteristics of available parking space such as maximum parking time, cost of parking, walking distance between the parking lot and shopping area were of great significance in shopping malls preference decisions.

Shopping malls in Nairobi are faced with several risks such as operational risks, inherent risks and of most concern being terrorist risks; with the attack in Westgate Mall in September 2013 being a clear indicator on the high levels of retail centers vulnerability to terrors attacks (Mahogo ,2015). According to Stulz (1996), risk management is a critical part of the strategic management of any firm. Based on the research conducted by Kanoga, Njugana and Bett (2015) on impact of place on success of shopping malls in Nairobi they found out that strategic location, mall safety and security were weighed as the paramount place mix dimensions that critically impact the retailer's preference of a given mall. It is necessary for mall design and architecture to take into consideration cost, appearance, flexibility and security when designing a shopping center (Stulz,1996). Further, for mall developers to protect their brand, it is critical that the tenants feel safe in the environment of a shopping center hence a center with not up to standard security and safety systems is likely to experience a decrease in footfall and mall preference leading to reduced sales by retailers.

2.5 Strategic Planning and Tenants' Preference

For firms to remain competitive in the volatile business environment, there is need for formulating strategies that are focused at attaining the vison and enable the firm to achieve a competitive edge. Barney and Clark (2007) argues that the strategic planning process can be divided into four main levels. The first involves selection of corporate mission, vision and major goals at the corporate level followed by a detailed investigation of the internal business environment to identify strengths and weaknesses. The third level involves analysis of the external environment in which the business operates to identify opportunities and threats and lastly the selection and implementation of appropriate strategies.

According to Oppewal (2015) for mall developers to attract and retain high profile tenants, there is need to develop strategic planning policies on retail properties in order to ensure sustainability .He further argues that to attract and retain high profile tenants in the dynamic retail environmental, it is important for developers to create and maintain healthy and stable retail centers by enhancing the surrounding market with other mixed use real estate developments such as residential, hospitals and schools that will increase the spending power of the neighborhood.

Tanwar (2013) argues that for retail developers to create successful and sustainable shopping malls, there is need to create investments that are strategically planned, long term oriented with the ability to meet current and future market demands and that will enhance the retail destinations thus making them more competitive with a view of tenant operations and market demand factors. He further argues that there is need to align, coordinate and continuously monitor company policies, development plans and investments to create products that will meet tenants' requirements.

2.6 Tenants' Preference for Shopping Malls

In situations where tenants stand between different choices of competing alternatives, they are likely to have some level of differentiated preference based on the available options (Oppewal,2015). According to the report by McKinsey and Company (2014) on future of shopping malls, strategic planning, competition, cost of land, construction cost, target market is of critical importance when settling for the best differentiation strategies for shopping malls. These factors greatly determine which differentiation strategy(s) mall owners and developers will opt to pursue in order to attract and retain the desired categories of tenants.

Forbes (2018) highlight location, strategic planning to ensure sustainability, support infrastructure, anchor tenant and tenant mix, brand/image, experience and loyalty programs as the main differentiation /success strategies for shopping malls in the highly competitive environment within which they operate. Preferences are evolving rapidly making today's preferences less likely to be the same in the future hence mall developers need to

continually understand the preference changes and adjust their offer to fit retailers' preferences (Ojuok ,2016). People need a reason to visit or revisit malls over and above shopping. Additional product offering such as entertainment, food and beverage offerings, special events, ease of access and mobility, guaranteed security and ample parking are key factors influencing repeated footfall (Wakefield ,1998).

According to Forbes (2018), tenants will be able to personalize shopping experiences by using the shopping mall's existing loyalty programs and infrastructure to maximize sales. Wakefield (1998) agrees on the same highlighting that retailers will prefer malls that are strategically planned and located, with existing brand, loyalty programs, technology and infrastructure in order to reduce capital expenses in promoting their products. The success of shopping centers is primarily dependent on several characteristics: location, spatial integration of infrastructure, adaptation of the brand, diversity of experience with product offering, tenant mix and anchor stores; with a wide range of different combinations of the strategies based on developer requirements (Simona 2008).

2.7 Empirical Studies and Research Gaps

The preference of a shopping mall by tenants is determined by several factors with the main one being ability to be captivating which in turn has a direct impact on the mall occupancy and footfall. Attractiveness of a location and differentiation from competitors are important considerations in attaining market leadership and therefore form part of the key decision factors in the choice of a site for a mall by retailers (Ojuok ,2016). With the increase in shopping malls in Kenya, mall preference decisions by tenants have emerged an important domain of study and attracting substantial research on success factors of malls in overseas countries (Ojuok, 2016).

Global studies conducted include; Ooi & Sim (2012) in a research study conducted with the intent of determining the magnetism of Suburban shopping centers in Singapore revealed that the shopping belt of this nation was mainly confined to the central region of Singapore as a result of its infrastructural development. John & Mark (2014) conducted a research with the intent of conducting a comparison to determine the location of malls

following the opening of Wal-Mart. The study revealed that the capitalization influenced this region, suggesting that clients preferred to live around this location thus the rationale behind the natural agglomerate nearby. Bill (2016) conducted a study on the parking problem on University Campuses and found that the command of huge retail presence in the market has resulted into the increased need for space for the development of shopping regions. Li and Zhou (2010.) in a thesis established to conduct a study on the development of the states in China revealed that the existence of retail centers remains a required aspect in urban densities, with the frequency of development in this region considered rampant as opposed to town centers.

Studies conducted in Kenya include: Ndungu (2014) who conducted a research on the factors that influence the success of shopping malls in Kenya and found that improved infrastructural developments such as road transport systems resulted in the growth and the increased development of economic activities. Kanoga, Njugana and Bett (2015) conducted a research on the impact of place on success of shopping malls within Nairobi and found out that strategic location, mall safety and security were weighed as the paramount place mix dimensions that critically impact the retailer's preference of a given mall. Ojuok (2016) conducted a study on factors influencing the preference of shopping malls in Kenya and concluded that retailers prefer shopping malls that are strategically located, have variety of stores, have adequate parking and an appealing brand image.

There is need to conduct a research on the effect of location, infrastructure and developer's strategic planning on the preference of shopping malls by tenants. This research study therefore aims to fill this knowledge gap by evaluating the effect of location, infrastructure and developer's strategic planning on tenants' preferences of Two Rivers mall.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the methodology that was used in carrying out the study. It also highlights the methodology and procedures applied by the researcher in identifying data sources and collection of the data. The chapter is organized into the following sections: the research design, data collection procedures as well as data analysis.

3.2 Research Design

A research design refers to the overall plan for the research undertaking. This study utilized a case study research design. Kothari (2004) describes a case study as a meticulous and complete examination of an institution, social unit or cultural group and embraces depth rather than breadth of a study. Yin (1994) further highlights that a case study is excellent at enabling the researcher to get into an understanding of complex research objectives and can enhance existing knowledge pool based on previous research.

A case study is an empirical inquiry that allows for investigation of a contemporary phenomenon within its context, especially when the distinction between the phenomenon and the context are not clear. Also, a case study is detailed and therefore allow for clarity and in depth understanding of an aspect of a situation or an event. A case study was important for this study since it allowed the researcher to collect in-depth information from top managers at Two Rivers mall and allowed the researcher to administer interviews to the respondents at their work stations which increased the accuracy of information and response rate.

3.3 Data Collection

This study relied on primary data. Data from primary sources was collected using an interview guide that was executed through personal interviews. The interview targeted six (6) senior management staff at Two Rivers Mall with one top level, three middle level and two lower level management staff with a view of collecting data on effect of location, infrastructure and developer's strategic planning on preference of the mall by tenants. The

respondents were in a better position to give feedback on the required data as they played a critical role in the strategic planning, operations and success of the company.

3.4 Data Analysis

Data analysis involves the examination, categorizing and recombining the evidence to address the initial propositions of the study (Yin ,1994). Primary data collected was qualitative in nature. Content analysis was used to analyze the data and allowed for in-depth understanding of issues in the case. According to Mugenda & Mugenda (2003), content analysis involves description in a systematic manner the composition of objects of research using observations and comprehensive description of the objects and items that make up the area of study.

Content analysis is a useful technique in allowing researchers discover and describe the focus on an individual, group or institution. In-depth content analysis established clear patterns, determined meaning and led to establishment of conclusions regarding the effects of location, infrastructure and strategic planning on preference of Two Rivers Mall by tenants.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 General Information

This chapter investigates the analysis of collected data, presents the findings of the study and discusses the outcome of the research with an aim of answering the research question which aimed at identifying the effect of location, infrastructure and developer's strategic planning on preference of Two Rivers shopping mall by tenants.

4.2 Respondents Profile

This section covers the demographic information with a focus on the respondent's educational and professional background, current position in the company and their departments. This study secured interviews with six (6) senior managers who gave their feedback on the twenty questions in the guided interview focusing on effect of location, infrastructure and strategic planning on the preference of Two Rivers shopping mall by tenants. Majority of the interviewees had bachelors and postgraduate degree qualifications and had been involved in implementation of various strategic changes at the company. This provided a high degree of confidence that the feedback given by the respondents was correct based on their academic and professional experience. In addition, the study confirmed that most of the interviewees had served in the company for a period not exceeding five years mainly because Two Rivers mall had been recently developed and launched.

4.3 The Shopping Malls Sector in Kenya

This section represents the respondent's general views on the shopping malls /retail sector in Kenya. Most of the respondents highlighted that there has been a tremendous increase in retail and commercial spaces over the last 5 years leading to variety of rental space options for tenants thus leading to high competition. It is therefore mandatory for mall developers to reinvent the traditional shopping malls concept in order to adapt to the

modern trends. However, one respondent reported that it is still possible to attract and retain high end tenants if the mall is well planned to ensure enough catchment and traffic.

The study identified that there has been a shift in the retail market with the new global brands and tenants dominating the Kenyan market and a shift in the local consumer patterns and therefore there is need for mall developers and owners to design dynamic and sustainable retail spaces that will stand the test of time. The study further established that shopping malls have over the last decade transitioned from traditional shopping stores to destinations that offer a variety of retail experience with gastronomic attractions, fitness, wellness, entertainment, leisure and hospitals all in one roof. This therefore imposes the need for mall owners to develop more live retail experience that will give tenants with different product offering an opportunity to establish retail stores within the mall.

4.4 Main Challenges Affecting Preference of Shopping Malls

The respondents were required to state the main challenges affecting success of shopping malls in Kenya. The study showed that the last 5 years have experienced a growth in the retail sector leading to competition. The major challenge highlighted by most respondents is the narrow tenant base that is unable to support the vacant retail spaces available in the market and therefore leading to slower space uptake and therefore giving tenants an upper hand as it provides room for tenants to negotiate for lower rental rates and more favorable lease terms.

All respondents acknowledged that due to the increase in terror attacks in the country, mall security has been a critical challenge to mall developers and owners and therefore proper planning is mandatory. One respondent indicated that some tenants especially the international retailers rate security with utmost importance and have specific site demands on mall safety and security that must be met for them to take space in a shopping mall. They also indicated that security systems and equipment are very expensive to purchase and operate and therefore in order for mall owners to attract the desired tenants, there is need to dig deeper into their pockets in order to develop secure malls.

Two respondents noted that lack of sufficient infrastructure such as access roads and parking within the shopping malls plays a critical role for tenants targeting high end clientele that are willing to pay a higher price for convenience and comfort and are therefore likely to frequently visit shopping malls that offer convenience. Most of the respondents also noted that the location of a shopping mall is critical for its success as it greatly determines the type of catchment, accessibility and spending power and habits of the market visiting the shopping mall. Two respondents also note that political and economic instability experienced in the last 5 years has greatly affected the performance of shopping malls.

According to the respondents, Two Rivers like any other shopping mall has not been spared in the above challenges but its success is attributed to a very supportive, creative and dynamic board of directors and top management, proper strategic planning, market research and continuous monitoring and evaluation to ensure Two Rivers mall is the desired destination by all tenants. One of the respondents stated that Two Rivers has invested in its technical and human resource to ensure the company is always ahead of the curve through development and continuous improvement of the retail offering to ensure both local and international tenants are attracted and retained.

4.5 Location and Tenants' Preference

The respondents described location based on various parameters. The location of the shopping mall in relation to proximity to the central business district which determines access to local and national government resources that are fundamental in the success of any shopping center and therefore malls that are very far are likely to face some challenges. They also noted that the location is critical in defining the catchment which determines the population visiting the mall, their purchasing power and spending habits which is a key consideration factor by tenants when choosing retail locations. Two Rivers Mall management therefore ensured the mall is strategically located in the diplomatic blue zone adjacent to high end neighborhood in Runda and its environs that have high spending power habits and middle-income communities in the close neighborhood.

Most of the respondents confirmed that during weekdays most of the visitors in the mall reside or work in the radius of up to 35 kilometers and therefore for any shopping mall to succeed, there must be enough population within the immediate neighborhood to ensure business continuity during off-peak days. They also noted that most of the residents around Two Rivers and its environs are stay at home mothers with high spending power and lucrative shopping habits. They also noted that the mall location near the United Nations offices which is a great advantage as most expatriates prefer visiting the shopping mall due to its proximity to their residences and place of work.

When the interviewees were required to give their opinion as to why the mall earning more preference from international and local tenants, most of the respondents stated that visibility and accessibility of a shopping mall are very critical in driving high footfall. They indicated that mall is strategically located in manner that allows ease of visibility and accessibility from either Limuru road and Kiambu road and therefore making it convenient for their clientele to access and exit the mall. They also noted that most high-end target markets prefer convenience and comfort even for more expensive services and therefore proper accessibility is critical in ensuring their repeated visits to the mall.

4.6 Infrastructure and Tenants' Preference

The respondents were required to give their reaction on the effect of various infrastructure elements of the preference of shopping malls. Most of the respondents acknowledged that well planned, sufficient and suitable infrastructure is very capital intensive and therefore if well planned and implemented, can be a key differentiating factor in outshining other shopping malls especially in Kenya where access to reliable and sufficient infrastructure is still a challenge due to its high capital investments requirements.

All respondents highlighted accessibility, mobility and ease of transport using private and public means of transport as a critical factor in mall decisions by tenants. The respondents acknowledged that Two Rivers has invested heavily in state of the art infrastructure including external public roads that have been handed over to the government upon completion and internal roads to allow ease of mobility inside the mall due to its extensive

nature .They also noted that the mall was designed to allow for other non-motorized forms of transport especially due to their target on expatriates who are very oriented towards green forms of transport such as bicycle and jogging though provision of jogging tracks and bicycle racks . They also noted that in order to ensure sustainability, the mobility design provided for the use of public transport through provision of bus stops with shades, pedestrian walkways and taxi ranks within the mall.

Five of the respondents indicated that in the modern retail sector, parking and parking management is critical in the success of shopping malls. They highlighted the following as most critical considerations by tenants: availability of parking spaces, ease of access to parking lots, security and safety of parking spaces, cost of parking, parking management systems, ease and convenience of access to the shopping mall from the point of parking. One respondent noted that most international tenants are very specific on the number of parking slots available per square meter of lettable space and therefore they are likely to give preference to shopping malls that have provision for this.

Two respondents involved in leasing confirmed that Two Rivers mall has enough, secure, cost effective and easily accessible parking and this has given them a competitive edge when negotiating for their leases and commercial terms as the tenants are guaranteed of enough space within the premises.

The study established that access to reliable utilities such as water, sewer, power and internet or networking facilities is also a critical consideration in attracting and retaining tenants. Majority of the respondents confirmed that most international retailers are very sensitive on green energy and therefore green energy and water conservation measures and initiatives are a key attraction factor. They further indicated that some tenants are very specific on access to uninterrupted and reliable power and water and therefore availability of this facilities gives the mall owner bargaining power .The respondents pointed out that utility provision is one of the factors that puts Two Rivers ahead of the competition considering the investment by the mall developer to develop high capital utility infrastructure including a 66 Kilovolt sub-station that ensures minimum blackouts and

power downtime , a 1.2 Megawatt solar plant and backup generators to ensure reliability to tenants .

4.7 Strategic Planning and Tenants' Preference

The study based on the feedback from the respondents established that strategic planning was the main pillar of success for any shopping mall as it is the determining factor for the other two preference determinant components i.e. location and infrastructure. It determines where shopping a shopping mall will be developed, when it will be developed and what level of investment will be made in order to develop the desired support infrastructure.

The respondents communicated that at Two Rivers, the key pillar of strategic management reiterates that the development plans should be anchored on the retail market trends in the past and present, internal organizational considerations including strengths and weaknesses and the effect of external factors with a target on the potential threats and opportunities. The internal environment includes the company's resources, information, facilities and skills while the external environment includes the technological trends, social, economic, environmental and political trends. The respondents said that the top managers in the company conduct routine reviews of the firm's existing capacities as well as future needs and then finally come up with a list of the strengths and weaknesses whose impact will be the greatest on the firm's ability to capitalize on opportunities.

Two Rivers has adopted a conventional strategic planning process such that the mission, vision, objectives, environmental analysis as wells as the choice of strategy is done at the corporate level and then cascaded downwards. The study also established that the strategy formulation, implementation and evaluation process is well documented by Two Rivers Mall management. The top managers and company board are tasked with formulation of the vision and mission. Environmental analysis is done using internal and external resources such as feasibility study and market analysis companies that give an independent feedback. This information is then consolidated into a business case that will be reviewed further and if viable, will be implemented. The respondents confirmed that everyone in the company is in one way or another part of the strategic planning process as the

environmental analysis and business case development requires input from all departments and at all levels.

The respondents also confirmed that the management ensures that all staff are aware of the strategic plans and are also reminded continuously of the organization's goals, mission and vision through weekly departmental meetings and monthly heads of department meetings. The study also established that the strategic planning process is time bound and is controlled and monitored through company, departmental and individual goal setting and appraisal which is conducted on a quarterly basis. The goal setting process is critical in identifying the short and long term objectives, identifying the process through which to accomplish the company objectives and finally allows for customization of the process for the employees by allocating them tasks or responsibilities. This stage ensures the goals are detailed. All respondents confirmed that the company's management has been very supportive in the strategic planning process by ensuring that the company structure supports the implementation strategies and thorough allocation of enough resources.

The study established that strategic planning has been the major differentiating factor in the development of Two Rivers Mall thus giving the mall a competitive environment in the highly competitive retail sector. The respondents affirmed that every aspect of the project is thoroughly evaluated and strategically planned to take into consideration the internal and external environment, in order to ensure available resources and opportunities are maximumly utilized and any potential weaknesses and threats arrested and mitigated early enough in order to ensure the mall is best positioned in the market in order to attract and retain tenants. They also indicated that the development of the mall was strategically planned in a manner that will ensure sustainability in the short term and long term with a focus on attracting both local and international tenants that have opened their doors to the African market. One respondent highlighted that strategic planning was a critical factor in the initial planning and design of the mall in ensuring that the Two Rivers Mall will be the retail destination in Africa with an aim of offering world class and memorable experience to tenants that will position the mall among best sought destinations in the world.

The respondents however indicated that the retail market is very dynamic and therefore experiences very rapid changes that are likely to significantly affect the strategic planning process for the organization. Economic factors such as changes in consumer trends, taxation, statutory regulations and cost of basic commodities such as fuel have posed a great challenge in the implementation of strategic plans by Two Rivers mall. Also, corporate social responsibility which was once considered to be an element of proper company public relations is now a responsibility for the organization and therefore it has become mandatory that the company must budget for this line item in order to remain relevant as well as highly competitive in the retail sector. The respondents also indicated that the recent political climate in the country has not been favorable in implementation of the strategies due to its intense impact on potential investors.

4.8 Discussions of the findings

The following is the discussion of the findings guided by the research objective, interpretive inferences made from the literature and the underpinning theories in this research study. The Kenyan retail market is seen to be highly competitive, volatile and dynamic. However, it is seen to be continuously growing and highly promising with a series of endless untapped opportunities. The study revealed that mall location, access to reliable infrastructure and strategic planning are critical attributes in mall preference by tenants.

4.8.1 Comparison with Other Studies

The study found that location is critical in the choice of mall by tenants and uses various factors such as mall accessibility, mall visibility from main access roads and the neighborhood, catchment population, spending power and purchase habits of the target market. The success of tenants in a given mall is primarily dependent on the ability to be easily accessible, visible and reachable by the desired target market backed up by the ability of the target market to purchase the goods or services. These findings are in line with Hsu (2013) who in his study stated that a well formulated location strategy plays a critical role in the success of some franchises due to its influence on critical factors such as purchasing

power, catchment population required to ensure the business is sustainable , accessibility, visibility and mobility.

The study also established that infrastructure plays a vital role in decisions by tenants to locate shopping outlets in various malls. A shopping mall that has proper access roads both internally and externally and has provision for access using public transport is more likely to be preferred by tenants as it makes it convenient for their targeted markets to access their outlets in the mall .It also established that access to reliable basic facilities such as power , water and sewerage services is very critical especially for retail supermarkets and hypermarkets ,restaurants , food and beverage outlets , beauty parlors and barber shops that entirely rely on availability of power and water for their daily operations and therefore the tenants are willing to pay more for convenience .These findings concur with Popp (1992) who argued that tenants may be willing to pay higher rentals and stay in the same property for longer periods as long as the basic infrastructure facilities such as accessibility, security, water and parking are reliable.

The study also found out that parking has become a critical consideration by tenants in choice of shopping malls as this will determine the level of convenience to their target market. The main parking factors considered by tenants when choosing a shopping mall are: availability of parking spaces which determines the capacity of shoppers that drive or own private cars the mall can sustain at a given time , accessibility of the parking spaces both at entry and after shopping, safety and security of the cars and car contents , the cost of parking as high parking rates are likely to deter shoppers from spending long hours in the mall thus directly affecting their ability to visit various shopping outlets .The study outcome concurs with Ndung'u (2008) who concluded that availability of parking and its management as a key determinant factor in the success of shopping malls as tenants will tend to avoid shopping centers whose parking is costly, difficult to access, insufficient or not readily available.

The study established that strategic planning is a fundamental in the success of shopping malls as it defines the mission, vision and desired objectives. It also allows for detailed

analysis of the internal environment to ensure that a shopping mall is developed in a manner that ensures maximum utilization of internal resources, capacity, skills in order to develop a mall that will attract the desired tenants hence leading to the overall success of the mall. Strategic planning also ensures detailed analysis of the external environment through feasibility and market studies in order to identify market gaps and opportunities and develop the mall in a manner that will ensure sustainability in the short and long term thus placing it as the most desired shopping mall by both local and global tenants. These findings agree with the study by Tanwar (2013) who concluded that for retail developers to create successful and sustainable shopping malls, there is need to create investments that are strategically planned, long term oriented and have the ability to meet current and future market demands.

4.8.2 Comparison with Theory

Findings from the study indicate that the most critical aspect of mall location is the catchment population which determines the number of people likely to visit a given shopping center as the target market and therefore directly impacting the number of sales. These findings concur with the Central Place theory by Christaller (1993) who argued that the most essential aspect of a shopping center is the threshold which refers to the minimum level of market population required to support a given retail function. He noted that there is a minimum requirement on the number of potential buyers expected to visit a given shopping center to ensure continued existence of its retailers and the central business place as a whole.

The study further established that environmental analysis is a critical process in the Two Rivers Mall's strategic planning process as it allows for detailed and deeper understanding of the firm's capabilities, resources, skills and facilities. These resources are then applied and utilized in a manner that enables the firm to maximumly utilize identified opportunities and mitigate any possible threats and weaknesses in order to remain relevant and attractive and therefore attaining a competitive edge. This concurs with the resource-based view theory advanced by Barney (1991) which suggests that internal resources are valuable, rare, difficult to imitate and non-substitutable leading to best positioning of the firm for suitable

competitive advantage. The resource-based theory further contends that the possession of strategic resources provides an organization with a great opportunity to establish competitive advantage over its rivals.

The study findings indicate that the retail environment is highly competitive and dynamic. Therefore, for mall developers to remain competitive and attract the desired tenants, there is need for continuous monitoring and evaluation and adjustment of their strategic plans in order for their malls to remain attractive to prospective tenants. The study also established that the main reason behind the tenants' preference of Two Rivers Mall is anchored the ability of the firm's management to remain focused on retail market dynamics and its support towards implementation of new strategies and tactics that allows continued attractive to prospective tenants. This is in line with the dynamic capability theory. Teece, Pisano and Shuen (1997) argued that the dynamic capability theory focuses the ability of organizations to reconfigure and build both internal and external competencies with the aim of adapting to rapid environmental changes.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter focuses on the conclusions, discussions and recommendations of the study. It also identifies significance and limitations of the study and areas of future research that should be pursued by other scholars in future to add to the knowledge base.

5.2 Summary of the Study

The research study desired to identify the effect of location, infrastructure and strategic planning on the preference of Two Rivers mall by tenants. It used a case study research design to achieve this objective. Qualitative data was collected through guided interviews with six (6) senior management staff at Two Rivers Mall.

The retail real estate industry in Kenya and particularly in Nairobi has grown exponentially over the last decade, becoming increasingly competitive and dynamic. Two Rivers mall ventured into the retail market because it was full of untapped opportunities which it was able to identify through detailed feasibility studies and market analysis. The mall opened in February 2017 and is the anchor project for Two rivers development. The mall recorded 75% tenant occupancy with an average footfall of 320,000 per month and a total of 5.5 million people visiting the center since its launch in February 2017.

The study established that mall location is a major determinant factor in the preference of shopping malls by potential tenants as it is considered to have high influence on the number of people visiting the mall , their purchase power and spending habits thus greatly affecting sales and success of tenants .The study also established that all factors of location such as catchment area , proximity , traffic ,accessibility and visibility have a great impact on mall preference by tenants . In addition, the study established that a mall that is strategically located and is easily accessible by the targeted catchment population enhances its ability to stand out as a retail destination within the neighborhood for the benefit of the tenants thus leading to the mall's competitive edge over other malls.

The study further established that most tenants consider availability of reliable and enough infrastructure as a critical element in mall choice decisions. This is because the tenants would prefer malls that make their operations smooth through access to reliable water, sewer, power, network services and operations in a secure mall. Also, reliable infrastructure will ensure ease of accessibility and exit within the mall space and finally parking that is a critical factor in attracting the right clientele. The study also revealed reliable and enough infrastructure is high capital demanding and requires proper financial, delivery and operations planning for the projects to succeed. The study further found out that that every shopping mall is required to ensure access to infrastructure services in order to attract prospective tenants

The study observed that strategic planning by the developer is very critical and has a direct impact on preference of shopping malls by tenants. The study observed that the mission, vision and objectives of the mall developer are what determined the type of mall thus directly affecting its preference by prospective tenants. A well-planned mall development strategy will ensure detailed analysis and understanding of the internal and external environment to ensure the company maximizes on its internal resources, facilities and skills in order to ensure the external opportunities are tapped and utilized to the benefit of the company. The study further revealed that strategic planning ensures that successful malls are developed where there exists a specific gap and are developed in a manner that will attract potential tenants. It further revealed that strategic planning is fundamental in achieving sustainability of retail malls in the short term and long term thus positioning specific malls as the preferred retail destinations in the world.

5.3 Conclusion

This study sought to map out the preferences tenants have towards shopping malls and the critical attributes that they consider when choosing where to locate their shopping outlets out of many shopping malls alternatives. The three attributes include mall location, infrastructure and strategic planning. The general conclusion to this study is that tenants prefer shopping malls to be strategically located, to have reliable infrastructure services and to be strategically planned. Availability of all three attributes rather than some of them has the potential of attracting more tenants in order to locate their outlets in each mall.

The findings from the study confirmed that all the three attributes were found to be very important in the choice of shopping malls with strategic location being considered to be a very influential factor. Most tenants consider location as a long-term decision as the costs of relocating a shop are very high hence a lot of details are considered by tenants in the choice of a shopping mall based on the location. The findings also confirmed that strategic planning is a critical pillar as it directly influences the other two attributes by determining where the mall will be located and what level of investment will be put into developing infrastructure and what type of infrastructure will be developed in order to tap into any existing and potential market opportunities.

The study concludes that with better understanding of tenants' mall preferences and their mall selection criteria and methodologies, shopping mall developers and owners can have a better understanding on what attributes and which information will guide them in developing or improving their malls' attractiveness.

5.4 Significance of the Study

The research study will be very valuable to mall developers, commercial property developers and prospective tenants that are trying to penetrate the Kenyan retail market by having access to information on main success attributes used by Two Rivers Mall in order to attract and retain tenants. Other industry players will relate to the information on main factors considered by tenants in the choice of shopping malls in order to better position their malls.

Also, the study findings will be valuable to the government and other stakeholders as it could form the basis for designing policies that will directly or indirectly affect the retail sector. It will also provide guidelines on better regulations that will enable mall developers build more attractive malls.

Scholars and academicians will utilize the findings and outcome of the study in order to fill knowledge gaps as no studies have been previously undertaken on effect of location, infrastructure and developer's strategic planning on preference of shopping malls by

tenants. This research will also be of great value to existing knowledge in the field of retail and strategic planning.

5.5 Recommendations of the Study

The research study recommends that mall developers carry out detailed feasibility and market studies prior to establishing shopping malls in order to identify and ascertain the suitability and sustainability of the location being considered for mall development. This will ensure that malls are located in the most lucrative locations that will ensure access to the desired catchment population and thus ensure high preference by prospective tenants.

The study recommends that mall developers should ensure the malls have access to reliable infrastructure services such as roads, ease of access using public transport, reliable and uninterrupted water, sewer, power supply and access to enough, affordable and safe parking spaces within the mall. This will ensure that the use of the mall facilities by tenants and other users is convenient and offer a memorable experience that will attract more tenants.

The study further recommends that mall managers should undertake proper strategic planning prior to developing malls in order to ensure they identify internal strengths and develop strategies of utilizing them in order to tap into existing opportunities in the external environment. It will also enable the mall developers identify internal weaknesses and external threats and develop action plans that will enable them to mitigate any challenges or risks likely to arise thus ensuring the mall is sustainable in both short term and long term. This is critical in positioning shopping malls as the desired destinations by retailers and other traders.

There exist unexploited opportunities in the Kenyan retail sector and more developers should develop strategies to capitalize on these opportunities. As for the policy makers, they should contemplate developing policies aimed at persuading more mall developers to identify and tap into these opportunities in the retail market and thus enable them to attract global and local tenants thus increasing variety of shopping mall product offering. This

will be a critical trade and public relations factor that will position Kenya as the shopping center destination in Africa.

5.6 Suggestions for Future Research Study

The mall preference study attributes were applied to Two Rivers Mall. Another study should be carried out in another mall to increase the validity of the study findings in order to increase the accuracy of the findings. Further the study applied a case study research design and content analysis as the data analysis method which are all qualitative. The researcher recommends another study should be carried out using quantitative research method in order to give a wider perspective of the research outcome. Further research studies should target property attributes considered by tenants in other real estate sectors such as offices and residential property.

5.7 Limitation of the Study

The main limitation of the study is the research design method limitation where the study utilized a case study approach that is qualitative in nature and could therefore lead to generalization. Further the research in only focused on one company and therefore required to incorporate other companies in order to make a generalization. The respondents were very cooperative and supportive but had a very tight schedule and sought for seclusion during the interviews and most of the interview settings were found to have a lot of interruptions such as knocks on the doors. This therefore posed a challenge on time available to conduct interviews with a relatively extensive number of interviewees given the researcher conducted interviews.

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APPENDICES

Appendix i: Introduction Letter

Mercyline Nyamoita Machini

P.O Box 22088 -00100

Nairobi, Kenya.

Date 23rd October 2018

The Mall Manager,

Two Rivers Mall,

P.O Box 10518-00100

Nairobi, Kenya.

Dear Sir /Madam.

RE: LETTER OF INTRODUCTION FOR DATA COLLECTION

I am a student pursuing a Master of Business Administration degree at the University of Nairobi, school of Business. As part of the requirements for the award of the degree, I am expected to do a research project with a research topic focusing on the **effect of location, infrastructure and developer's strategic planning on tenants' preference of shopping malls in Kenya: a case of Two Rivers mall, Nairobi.**

In this respect, I kindly request you to provide objective answers to the following questions that will be vital in gathering information for my study. The information provided will be kept confidential and will only be used for the intended purpose of the study.

I will be highly grateful for your assistance

Yours Sincerely,

Mercyline Nyamoita Machini

University of Nairobi

Appendix ii: Interview Guide

This interview guide is designed to collect data that will guide the researcher in the study. All information collected given will only be used for academic purposes and will be handled with maximum confidentiality.

1. What is your current position in the company?
2. What is your department?
3. How long have you been working at Two Rivers Mall?
4. What is your role in the organization? Probe: What is your background (e.g educational? professional?)
5. For how long have you been employed? (in years)
6. Why did the company decide to invest in the retail real estate sector?
7. What has the retail sector been in the last twenty months since opening of the mall?
8. What is the current occupancy for Two Rivers mall? Probe: Restaurants? Retail shops?
9. How have the following location related factors affected the preference of the mall by tenants?
 - a) Neighborhood spending power
 - b) Neighborhood purchasing habits
 - c) Mall accessibility from main roads
 - d) Visibility of the mall from the main roads
 - e) Proximity to the desired clientele
 - f) Extent of the catchment area
 - g) Population
10. How have the following infrastructure related aspects affected preference of the mall by tenants?
 - a) Power reliability
 - b) Water and waste water services reliability
 - c) Road network and mobility
 - d) Parking

Probe :What is the effect of availability , security of parking spaces ,accessibility of parking , ease of mall access from the parking , and number of parking lots?

e) Security

Probe :systems and infrastructure

Probe: Accessibility, reliability, cost and security of connections

11. What is the impact of strategic planning on the preference of Two Rivers mall by tenants?
12. Of the above factors, which have been the most appropriate in achieving competitive advantage i.e location, infrastructure and strategy planning has been best preferred by tenants in the mall?
13. What challenges is the mall management facing in attracting the desired tenants?
14. What are the main factors affecting retention of tenants within the malls?
15. Based on retail market trends, what are the most critical considering factors in the strategic planning of a shopping mall by developers?
16. What are the most critical considerations by tenants in the selection of a retail space /mall?
17. How does Two Rivers mall measure its performance in comparison to other competitors?
18. What do you think is the main cause of high tenant occupancy rate for two rivers malls?
19. What suggestions do you have for other mall developers, partners or stakeholders on best strategies for attaining competitive advantage?
20. What advice can you offer tenants and other retailers on choosing attractive malls?

Thank you for your feedback!