

**FACTORS INFLUENCING SPACE OCCUPATION IN KENYAN SHOPPING  
MALLS: A CASE OF EMBAKASI SUB- COUNTY, NAIROBI COUNTY**

**BY**

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Management Degree of the University of Nairobi**

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## DECLARATION

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

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This research project proposal has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

The research proposal is dedicated in the memory of father Kanyi Kabutha who never lived to see the completion of this research and my mother Wambui Kariithi for inspiration and instilling the value of education in me.

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## **ABSTRACT**

The purpose of this study is to determine the factors influencing space occupation in Kenyan Malls: A case of Embakasi Sub-County, Nairobi County. The objectives of the study is To examine whether amount of rent affects space occupation ,assess how occupation incentives influences on space occupation, establish the impact of characteristics of location on space occupation, determine the effect of anchor tenants on space occupation in Embakasi Sub County Malls, Nairobi County. This study will employ the descriptive survey design which allows the researcher to gather information, summarize, present and interpret data. Total target Population will involve 567 respondents: 21 Mall managers, 270 Retail Owners, 14 Kenya Investment Representatives and 262 mall customers. A sample size of 82 respondents will be used in the study using stratified and simple random sampling techniques. Data will be collected using questionnaires, interview guides and observation schedules. The researcher will then employ quantitative methods of analysis in the analysis of data collected from the questionnaires. Data will be analyzed using International Business Model (IBM) Statistical Package for Social Sciences version 21. The results of the study will benefit stakeholders such as Non-Governmental organizations, future investors involved in retail real estate, project managers and various policy makers.

## **ABBREVIATIONS AND ACRONYMS**

<b>CBD</b>	Central Business District
<b>ICSC</b>	International Council of Shopping Centres
<b>Rs</b>	Rupees
<b>SQFT</b>	Square Foot
<b>SQM</b>	Square Metres
<b>TRM</b>	Thika Road Mall
<b>US</b>	United States

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Malls are usually large department stores popular in a certain economy (International Council of Shopping Centre-ICSC (2004). The most successful land-use, real estate and retail business concept of the 20th century is the Shopping Centre (Beyard & O'Mara 1999).The success of a shopping mall is indicated by space occupation and flow of customers in the centers. An attractive mall location and differentiation from competitors influence uptake of mall space by tenants. Tenants make decisions on taking the space based on extent to which the mall is attractive based on location, incentives, tenant mix and costing of space units. According to Knight Frank Africa Report (2015) increase in malls has rendered mall owners to competent for tenants to achieve maximum space occupation. Malls are given a quality grade, or rating from A++ to D based on space occupancy and generally mall performance (Waini, 2016). Advisors report some of variables including geographic locations of malls, anchor tenant, occupation incentives and sales per square foot. Space occupation determines success of shopping malls (Maheshwari, 2015).

Globally, space occupation in shopping malls determines the success of shopping centers. Most malls however are facing high vacancy rate. In the United States, shopping malls, once a hub of suburban commercial life, are rapidly losing ground to online shopping and off-mall locations; and it shows vacancies at regional and super-regional malls topped 9% in the first quarter of 2011, up from 5.6% four years ago (Sherman, 2014). Reis Incorporated Report (2016) notes that malls are at the highest vacancy rates.They have been tracking them for the last 10 years.It is because of clauses in many leases that allow retailers to opt out if a mall can't retain a major anchor store. The size of the rent subsidies for anchor stores is astounding in Great Britain and Australia where on average, anchor stores occupy over 58% of the total leasable space in the mall and yet pay only 10% of the total rent collected by the developer(Reis Report, 2016).Pashigian and Gould (2010) argue that this subsidy can only be explained by the externalities created by anchor stores. Pashigian and Gould (2010) demonstrated this by showing that an increasing presence of anchor stores in a mall generates higher sales, and consequently higher rents, of non-anchor stores. The

shopping mall store rent situation in India is quite general; retail real estate is most expensive in Mumbai, followed by New Delhi and then Bangalore. Rents are decided based on the floor on which the store is located. As a thumb rule, the ground floor commands a premium and is generally the most expensive. It is leased only to known international and national level retailers. The rent for the first floor is about 20-25% lesser than the ground and the second floor is about 30% lesser than the first.

In Mumbai properties one can expect an average mall rent (averaged over all floors) per SQFT per month to be around Rs. 150 (+/- 10%). This means that there is bound to be empty mall stalls the higher the building goes. In Bangalore, it is better to rent out a place in UB city mall if your product is an international brand and comes under luxury category. Footfall is low compared to others but that's where the target customers go for shopping. Short term rentals allow for a less risky way of testing new local markets at low upfront costs with no leases and no security deposits (Kumar, 2015).

Africa is experiencing a wave of modern mall development, from Lagos in the west to Nairobi in the east and Cape Town in the south; trendy shopping malls have sprung up across Africa as the continent's mushrooming cities modernize (Miller,2016). Despite the modernization, most Africans prefer the little trading stores of the earlier colonials because of their low level of income, poverty mindset and their buying behavior. They perceive goods and services in malls tend to be exaggerated in prices. Therefore, malls have witnessed lower consumer traffic leading to high space vacancy rate.

The concept of malls in Kenya began in 1980s, by the year 2001, Kenya had only 3 regional shopping malls, namely: Sarit Centre, Village market and Yaya Centre, Kitoto (2006). However, in the recent past, the real estate market in the region has shown a tremendous increase in development of shopping malls. Currently Kenya has 19 shopping malls under construction and several others are undergoing renovations (National Construction Authority-NCA, 2017) as the mall craze grips the country even as experts are wary about their sustainability. There are 77 functioning Kenyan malls which are distributed as follows: Nairobi region – 35, Coast Region – 9, Central Region – 5, Western Kenya – 9, Rift valley Region – 12, Eastern region – 6

while North Eastern Region has one shopping mall. The number of malls will increase to 96 when the 19 or so are completed(National Real Estate Investors, 2017).

Kenyan mall developers are facing uncertainty as the debate shifts to whether Kenya's middle class has enough numbers, purchasing power and growth to match the speed at which malls are being developed. There is a fear that by producing similar products and competing for similar customers, the mall industry could be pushing itself to market cannibalization (Waini, 2016).This is a situation where a new product fails to appeal to a new segment of the market and instead eats into the existing market share of its competitors, resulting in an overall reduction in sales and, eventually, the death of some players.

Most of the malls in Nairobi are designed for upper market customers(McMillan, 2016).There is also increase in number of malls in Kenya for instance in a distance of 46 kilometer Thika superhighway stretch has six malls including Garden City, TRM, Juja City, Spur Mall, Uni City and Mountain Mall. The occupancy of majority of the malls remains low. This raise concerns on what factors influence space occupation in shopping malls in Kenya.

## **1.2 Statement of the Problem**

Shopping mall space occupation success is influence by various determinants. According to Schwartz (2015) indicated that efficient utilization of mall space units is determined by rental costs, location differentiation and incentive programs initiated by mall owners .Efficient allocation incentives in contract rent of space within the mall determine the success of space occupation in shopping mall that include, the major one being the mall attractiveness which determines preference. Adoption of tenant combination strategy was a factor that influences space occupation success. This view is supported by Carter and Vandell(2005) that inclusion of anchored and non-anchored tenants and placing anchored within the center of the mall determine effective utilization of mall space unit as it increase customer flow within the mall.

There has been increase in shopping malls development in Kenya with over 20 malls in Nairobi alone resulting into oversupply of malls in the country and increase in retail space units (Muhatia, 2018).However, the utilization of space units has not been successful as occupancy rate has remained low. Shopping malls tenancy cost increase,

as shopping mall experience narrow tenant base and unable to support the vacant spaces available in the market (Broll Property Group, 2017). According to Knight and Frank Africa Report (2015) that in 2015, shopping malls registered decline in uptake of the rental space units and the decline continue to 2017. Further, Ojuok (2010) indicated that space retailers and consumers selective decisions determined success factors of shopping malls and influence achieving of financial returns, achieve optimum flow of customers and achieve efficient space occupation. Notes there is an oversupply of malls in the country which has not attracted developers' enthusiasm for the sector in Kenya. In Embakasi Sub-County shopping malls including Point Mall, Greenspan Mall, Shujaa Mall —Kayole, Taj Mall- Embakasi, Signature Mall and Gateway Mall experience low tenant base (Ncube, 2014) This raise concerns to what factors influence space occupation in shopping mall in Nairobi focusing of malls in Embakasi- Sub County, Kenya.

Empirical study such as Sinchaloenman and Ngamyang (2013) examine key factors affecting small tenant decision on renewing Shopping Mall rent contract. The study found that tenant mix, trust and center management performance influence tenant satisfaction and significantly impact on space occupation of malls in Bangkok. Locally, Ojuok (2010) examined a study on assessment of tenant mix in shopping mall in Nairobi, found that that tenant combinations plays a critical role in provision of varieties of products in the mall, and improve performance of the malls. Kirkup and Rafiq (2004) examine influence of tenant mix in shopping centre on letting rate by shopping malls developers. The study focus on determine the extent to which tenant mix, influence high proportion of mall occupation. The study found that high rate of competition, low demand for shopping mall design deficiencies affect letting of mall space.

Despite increase in development of shopping malls in Nairobi, space occupancy has been low and the shopping malls experience low tenant base. . Consequently, malls have failed to attract shoppers, encourage re-patronage and service delivery and hence an impact on mall performance (Cytonn 2016). Empirical studies have not focus on determining factors influencing space occupation in Kenyan malls. This study seek to fill the existing knowledge gap by seeking to establish factors influencing space occupation in Kenyan malls in Embakasi Sub-County, Nairobi County, Kenya.

### **1.3 Purpose of the Study**

Shopping malls in Nairobi registered decline in uptake of the rental space units and the low tenant base. The purpose of this study is to determine the factors influencing space occupation in Kenyan malls: A Case of Embakasi Sub-County, Nairobi County.

### **1.4 Research Objectives**

The study will be guided by the following objectives:

- i. To determine influence of cost of lease on space occupation in shopping malls in Embakasi Sub County
- ii. To assess extent to which occupation incentives influence space occupation in shopping malls in Embakasi Sub County.
- iii. To establish influence of shopping mall location on space occupation in shopping malls in Embakasi Sub County
- iv. To examine influence of tenant mix on space occupation in Embakasi Sub County shopping Malls, Nairobi County.

### **1.5 Research Questions**

The study is to be guided by the following research questions

- i. How does cost of lease on space occupation in shopping malls in Embakasi Sub County?
- ii. How do occupation incentives influence space occupation in shopping malls in Embakasi Sub County?
- iii. How does shopping mall location influence space occupation in shopping malls in Embakasi Sub County?
- iv. To what extent does tenant mix influence space occupation in Embakasi Sub County shopping Malls, Nairobi County?

### **1.6 Significance of the Study**

The findings of this study will benefit project managers involved in management of malls in Kenya concerning characteristics of location and identification of tenant mix in a bid to attract more tenants, potential mall retailers, tenants to customers and influence space occupation performance in malls.



Also, the government will be a beneficiary of the study as it will gain insight on factors influencing space occupation in shopping malls and develop policies that will regulate the construction and management of shopping malls in Kenya. Ultimately, the study may be invaluable to various policy makers in formulation of regulation governing implementation of retail real estate related projects more so those involved in shopping malls.

The information acquired will be beneficial to future investors involved in retail real estate since they will possess information on how to successfully set up attractive, secure, affordable shopping mall projects while the project managers will get firsthand information on how to implement successful similar projects in other counties, in Kenya.

It is hoped that scholars and researchers will benefit from this study as a reference for on factors influencing space occupation in shopping malls in Kenya. The study will form a foundation for researcher to carry more research. It will also add to the existing theory and empirical studies that will provide knowledge to scholars to gain understanding on determinants that influence space occupation in malls in Kenya.

### **1.7 Delimitations of the Study**

This study limited to assessing factors influencing space occupation in shopping malls in Kenya. The will be limited to establishing factors influencing space occupation in shopping mall in Embakasi Sub-County in Nairobi. The study will examine space costing, occupation incentives, characteristics of mall location and tenant mix as independent variables and space occupation in malls as dependent variable.

The increase in shopping malls in Nairobi and especially in Embakasi Sub-County motivates the choice of the study site. The Point Mall, Greenspan Mall, Shujaa Mall – Kayole and Taj Mall - Embakasi, Signature Mall and Gateway Mall. The respondents of the study will be mall managers, retailer managers, financial project officers, KenInvest officer's shoppers, mall operation officers and Shopping Center Association of Kenya (SCAK) officers. The study will be carried in a period of six months.

### **1.8 Limitations of the Study**

In undertaking this study, the researcher may encounter challenges as follows:

The study might be limited by time constraint. The Study will also require financial resource during data collection, transport and accessing the respondents in various shopping malls. The researcher will however, draw a budget to ensure adequate fund for research will be sought from my personal contributions. The researcher will also use different channel of communication to reach respondents in an effort to reduce cost.

### **1.9 Assumptions of the Study**

It is assumed that the respondents selected will provide necessary information for the study and that they will be willing and cooperative in giving correct and truthful information.

### **1.10 Definition of Significant Terms**

**Characteristics of Mall Location-**This is defined as features of shopping mall site in terms of security, accessibility, convenience, ample parking space, proximity to demographics, to other businesses, competitors location to allows easy access, attracts customers, and increase potential sales of a retail outlet.

**Mall Occupation Incentive-** This is define as rewards such as mall branding, rent discount and efficient contracts , lowering rent for tenants in an effort to achieve high mall space occupancy rate

**Occupancy Costing-** This is defined as occupancy costs or operating costs are a grouping of all the costs associated with maintenance of shopping malls

**Occupation Incentives -**These are agreements between the mall owners and the retailers meant to attract and keep the retailers within a particular mall, for example, free reserved parking for their customers, to free delivery of purchased merchandise.

**Shopping Mall Tenant Mix –** This is defined as refers to the combination of tenants or establishments occupying space in shopping malls to form an assemblage that produces optimum sales, rents, service to the community and finances of the shopping centre venture

**Space Occupation** – This is defined as utilization, usage of space of a mall building, or mall portion of by tenant in a shopping mall.

### **1.11 Organization of the Study**

The study will be organized in five chapters.

Chapter One will present the introduction, background of the study, statement of the problem, purpose of the study, research objectives and research questions, significance of the study, the scope of the study, limitation of the study, assumptions of the study and the definition of significant terms.

Chapter Two will present the literature review on factors influencing space occupation in shopping malls. Review of past studies has focus on space costing on space occupation in shopping malls; occupation incentives influence space occupation in shopping malls, characteristics of mall location on space occupation, tenant mix influence space occupation in malls. Chapter two will also present theoretical framework, conceptual framework and summary of the literature review and research gaps.

Chapter Three will present research design, the target population, sample size, sampling procedure, data collection, validity of instruments and reliability of the research instrument, methods of data analysis techniques.

In chapter Four, the study will present the findings based on the study objectives. The chapter will also present presentation of the results and descriptive analysis, correlation and regression analysis, interpretation of the results. Discussion will also be presented in chapter four. Finally, Chapter Five will present the summary of findings. This will present the key findings; conclusions will be presented based on the research objectives. The final section will be recommendations of the study and recommendations for further studies describing possible areas for further research as will be exhibited from the current study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a review of the literature relevant to the study. Past research studies will be reviewed in order to give key insight into the topic and to assess the approaches that have been used in earlier studies, methodologies and findings obtained. The literature review is organized according to the objectivity of this study. Empirical literature will also be reviewed; the theoretical framework and the conceptual framework will be factored.

#### **2.2 Space Occupation in shopping Malls**

The quality of spaces and experiences created by these said spaces are greatly related to its – shopping mall - business success. Effectively, it can be assumed that the popularity of these malls is hinged on its quality of spaces. However, this does not necessarily mean that these spaces are the best in design but may only be better in comparison to what is available or offered in its locality (Levy, 2007). These buildings are also characterized by expansive interconnecting walkways, escalators and even lifts that allow its visitors to traverse one shopping unit to another. (Warnaby& Midway 2016) describe malls basically as marketplaces with an arena of commercial interaction where retailers exchange services and tangible goods in return for consumers, cash and time.

The initial concept of malls started out as community centers where local residents would converge to socialize and carry out cultural practices and activities while also shopping (McKenzie & Betts, 2008). The growth of malls and its revolution can be attributed to the paralleled increase and migration of population from rural to urban dwellings and vice versa. Fast forward to twenty first century, there are over 50,000 malls in the world over with malls accounting for more than 50% of retail dollars spent (Consumer Reports, 2017). Currently, malls are not only buildings with retails but also where shoppers or consumers interact and socialize akin to community centers.

Modern day malls are characterized by better sizes, spacing and a plethora of attractions thus making shopping an enjoyable experience. Malls are also often a central point for community interaction and entertainment, and to attract consumer

traffic to the malls, retailers have to fulfill the social and hedonic shopping needs (McMillan & Schumacher, 2010). Malls, which were earlier concentrated only in metropolitan cities are extending their reach to non-metropolitan cities. The consumers' choice of retailers is influenced by assortment of products available, price of the products, transactional convenience and the shopping experience. (Fong, 2005) claims that variety in merchandise; service and location of the store are determinants for customers' choice of stores.

### **2.3 Mall Cost of lease and Space Occupation in Shopping Malls**

Space rent is the largest portion of the occupancy cost. Crosby et al. (1992) suggested that a basic understanding of typical lease terms is the start of the negotiation process to determine the value of rent. An additional clause, relating to turnover rent, is also commonly found in leases for retail commercial space (Wheaton, 2010). As a formal structure, the rent portion of the lease agreement between the tenant and landlord covers four principal considerations the deposit, the base rent, turnover rent and in some cases, tenant improvements (Benjamin & Chinloy, 2004).

External factors that influence the value of space value include the return on the investment of the centre the site, and the size and accessibility of the centre (Jensen, 2008). Other external factors that have an impact on the value of rent include tenant anchor status and externality generating abilities regardless of their location and the space allocation of these tenants (Adair & McWilliam, 2008). According to Hutchison et al., (2008), shopping mall vacancy rate influence rate of occupancy of the malls. Default risk of vacancy is found to be lower in shopping centers because the landlord is encouraged to secure a stable tenant mix and to spread the mix over a number of tenants. Vacant space results in loss of rent in a two-step process the loss of income for centre management and the possible required reduction in overall rent to retain remaining tenants (Killingsworth & Farrow, 2007).

Various mall space costing that affect the retailer during the occupation of trading space include the shared expenses often shared among tenants on the basis of Gross Lettable Area (GLA) and variable expenses differ between different retail formats and can be directly or reasonably attributed to the operation, maintenance or repair of the building in which the retailer is located (Joo, Stoeberl & Fitzer, 2009). The location of

the tenants within the malls incurs extra costs in the form of centre management fees, centre landscaping and maintenance of parking bays and other centre facilities.

Commercial leasing sector continues to grow exponentially the world over. This rapid growth is not only on witnessed commercial property size or space but is also mirrored in the legal frameworks and financing aspects; with lenders working tirelessly to attract potential real estate investments using affordable rent rates (Baum, 2011). Shopping mall's income mainly comes from rent from the tenants. Other service fees are only small portion of a shopping mall income. The value of a shopping mall is primarily determined by its rental rates, and the shopping mall's rental rates are attributable to the retail sales in the center (Levy, 2007).

Due to increased rental rates to the tenants and other factors held constant including the demographic features, target market and income levels most malls spaces fall vacant (Gustafson, 2015). This divide is becomes even more pronounced as technology creates an easier and cheaper platform globally .The online shopping broadens its reach, and retailers recognize they no longer need to have a physical store in every market.

In the Asian Continent, commercial real estate market has become more internationalized where in either nation, a developer that plans to hold its completed project as rental property begins seeking out tenants early in the development process(Stein,2010). Given the fact that future rental income will be used to pay off the developer's loans, tenant costing become critical in determining the space charges.Jooet al. (2009) found that improved management of total occupancy costs could influence and increase the profitability of a store. If these costs are understood, the tenant would be in a better position to negotiate on the value of rent, whether for a gross or net lease structure

Developers of new malls will have to take a greater share of the performance risk in order to attract retailers (Youngsik&Yoonjung, 2013) .Technology has highly affected rental income in mallscasuing vacancy in malls spaces.In Africa, Retailers have continued to face challenges given tight market conditions and the regulatory environment. Increased pressure from unfavorable economic conditions continued to bear down on recently opened malls, with consideration to the significant increase in supply and the shallow tenant pool across the market. The lack of access to forex on

the interbank market and the continuous depreciation of currencies on the parallel market, has led to higher costs for retailers in shopping malls, restock and carry out other operations. With the shallow tenant pool in the retail market as well as the waning interest from retailers, take-up rates are expected to remain low given relative over supply in the market McKenzie and Bett (2017). Some tenants in existing malls are expected to face pressure paying their rental obligations thus increasing the vacancy in malls.

The view is supported by Consumers report (2017) East African Powers of Retailing report, approximately 90 per cent of retail transactions in Africa occur through informal channels. The purchase in the informal economy so strong and does have an on impact malls There are several factors that inform purchase in the informal economy; the first is quality and variety. For example, most Kenyans prefer getting fresh food items from informal open air markets, not supermarkets, and malls because there is a feeling the produce bought in open air markets is fresher and thus of better quality. Most Kenyans buy clothes from informal second-hand clothes vendors because the variety and quality of products on offer there often cannot be matched by shops in malls at that price point. This leads to the second issue which is pricing; malls have underestimated how sensitive Kenyans. Kenyans are also ingenious in getting value for money.

#### **2.4 Space Incentives and Space Occupation in ShoppingMalls**

Just like retailers, malls reach out to potential tenants with customized offers, gift ideas and other targeted advertisements and incentives based on real time intelligence and location-based marketing (Brito, 2009). Sale incentives programs influence performance of Occupancy levels of the shopping centers in City of Hagerstown. The sale incentive programs such as use of brochures marketing brochures provided by the shopping center owners, and utilization of the CoStar commercial real estate database increase greater accuracy in determining sizes of occupied units. Cacioppo (2010) opined that retail owner's satisfaction in shopping is determined by customer service in malls, brand variety, store environment, convenient location and shopping convenience. Incentive such as offering free marketing programs, focusing on quality, reliability, and training and empowerment and training of personnel services contributes increase space occupation. Wan and Schell (2013) pointed out that retail satisfaction resulted from the measurement of products and service according to the

customer's previous experiences as well as the overall evaluation on the consuming experience. They indicated that an enterprise providing a good service quality could really satisfy the diverse needs of customers, and customer satisfaction was the overall evaluation of the product and the service based on the customer's past experiences.

Damian (2008) examined impact of the anchor stores as incentive in shopping malls to improve occupancy rate, improve performance and results of the shopping centres and on the charges of the other stores. The empirical analysis shows that presence of anchors in a mall directly increases the sales, and consequently the rents of non-anchor stores in a mall. The results indicated that efficient allocation of space and incentives increase the customer flow and influence retail taking space in malls. Ojuok (2016) indicated that mall tenants consider retail space occupation related incentives given by mall owners in terms of nature of incentive, amount, duration and even frequency of the incentives such as availability of parking for staff and customers, additional security, and promotional space to additional merchandize storage space determining success of mall occupation.

Innovative malls are incorporating value-added elements that attempt to recast the mall as the new downtown, including concerts, arts centers, spas, fitness clubs, and farmer's markets (Hunter, 2006). These services provide a level of leisure and entertainment that can attract, capture and maintain both retailers and consumers. Yang *et. al.*(2002) indicated that malls induce shoppers to use their smart-phone to scan purchase receipts in exchange for points that can be redeemed for concerts tickets, books, discount vouchers for participating merchants, free parking or invitations to events increasing flow of customers and attract more tenants increasing occupancy rate. Alternatively, technologies such as face recognition, location-based mobile ads, and beacons are already being successfully applied in order to identify and establish targeted contact with repeat customers an incentive that make both anchored tenants and non anchored tenants to rent space in malls and achieve success rate in mall occupation (Konishi & Sandfort, 2013) .Such technologies are also valuable for gathering consumer behavioral data from which malls can glean useful insights and using technology to transform mall usability as a means of improving customer



satisfaction are important incentives for that attract tenants in a shopping mall and influence space occupation (Sayers, Low & Davenport, 2008).

Developers in South Africa have used Technology incentives to address challenges shoppers face at the mall these are parking search time, availability of parking facilities, quality of parking facilities and number of parking spaces (May, 2016). Sensors located in parking lots detect how many spots are available on each level and give visual indicators to drivers. Once within the mall, mobile apps can offer quick, easy guides to help shoppers find what they are looking for people do not have to shop and will often avoid shopping centres whose parking is difficult to find or challenging.

The size of the rent subsidies for anchor stores is critical in determining success of mall occupation. The offering of low rent rate for the anchored tenants attract more non anchored tenants and increase flow of customers in the malls contributing to success occupancy in malls (INFOS, 2014). On average, anchor stores occupy over 58% of the total leasable space in the mall and yet pay only 10% of the total rent collected by the developer. Offering of subsidy to tenants play a critical role in achieving success occupation rate in a shopping mall. According to SinchaloenmanandNgamyang (2013) subsidies together with branding of the shopping malls influence occupation of malls to a large extent. The malls with a national name brand generate mall traffic, receive significant rent discounts and achieve high occupancy rate.

Anchor mall tenants are compensated for the traffic that they bring to the mall and are offered contracts designed to efficiently allocate space in the mall (Barata, Cruz; & Ferreira, 2011). Efficient allocation incentives in contract rent of space within the mall determine the success of space occupation in shopping malls. Commercial lease incentives can come in many forms and vary. The most common are rent-free periods, rent abatements or fit-out contribution. A rent-free period, pay fit-out contributions where tenants do not pay for installing fittings and fixtures, appliances and decorative touches to an interior space and attract more tenants and increase occupancy rate (Geltner, 2007)

## **2.5 Shopping Mall Location and Space Occupation in Shopping Malls**

Location of shopping malls is essential in achieving high rate of mall occupancy rate. According to Cloete (2001) location of shopping mall determine trade area, visible and accessibility, good drainage, good size with parking space, and well designed, good topography, minimal structural design in the subsoil, available utilities, compatible surroundings, appropriate zonings and satisfactorily environmental impact. Features of a good shopping malls location are that access is easy, the centre is attractive to many customers and potential sales become more (Ojuok, 2010). One small difference in the location can have the effect that the success of the shopping centre is negatively affected, as the environment is very competitive (Cloete, 2001). It should be noted that the side of the road could also have an effect in certain circumstances. It is more difficult to make a shopping centre work where the afternoon traffic is the opposite side of the shopping centre. It is inconvenient for consumers to cross the road to the shopping centre in the traffic (Frans de Klerk, 2010).

A geographic market selection for a new shopping centre is done on the macro level, an area analysis on meso level, and a specific site is evaluated for a shopping centre. Firstly the location is evaluated on macro level then meso level and then the specific site (Prinsloo, 2010). The view that location determines success of a shopping mall (Lekshmiet *al.*, 2012). Location is a basic feature of attractiveness considered in shopping mall selection by both the retailers and customers. Mall location is of significant to the developers as they decide where to site the mall as well as the tenants who must make a decision and influence space occupancy rate (Cil, 2012).

The location analysis in retail industry calculates the trade area population and studies the accessibilities to the potential shopping mall (Ojuok, 2016) of proximity includes the aspect of time along with distance. The time to access the shopping mall may vary for customers due to such physical obstacles and a difference in accessibility, even if they are at the same distance from the mall. In practice, the destination is sometimes measured as within reach in some minute's at the most congested time. A comprehensive transport network is very important for a shopping centre as customers are not willing to spend much time trying to access a shopping mall. The importance of public transport to the performance of shopping mall is highlighted by (Youngik

&Yoonjung 2013) who stated that shopping malls located close to the public transportation could easily enjoy the benefit of bigger catchments population and attract more people to the centre. Also, transportation infrastructure affects the centre within the catchments area and the flows of traffic.

Accessibility and transport connectivity to the mall by private cars and public transport have been identified to affect mall performance and preference. According to (Alexander et al., 1992) accessibility is a very critical factor for all kinds of shopping centres. Modern shopping malls developers contend that good access provides convenience to shoppers. Lack of proper transport network is noted to affect the number of customers visiting the mall as well as the efficient delivery of goods and services to the shops located in the mall. Another important aspect to be considered is the traffic before and after the mall.

According to Eddin(2012) into macro-accessibility and micro-accessibility. He states that macro-accessibility entails accessibility from the customer's residence or place of work to the mall taking in to account the road network. He however, notes that micro-accessibility concerns the circulation within the mall. He observes that macro-accessibility cannot be changed easily once a shopping centre is built while micro-accessibility can be improved by centre operators. The shopping mall which is conveniently accessible for the catchment population will establish itself as a key commercial centre within the community. First, consumers' store choice decisions are influenced greatly by accessibility of retail locations according to spatial interaction models, which denote the relationship between a consumer's perception of utility and characteristics of a destination. Secondly, retailers may be able to develop a sustainable competitive advantage through location strategy (Levy et al. 2007).

Convenience, although usually having the largest impact, is by no means the sole determinant of shopping center choices (Severin et al., 2001). While the retail sales are normally related positively to the income level and demographic characteristics of the population in their immediate market, this relationship may be confounded by out-shoppers, which are defined as consumers who move across. Urbanization has led to development of real estate projects in South East Asia where massive development projects have been given the go ahead without proper business marketing research.

Ojuok (2013) examined factors influencing tenant/ retailer preference of shopping malls. Thika Road Mall focusing on Thika road Mall. The study focuses on examine the influence of location, tenant mix, mall image and availability of parking on shopping mall preferences. A descriptive survey research design was adopted where a study used census of all the 96 tenants. The study used questionnaires and interview guide to collect primary data. Obtained data was analysis through descriptive technique and presented using charts. The study revealed that location of the shopping malls, tenant mix, anchor tenant and tenant placement had a significant effect on tenant preferences in shopping malls such as Thika Road mall.

## **2.6 Tenants Mix and Space Occupation in Shopping Malls**

The tenant mix of a shopping centre is recognized widely as a critical determinant of space occupancy. For new shopping centers the early development of a strong tenant line-up is particularly crucial as these centers Endeavour to establish their market position and market share (Jackie, 2016).Several studied have noted the importance of tenant mix to the success of a shopping mall. However, all the authors agree that ideal tenant mix is still a mirage and yet to be formulated, but can be observed and monitored through shopper survey. An ideal tenant mix that influence is mall vacancy occupancy rate conceived to include a wide category of tenants, presence of s strong anchor tenant, ideal store size, appropriate placement of tenants and the ability to meet customer demand (Kaufman, 2016). The variables related to store attractiveness and preference can be largely divided into four types based on previous studies that is anchor tenant, variety of tenants, number of tenants and tenant placement (Julie& Watch, 2001.)

Shopping mall developers discovered highest customer traffic takes place at the mall's center. The anchor tenants are mostly placed within the centre of mall and strong anchors to attract customers from a wide market(Carter &Vandell,2005). The typical anchor stores are the hypermarkets, food court cinema theatres. Most of the stores are of apparel, footwear, music, accessories, electronics, watches, jewellery, food and grocery, gifts and mobile phones (Ibrahim &Ng, 2002).

Anchor tenant is a store with reputable brand which can generate high pedestrian flow on its own and therefore generates trade for smaller tenants. For this reason they enjoy longer leases and pay lower rentals per square feet compare to other tenants (Cil,

2011). Geltner (2007) suggested that anchor tenants have the ability to attract attention in a shopping mall and hence determine the level of success of a shopping mall. It has been noted that the anchor tenant determines the number of customer that visit the shopping mall, commodity retail prices at the mall and the level of profit achievable at the mall. Yuoe.t al.,(2004) conducted an empirical study on the influence of anchor tenants in the mall performance and noted that anchor tenant has relevance to the expenses for entering the shopping mall. He noted that shopping mall attractiveness varies based on the presence of anchor tenants and the extent to which it can draw customers to the mall.

Vacancy rates remain low when the mall is doing well and there is plenty of foot traffic. Anchor tenants also serve as a major drawing power to a retail mall. According to Gibbs (2012), developers should be interested not just in an individual store's profits, but also anchor tenants who generate traffic .It generates, since more traffic will produce larger spillover benefits and hence profits for other types of stores. Mall preference by retailers is based on the presence of other tenants in the mall, especially the anchor tenant (Fong, 2005). This balances out the rating of the mall and draws in a wider variety of consumers to the mall. The wider the variety of customers entering the doors, the more appealing the retail space will be to other businesses like restaurants and entertainment companies.

It has been suggested that tenant combination affect space occupation in shopping malls(Baker, 2002). Chains and brand name stores provide more consistent standards and superior marketing than local independents thus is an important preference consideration for the prospective tenants considering locating in the mall and subsequent taking of a mall vacancy. The location of anchor tenant in relation to other tenants is important as it attract people to the centre from the entry point and therefore needs to avoid situation where only few tenants can survive by avoiding areas of low pedestrian flow (Cil 2012). Highman (2010) described clustering as the assemblage of similar tenants into one location, further noting that tenant clustering process is proven to be productive and able to generate higher sales. The advantage of clustering tenant is to attract customers to shop for the goods in that particular shopping centre frequently. The views of Highman (2010) emphasizing on the findings of clustering build a customer perception that the shopping centre offers wider range of products or services and thus will sell the item that the customer looks for.

The main spillover effect identified from previous researches is from anchor stores to non-anchor stores: hence anchor store attraction and location are emphasized as highly significant factors in the shopping mall management literature. According to (Cil 2012) the specific location of each tenant needs to be carefully looked at and the arrangement should be based on the shopping mall's design and the tenant's relationship with other shops.

Sinchaloenman and Ngamyang (2013) examine key factors affecting small tenant decision on renewing Shopping Mall rent contract. The study used survey research design and collected survey data from 4 shopping malls in Bangkok with 215 samples from 460 tenants. The study use descriptive analysis and regression analysis to determine the extent factors influence renewal of rent and vacancy rate. The study found that tenant mix, trust and center management performance influence tenant satisfaction and significantly impact on space occupation of malls in Bangkok.

KirkupandRafiq(2004) examine influence of tenant mix in shopping centre on letting ratey shopping malls developers . The study focus on determine the extent to which tenant mix, influence high proportion of mall occupation. The study found that high rate of competition, low demand for shopping mall design deficiencies affect letting of mall space.The study recommends that tenancy development could influence effecting letting of mall vacancy.

Ojuok(2010) examined a study on assessment of tenant mix in shopping mall in Nairobi. The study used a descriptive survey research design in seeking to establish extent of tenant mix in shopping malls focusing on Junction and T-Mall .The study population was 60 chief officers, departmental heads and general staff working in the selected malls. Structured questionnaire was selected to collect primary data. Analysis of data was done using descriptive technique. The study found that tenant combinations plays a critical role in provision of varieties of products in the mall and improve performance of the malls.

## **2.7 Theoretical Review**

A theoretical framework is a collection of interrelated concepts and ideas that hold or support a theory of study subject. One of the most notable characteristics of the retail sector is that it is highly location sensitive. Several theories have been advanced to

help explain the space occupation in shopping malls. This section briefly discuss theoretical framework supporting the study on factors influencing space occupation.

#### **2.4.1 Central Place Theory**

The central place theory on retail location was developed by Walter Christaller formulated it in 1933. The theory assumes strength of structure and its ability to analyze complex location problems under highly simplified conditions. The theory explain that size of space, nature and spacing of structure as central places supplying goods to the trading population. This theory argues that demand is not uniform but is influenced by the distance from location and trading population (Geltner, 2007). Therefore, as distances increase, the demand also decreases because of the need for consumers to travel to the mall for goods.

Central-place theory advances an idea of hierarchical connection between cities depending on the rank size. Larger cities are connected closely to cities of smaller size so that the growth of smaller cities is affected by the activities in the larger cities. Brown, (2001) noted that the extent of services provided in the cities will depend on their sizes so that a larger central city would have more services compared to a smaller city. This type of hierarchical order for cities is also found in retail markets. A similar order exists in the mall as clusters of small retail establishments within the mall are attracted by the existence of a large anchor tenant. Mejia and Benjamin (2002), divided the trading areas into a separate hierarchical circle of demand and distinguished between a primary area where the demand is very high a secondary area where demand is relatively lower, and a peripheral ring where consumers would prefer to shop somewhere else.

There is a minimum number of people required for continued sustenance of a central place business or activity (Christaller, 2015). This brought about classification of goods in to high order and low order goods. He identified low-order goods as those items that must be replaced frequently such as food and other routine household items. Because these items are purchased regularly, small businesses in small towns can survive because people will buy frequently at the closer locations instead of going into the city.

Anchored tenants such as supermarkets are place within the mall. Placement of the anchored tenant in the mall influence traffic of customers and sales. Therefore,

location of mall in cities influence by existence of large population in the surrounding hinterland (Cil, 2012). The theory support features of location and tenant decisions as critical factor for a mall space occupation. Accessibility, distance and transport connectivity influence choice of mall and occupancy rate of malls. This study will be supported by central place theory in determining factors influencing space occupation in malls in Embakasi Sub- County, Kenya

#### **2.4.2 Theory of Constraints**

Theory of constraints (TOC) is referred to as a systems management philosophy pioneered and was developed by Eliahu Goldrat, (1980). The theory of constraints assumes addressing performance optimization with respect to the outlined set of constraints of processes and product offerings. Theory of constraints assumes that management systems basically is made up of the following aspects; problem solving aspect, project management aspect, incentives, and measurement of performance aspect.

Eliyahu Goldratt, (1980) theory of constraint has a wide scope to the purpose of shopping malls. It therefore has diverse advantages such as minimum lead time in production, good quality of services and products, rising profits and revenues, low stock or inventory margin, minimum bottlenecks, good management of limitations/constraints, keeping in check of statistical fluctuations, exceptional competitive edge, making easier for strategic marketing and operational decisions, establishing price margin approach and purpose of continuous improvement at the supply chain management level (Wheaton, 2000).

Working with large number of customers or buffer under theory of constraints is the foundation for the shopping space control. Generally, resources that are not constrained are put in place to make sure that they are working on the intended areas of functionalities at the planned times in the process and performance of project. Theory of constraints influence malls management to do planning and design the malls to attract tenants and increase customer flow for the entire process and to direct with constraints resources and improve malls performance (Ojuok, 2013). The theory support the study as it support Identification the system's constraints, focus on exploitation of the constraint resource, alter or manage the requirements, processes, and/or other resources to support the space uptake decisions.



### **2.4.3 Space optimization Theory**

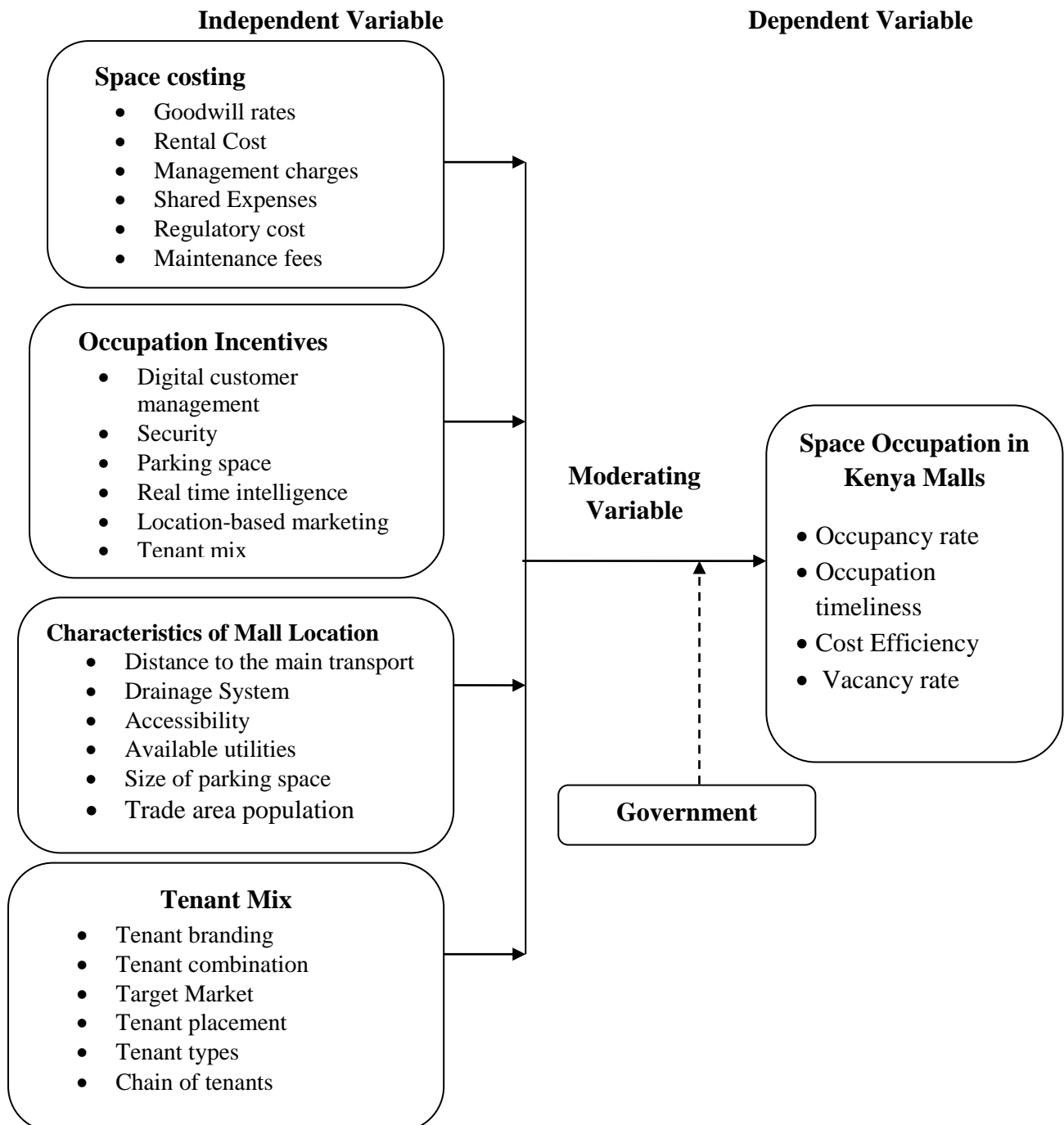
Space optimization models Shelf-space model is was among the very first models of optimization developed by Hanse and Heinsbrok, (1979). The theory assumes that constraints of total available space, minimum allocations, and integer solutions are taken into account in management of project management. The theory is critical as it support tenants taking space in malls.

The resulting model optimizes return on inventory and is solved using the simulated annealing heuristic procedure. The theory support tenant mix by encouraging product's profit is linear within a small space, which are constrained by the space. They allow the profit of each product to vary when allocated to different shelves by formulating the shelf space allocation problem in a way similar to a knapsack problem.

Allowing profit to depend on shelf placement and that the location of products on the space is more important for determining sales of a product and influence tenant mix and occupation of mall vacancy. This theory support the study where tenant are seek to optimize returns and have to make choice on whether to take space in malls or not and this will help in understanding factors influence space occupation in shopping malls in Kenya.

## 2.8 Conceptual Framework

In this study, space occupation in Kenyan malls is being viewed as a dependent variable. Space costing, space occupation incentives, shopping mall location and anchor tenants constitute the independent variables. The interrelation of the variables is as shown in the Conceptual Framework (Figure 2.1).



**Figure 2.1: Conceptual Framework**

## **2.9 Research Knowledge Gap**

From the review past studied, space occupation is of concerns for malls owners. Empirical studies such as Yuoe.t al.,(2004) examined influence of anchor tenants in the mall performance and noted that anchor tenant has relevance to the expenses for entering the shopping mall. Shopping mall attractiveness varies based on the presence of anchor tenants and the extent to which it can draw customers to the malls. Sinchaloenman and Ngamyang (2013) examine key factors affecting small tenant decision on renewing Shopping Mall rent contract and found that tenant mix, trust and center management performance influence tenant satisfaction and significantly impact on space occupation of malls in Bangkok. Locally, Ojuok(2010) examined a study on assessment of tenant mix in shopping mall in Nairobi and found that tenant combinations plays a critical role in provision of varieties of products in the mall and improve performance of the malls. Also Kirkupand Rafiq(2004) examine influence of tenant mix in shopping centre on letting rate by shopping malls developers and reveal that high rate of competition, low demand for shopping mall design deficiencies affect letting of mall space. With increase shopping malls in Kenya, malls experience low tenants based in Nairobi. Vacancy rates remain high indicating low space occupation. This study seeks to determine the factors influencing space occupation in Kenyan malls focusing on a case of Embakasi Sub-County, Nairobi County. Table 2.1 shows a brief summary of some of the literature reviewed and the knowledge gaps that this particular study seeks to address.

**Table 2. 1: Summary of Gaps in Knowledge**

<b>Study</b>	<b>Focus</b>	<b>Methodology</b>	<b>Findings</b>	<b>Knowledge Gap</b>	<b>Focus Of Current Study</b>
Damian (2008)	Assessing impact of the anchor stores as incentive in shopping malls	The study used descriptive survey research design. Use descriptive , Used questionnaires to collect data and inferential techniques in data analysis	The results revealed that presence of anchors in a mall directly increases the sales, and consequently the rents of non-anchor stores in a mall.	The study failed to indentified factors contributing to space occupation in shopping malls.	The study seek to examine factors influencing space occupation in Nairobi County.
Ojuok (2016)	To examine factors influencing tenant/ retailer preference of shopping malls. Thika Road Mall focusing on Thika road Mall	A descriptive survey research design was .It was census of all the 96 tenants. The study used questionnaires and interview guide to collect primary data. Obtained data was analysis through descriptive technique and presented using charts.	The study revealed that location of the shopping malls, tenant mix, anchor tenant and tenant placement had a significant effect on tenant preferences in shopping malls such as Thika Road mall	The study was limited to addressing location of the shopping malls, tenant mix, anchor tenant and tenant placement had a significant effect on tenant preferences in shopping malls such as Thika Road mall	The study will determine other factor that influence space occupation
Sinchaloen man and Ngamyang (2013)	To determine key factors affecting small tenant decision on renewing Shopping Mall rent contract.	The study used survey research. collected survey data from 4 shopping malls in Bangkok with 215 samples from 460 tenants. The study use descriptive analysis and regression analysis	The study found that tenant mix, trust and center management performance influence tenant satisfaction and significantly impact on space occupation of malls in Bangkok.	The study was limited to focus on tenant mix on	The study failed to determine factors influence maintenance of fiber optic cable telecommunication infrastructure network projects at SEACOM Limited

Kirkup and Rafiq(2004)	To examine influence of tenant mix in shopping centre on letting rate by shopping malls developers	The study used descriptive survey design. Used questionnaires and used descriptive technique in data analysis	The results revealed that high rate of competition , low demand for shopping mall design deficiencies affect letting of mall space	The study failed to link cost to space occupation of space units	The current study will focus on determining factors influence space occupation in shopping malls in Nairobi, Embakasi Sub-County
Ojuok(2010)	To examine a study on assessment of tenant mix in shopping mall in Nairobi	Used a descriptive survey research design. 60 chief officers, departmental heads and general staff	The study found that tenant combinations plays a critical role in provision of varieties of products in the mall and improve performance of the malls.	Failed to link tenant mix to space occupation.	The current study focus on determining the influence of tenant mix on space occupation

### 2.11 Summary of Literature Review

This chapter highlights the review of the previous studies on factors determining space occupation in shopping malls. Empirical space have been reviewed on space costing, occupation incentives, characteristics of mall location and tenant mix in relation to space occupation in shopping malls. Theoretical framework has been reviewed where the study discuss central place theory, theory of constraints and space optimization theory that support the study. It further presents the conceptual framework.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter introduces research methodology and includes research design, target population, sample size and sampling procedure, the data collection methods and procedures. The chapter further displays the research instruments to be used, reliability of research instruments, data analysis procedures, the ethical considerations and the operational definition of variables.

#### **3.1 Research Design**

The current study will adopt descriptive survey research design. The design is appropriate as it help in collecting of quantitative and qualitative data. The design is also chosen as it help in collect data on facts described the current status of the situation being studied (Cooper & Schindler, 2011). The research design can assists in further indentifying study variables that may have warrant further studies. The study will use descriptive survey research design as it allows adoption of multifaceted approach to collection of data and data processing and analysis. The research design also allows for a multifaceted approach to data collection and analysis. Further descriptive survey design it allow collection of rich data that to be collected in large amounts.

The research design will be chosen because it seeks to collect information that depicts existing phenomena by asking questions relating to individual perceptions and attitudes. This view is supported by Creswell (2013) that in a descriptive study, researchers observe, count, delineate, and classify. The research design will be most appropriate in determine factors influencing space occupation in Kenyan Malls focusing on acase of Embakasi Sub- County, Nairobi County

#### **3.2 Target Population**

The population of the study will comprise of people dealing with mall space management. According to Cox (2010), a study population const of entire set of units for which the survey data are used to make inferences. The population of the study will be made of mall managers 21, retail owners 398 ,KenInvest Officers 14, Mall operation officers 45, Shopping Center Association of Kenya (SCAK) 40 and mall

financial officers 54 working in malls in Embakasi Sub- County. Therefore the population of the study will be 567 officers. The target population is shown in Table 3.1.

**Table 3. 1: Sample Size**

Management Level	Population	Sample Size
Mall managers	21	10
Retail Managers	398	14
Financial officers	54	10
KenInvest Officers	14	48
Mall operation executives	45	108
Shopping Center Association of Kenya (SCAK)	40	10

### 3.3 Sample Size and Sampling Techniques

Sampling is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho and Kombo, 2002). It is the procedure the researcher takes to obtain the sample of the study. The study applies stratified sampling and simple random sampling techniques respectively. Stratified sampling technique is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata. The researcher therefore divided the target population into various strata based on their involvement in the project. This ensures that the strata is non-overlapping as having overlapping sub-groups would grant some individuals higher chances of being selected as subjects of the study. From each of the strata, the researcher applied simple random sampling to the homogenous strata in order to obtain representative samples.

A method of proportional allocation was adopted in which samples sizes from each strata were considered as proportional to the sizes of the strata. The following equation will be used to determine sample size:

Where

$i$  = Stratum

$n$  = Total sample size

$N$  = Population size

Then, the total number of selected elements from stratum  $i$  is  $n.P_i$

The sample size was determined by:

$$n = \frac{z^2 pqN}{e^2 (N - 1) + z^2 pq}$$

Where e is the error for this study, taken as 10%; p is the population reliability, taken as p = 0.5;  $z_{\alpha/2}$  is the normal reduced variable at 0.05 level of significance and z = 1.96.

The sample size is therefore:

$$n = \frac{1.96^2(0.5)(0.5) \times 567}{0.1^2(567-1) + 1.96^2(0.5)(0.5)} = 82$$

The sample size is 82 officers constituting 15% of the study population. This is adequate as supported by Mugenda (2008) who indicated that a sample population of 10% to 20% of the population will be adequate for a study.

For the purpose of the study, the study will use cluster sampling technique. This is because the population comprise of mutual homogenous involved in management of mall occupancy but belonging to different grouping of mall manager, retail owners, financial officers, KenInvest Officers and Shopping Center Association of Kenya (SCAK) officers, operation officers all constituting a heterogeneous grouping . A simple random technique will then be applied in selecting respondents from each group. A sample proportion of 15% will be used to determine sample from each cluster. A Morgan proportion of sample size will be adopted in determining number of respondents from each management level in the study population.

**Table 3.2: Sample Size**

<b>Management Level</b>	<b>Population</b>	<b>Sample Proportion</b>	<b>Sample Size</b>
Mall managers	21	0.15	3
Retail Managers	398	0.15	59
Financial project officers	54	0.15	7
KenInvest Officers	14	0.15	2
Mall operation officers	45	0.15	6
Shopping Center Association of Kenya (SCAK) officers	40	0.15	5
<b>Total</b>	<b>567</b>		<b>82</b>



### **3.4 Research Instrument**

The study will use questionnaire and interview guide to collect primary data for the study. The questionnaire which will be structured will be used to collect primary data. It will have both open and close-ended questions. The closed-ended questions provide more structured responses to facilitate tangible recommendations (Cooper & Schindler, 2011). The closed ended questions will be used to test the rating of various attributes and this helps in reducing the number of related responses in order to obtain more varied responses on determine factors influencing space occupation in Kenyan Malls focusing on a case of Embakasi Sub- County, Nairobi County.

The questionnaire will be developed in two sections. Section 1 will address the likert scales operationalizing the study variables from a semi structured questionnaire containing direct measures and likert type scales on the extent. A 5 point likert scale will be adopted where 1 will indicate no extent, 2-less extent, 3 moderate extents, 4 will indicate great extent while 5 will indicate very great extent. The open-ended questions will provide additional information that may not have been captured in the closed-ended questions.

The study will collect primary data. Primary data will be collected using interview guides. The interview guides will consist of open-ended questions. The open-ended questions will enable the researcher to collect rich data to offer more insight on factors influencing space occupation in Kenyan Malls focusing on a case of Embakasi Sub- County, Nairobi County. This will be used in order to gain a better understanding and possibly enable better and more insightful information on issue being studied. The Interviewees will be drawn for 5 directors of the malls in Embakasi- Sub County in Nairobi.

### **3.5 Data Collection Methods**

A research permit will be obtained from the university to the mall management to be accorded assistance during data collection exercise. Also, the researcher will seek letter of authorization from National Council for Science, Technology and Innovation (NACOSTI) to be permitted to carry out the research in Kenya. The questionnaire will be administered through drop and pick later method. This will provide the respondents with adequate time to respond to the questionnaire.

### **3.6 Pilot Testing**

The study will undertake a leads to consistence, reliable and observable results. A total of 10 questionnaires will be administered to 10 respondents who will be selected from the population. The reason is to find out if the instruments are workable; a set of questionnaires should be administered under the same conditions.

Pilot testing will be done to test validity and reliability of the instrument. According to According to Kothari (2014) pilot testing is done to eliminate errors and ambiguity in the questionnaire. A pilot investigation will first be conducted in order to assess the adequacy of the research design and of the questionnaire to be used such as to determine whether the anticipated respondents understands the questions asked in the instrument. The study will use a 10% of the study sample as indicated by Mugenda and Mugenda (2003). Furthermore, a pilot survey helps in identification of the weaknesses of the instrument and enhances validity and reliability

#### **3.6.1 Validity of the Instrument**

The study undertakes pilot study to evaluate validity of the instrument. Validity is concerned with the integrity of the conclusions that are generated from a piece of research. It estimates how accurately the data in the study represents a given variable or construct in the study (Creswell, 2013). The questionnaire development will be done by checking various validity to ensure the instrument measure what it is suppose to measure and perform as it will be designed to perform. The validity tests that will be conducted include content validity and construct validity.

The questionnaire will be formulated and operationalized as per the study variables to ensure adequacy and representativeness of the items in each variable in relation to the purpose and objectives of the study. Further, content validity will be verified through expert opinions from supervisors and practitioners.

Construct validity which will be achieved through restricting the questions to the conceptualization of the variables and ensuring that the indicators of each variable fell with the same construct. The purpose of these checks will be to ensure that each measure adequately assessed the construct it will purport to assess. Furthermore, Mugenda (2008) indicates that the quality of a research study depends to a large extent on the accuracy of the data collection procedure. The instrument or tools used

to collect data must yield the type of data the researcher can use to accurately answer his or her questions.

### **3.6.2 Reliability of Research Instruments**

Reliability is the tendency toward consistency and therefore, different measures of the same concept or the same measurements repeated over time should produce the same results (Cooper & Schindler, 2013). A Cronbach's alpha (Cronbach coefficient alpha), which is based on internal consistency, will be calculated using SPSS version 21 to establish the reliability of the survey instrument. This methodology measures the average of measurable items and its correlation. Field (2009) contends that Cronbach's alpha value that is at least 0.70 suffices for a reliable research instrument. The researcher shall ensure that the questionnaire is designed to enable reliability by providing consistent, stable and repeatable results.

### **3.7 Data Analysis and Presentation**

After collection of data, it will be prepared through checked for clarity, legibility, relevance and appropriateness. Further editing will be done where necessary for completeness and consistency. Then data will be coded in using Statistical Package for Social Sciences (SPSS Version 21) for Microsoft windows, which includes descriptive analysis and inferential analysis.

Descriptive analysis will include percentages; frequencies, means and standard deviations. Inferential analysis, correlation coefficient to test for the significance of the association between the variables and regression analysis will be carried out to determine whether there exists a significant relationship between factors influencing space occupation and mall occupancy in Embakasi Sub- County, Nairobi County

. The F-ratio that will be generated in the ANOVA table will measures the probability of chance departure from a straight line. The P- value of the F-ratio generated should be less than 0.05 for the equation to be statistically significant at 95% confidence interval.

The data that will be collected using interview guide will be analyzed using conceptual content analysis. The main purpose of content analysis is the study of existing information in order to determine themes that explain a specific phenomenon

under investigation. The content analysis will be used to analyse the qualitative data that will be collected using interview guide and open ended question items

### **3.8 Ethical Consideration**

At the initial contact with the respondents, the researcher will explain to the respondents the relevance of the study and why the questionnaires are administered. An introductory letter to the respondents will be obtained from the University of Nairobi and County Government of Nairobi. Researcher is also to obtain authorization letter from the National Commission for Science, Technology and Innovation (NACOSTI).

The researcher will ensure research process is consent and confidentiality in order to assure the respondents that the study is purely academic. The respondents will be advised that the study is voluntary and that they could withdraw at their own will at any moment during administration of the questionnaire and their confidentiality would be guaranteed by not disclosing their names or personal information on the questionnaire or the research document. This who will not be willing will be replaced with those who are willing.

Only relevant details which would help in answering the research questions are included. The study is deemed to adhere to the University of Nairobi plagiarism policy which defines plagiarism as “the action or practice of taking someone else work or idea and passing it off as one’s” (University of Nairobi, 2013). Utmost care will be taken to acknowledge literature used from other scholars and various sources of data through referencing.

### **3.9 Operational Definition of Variables**

This section analyses the operation definition of variables on factors; Rent Rates, Space Occupation Incentives, Location Characteristics and Anchor Tenants strategies influencing space occupation Embakasi sub-county are shown in Table 3.3

**Table 3.3: Operational Definition of Variables**

<b>Objectives</b>	<b>Independent Variables</b>	<b>Indicators</b>	<b>Measurement Scale</b>	<b>Tools of Analysis</b>	<b>Statistical Analysis</b>
To determine influence of space costing on space occupation in shopping malls in Embakasi Sub County	space costing	Amount of rent Goodwill rates Size of retail stall Interval of rent Payment.	Nominal Interval	Percentages  Means	Percentage, frequency, mean and standard deviations. Regression and correlation, Means and Percentages
To assess extent to which occupation incentives influence space occupation in shopping malls in Embakasi Sub County.	Occupation Incentives	Gifts Parking Additional Security Commercial leasing	Nominal Interval	Percentages  Means	Percentage, frequency, mean and standard deviations. Regression and correlation, Means and Percentages
To establish influence of characteristics of mall location on space occupation in malls in Embakasi Sub County	Characteristics Of Mall Location	Location Security Catchment area Proximity Accessibility	Nominal Interval	Percentages  Means	Percentage, frequency, mean and standard deviations. Regression and correlation, Means and Percentages
To examine influence of tenant mix on space occupation in malls Embakasi Sub County Malls, Nairobi County.	Tenant Mix	Supermarkets Tenant Arrangement Food Courts Target Market	Nominal Interval	Percentages  Means	Percentage, frequency, mean and standard deviations. Regression and correlation, Means and Percentages

<p>The purpose of this study is to determine the factors influencing space occupation in Kenyan malls: A Case of Embakasi Sub-County, Nairobi County.</p>	<p>Space Occupation in Kenya Malls</p>	<p>Contractor's Specifications Building Plan approvals Common amenities Occupation Safety and health</p>	<p>Nominal Interval</p>	<p>Percentages Means</p>	<p>Percentage, frequency, mean and standard deviations. Regression and correlation, Means and Percentages</p>
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**CHAPTER FOUR**  
**DATA ANALYSIS, PRESENTATION AND INTERPRETATION**  
**OF FINDINGS**

**4.1 Introduction**

This chapter discussed the interpretation and presentation of findings. It began with the presentation of demographic information of the respondents followed by presentation of the findings as per the objectives in relation to the topic on determine the factors influencing space occupation in Kenyan Malls: A case of Embakasi Sub-County, Nairobi County

**4.2 Questionnaire Response Rate**

The study targeted a sample size of 82 respondents out of which 68 were filled and returned giving a response rate of 83% (Table 4.1). This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of over 70% is excellent.

**Table 4.1: Response Rate**

<b>Response rate</b>	<b>Frequency</b>	<b>Percentage</b>
Responded	68	83
Non-response	14	17
<b>Targeted</b>	<b>82</b>	<b>100</b>

**4.3 Demographic Data Analysis**

In this section, the researcher sought to get information on the respondent's gender, age, highest academic qualification, and number of years in working in the mall.

**4.3.1 Distribution by Gender**

To establish the management level of the respondents, they were asked to indicate them in the brackets. The findings of this were as in Table 4.2

**Table 4.2 Gender Distribution**

Age Bracket	Frequency	
	Percentage	
Male	54	65.85
Female	28	34.15
<b>Total</b>	<b>82</b>	<b>100</b>

According to the findings in Table 4.2, majority of the respondents at 54(65.85%) were male while 28(34.15%) of them were female.

#### 4.3.2 Distribution of Respondents by Age

To establish the ages of the respondents, they were asked to indicate their age brackets. The findings of this were as in Table 4.3

**Table 4.3 Distribution of Respondents by Age**

Age Bracket	Frequency	
	Percentage	
26 – 30 years	12	14.63
31 – 35 years	20	24.39
36 – 40 years	32	39.02
Above 41 years	18	21.95
<b>Total</b>	<b>82</b>	<b>100.00</b>

On the age of the respondents, the study found that the majority of the respondents were between 36-40years 32(39.02%), 20(24.39%) were aged between 31-35years while 12(14.63%) were aged between 26-30years. 18 of the 82 respondents were above the age of 41 years. This shows that majority of the respondents were of an adequate/ informative age and therefore have enough experience on the subject being researched on.



### 4.3.3 Distribution of Level of Education

The study sought to determine the level of education of the respondents as shown in Table 4.3 below.

**Table 4.4 Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
Diploma	9	11
Bachelor's Degree	45	55
Masters	28	34
<b>Total</b>	<b>82</b>	<b>100</b>

From the findings, 9(11%) of the respondents had a Diplomas their highest level of education, majority 45(55%) of the respondents had a bachelors degree as the highest level of education while another 28(34%) had a Masters as the highest level of education. This shows that majority of the respondents were adequately equipped with the required education level and intelligence to understand the intricacies of space occupancy in Kenyan Malls.

### 4.3.4 Distribution of number of years working in a mall

The study sought to determine the number of years the respondents have worked in shopping malls as shown in Table 4.3 below.

**Table 4.5: Number of work experience in malls**

<b>No of Years</b>	<b>Frequency</b>	<b>Percentage</b>
Below 5	26	31.7
5-10	51	62.19
11-15	5	6.09
16-20	0	0
21 and above	0	0
	82	100

Majority of the respondents 62.19 % had worked in a mall for 5-10 years. Those whose experience worked had lasted for less than 5 years constituted 31.7% of the respondents. 6.09 % of the respondents had 11-15 years experience working in a mall. None of the respondents had worked for 16 years and above.

#### **4.3.5 Space Costing in Kenya Malls**

An incentives program influences the performance of occupancy levels of the shopping malls. Table 4.6 shows the result of the responses concerning space costing.

**Table 4.6: Space Costing in Kenya Malls**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
Efficient allocation incentives in contract rent of space within the mall	<b>3.8</b>	<b>0.872</b>
Commercial lease incentives like rent-free periods	<b>4.13</b>	<b>0.897</b>
The management institute pay fit-out contributions	<b>4.05</b>	<b>0.645</b>
Branding of the shopping malls attract tenants	<b>4.15</b>	<b>0.874</b>
The management offer subsidies to tenants	<b>3.8</b>	<b>0.872</b>
Mall offers innovative digital customer management	<b>4.16</b>	<b>0.755</b>
The mall management offer tenants with real time intelligence for management of clients	<b>4.2</b>	<b>0.727</b>
There increased mix of tenants anchored and non-anchored tenants	<b>4.05</b>	<b>0.645</b>
The design of the mall is attractive to tenants	<b>4.45</b>	<b>0.587</b>
The mall placement of anchored is within the mall	<b>4.3</b>	<b>0.736</b>
Offering of location-based marketing	<b>3.9</b>	<b>0.971</b>

The study sought the respondents' opinion regarding space incentives on the mall occupation. The results of the responses from Table 4.7 confirm that incentives are positively related to mall occupation. The study identified that the design of the mall which attracts tenants was important as it had a mean 4.45. The respondents observed that the mall placement anchored is within the mall and that the mall management

offer tenants with real time intelligence for management of clients have importance in their evaluation of space occupation both having a mean of 4.3 and 4.2 respectively. The mall offers innovative digital customer management was pointed out to be of interest to the respondents with a mean of 4.16. Furthermore the respondents were also in agreement that branding of the shopping malls attracts tenants which had a mean of 4.15. The respondents also observed that commercial lease incentives like rent-free periods attracted tenants with a mean of 4.13. The management institute pays fit-out contributions and there increased mix of tenants anchored and non anchored tenants both had a mean of 4.05. The respondents were also in agreement that offering of location-based marketing was also a factor that determines space occupation in malls. This had a mean of 3.9. The respondents were also in agreement that efficient allocation of incentives in contract rent and the management offering subsidies to tenants was beneficial to them and that it affected their space occupation of this particular mall. These statements achieved a mean of 3.8.

#### **4.3.6 Occupation Incentives and Space Occupation in Kenyan Malls**

Occupation incentives in the malls influence space occupation in the mall. They are perceived as a possible significant factor in drawing customers to a shopping mall, and therefore of great interest to the tenants of the mall. Table 4.7 shows the result of the responses concerning mall space incentives.

**Table 4.7: Space and Space Occupation in Kenyan Malls**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
Space occupation within a mall is determined by the amount of goodwill to be paid	4.32	0.727
Amount of goodwill to be paid is influenced by the overall location of the mall	4.07	0.655
Rent to be paid is influenced by the size of the retail space to be acquired	4.09	0.847
Small size retail space located in prime areas within a mall pay a higher rent	4.46	0.591
The type of tenant is determined by the rent payment contractual agreements	4.04	0.642

The analysis of the measurement that constitutes the aspect of space and space occupation in Kenyan malls revealed that their relative importance was in the following descending order based on mean. Type of tenant (4.04), amount of goodwill to be paid (4.07), and rent to be paid (4.09) .A number of respondents gave importance to space occupation within a mall is determined by the amount of goodwill to be paid which is important, with the responses achieving a mean of 4.32.An overwhelming number of respondents were also in agreement with small size retail space located in prime areas within a mall pay a higher rent. This statement achieved a mean of 4.46.

From the above analysis the respondents unanimously agreed that occupation incentives influence space occupation in the mall which will attract tenants. The management is aware that space occupation may be low if the shopping mall does not provide some sort of incentives on the space to be occupied. Also, it will be advantageous if the shopping mall management improves the size of the space to be occupied by considering the tenants and shoppers safety shopper's safety, comfort and convenience.

#### **4.3.7: Characteristics of mall Location and Space Occupation in Kenyan Malls**

To find out the factors influencing space occupation in Kenyan malls the study identified location as one of the factors influencing space occupation in shopping malls by establishing the respondents' level of agreements with the following statements. The responses were rated on a five point Likert scale indicating to what extent respondents agree to them. The scores were assigned as follows; 1-5(Where 1- Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent).The study used the statements as indicated on the table below to analyze and draw factual conclusions on these perceptions. Table 4.8 displays the findings.

**Table 4.8: Characteristics of Mall Location and Space Occupation in Kenyan Malls**

<b>Statements</b>	<b>Mean</b>	<b>Standard deviation</b>
Accessibility of mall site	4.87	0.727
The mall drainage system is good	3.28	1.076
The distance of the malls to the transport connectivity	4.34	0.939
There is adequate parking space	4.05	0.834
The availability of utilities	4.19	0.0779
The mall is located with high trade area population	4.57	0.671

Generally, respondents were observed to agree with most of the statements on location dimension and its influence on space occupancy of the mall. However, the accessibility of the mall was rated as the highest location dimension factor that influences space occupancy of the mall with mean scores of 4.87. The distance of the mall to the transport connectivity and its effect on mall occupancy was rated second with a mean of 4.34 while the availability of utilities was also found to be important and was ranked third with a mean of 4.19. The respondents were in agreement that availability of adequate parking space was equally important, gathering a mean of 4.05. Although the respondents considered the drainage system of the mall as being important in their decision to occupy the mall, the statement obtained a lowly rank of fifth place with a mean of 3.28. In general, the respondents noted that a combination of the location factors greatly influenced their preference for mall occupancy, with the totality of the location dimensions achieving a mean of 4.57.

From the above analysis, it is apparent that the mall occupancy considers strategic location as one of the main success factors of shopping mall as it can lead to strong competitive advantages for the resident retailers. Besides, a good location can attract customers from its catchment area to visit the shopping mall. In addition, the shopping mall which is conveniently accessible for the catchment population will strengthen its position as a prime commercial destination within the neighborhood. A good location must also come with good accessibility from various roads as well as public transportation.

#### 4.3.8 Tenants Mix and Space Occupation in Malls and Space Occupation in Kenyan Malls

Proper tenant mix and store location within shopping mall leads to better performance of shops. An effective tenant mix will attract customer traffic into the shopping mall. The study sought to evaluate the extent to which tenant mix attributes influences space occupation of a shopping mall based on the statements in Table 4.9 below

**Table: 4.9 Tenants Mix and Space Occupation in Malls and Space Occupation in Kenyan Malls**

Tenants Mix and Space Occupation	Mean	Standard Deviation
There is promotion of chain of tenants	3.86	1.086
The mall encourage tenant varieties	4.11	0.897
Anchored tenants are placed within the malls	4.06	0.922
There allowances tenant branding within the malls	4.14	0.873
Provision of varieties of products in the malls increase uptake of mall space units	3.6	0.871
The tenant clustering increase uptake of space unit in malls to increase sales	4.17	0.759
Mall management performance attract and satisfy tenants	4.08	0.929

The first question was about if space occupation in the mall could be triggered by having promotion of chain of tenants. A significant number of the respondents agreed that the promotion of chain of tenants formed part of their consideration when making a decision to occupy space within the mall. The question got a mean of 3.86 with a standard deviation of 1.086 suggesting that the respondents' view on the question did not vary widely. With a mean of 4.06, the respondents identified the presence of the anchor tenant as a major factor in their choice of space in the mall. The mall encouraging tenant varieties was cited as a favorable factor that influenced the tenants' decision to occupy space in the mall and had a mean of 4.11. In general, there was a consensus that the various tenant clustering increase uptake of space unit in the malls to increase obtaining a mean of 4.17 with a standard deviation of 0.759.

The interpretation of the above analysis is that most of the respondents agreed to a great extent that the success of space occupation and the success of a mall as a whole are interdependent and enhanced by the cumulative synergy generated by the mix of stores. A mall's synergy increases the interchange of customer footfall among stores and ensures the operational performance that depends on the strong customer drawing power generated by anchor stores. The low standard deviations indicate that the respondents' views are near close, creating low levels of variance between the answers.

#### 4.3.9 Space Occupation in Kenyan Malls

The researcher found it important to establish how effective space is occupied in the mall.. A scale of 1-5 was used to measure the level at which the respondents agreed with the statement listed in Table 4.10 where (Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

**Table 4.10: Space Occupation in Kenyan Malls**

<b>Space occupation in the Mall</b>	<b>Mean</b>	<b>Standard Deviation</b>
Space occupation rate is high	3.83	1.059
Space are timely occupied	3.67	1.009
Cost efficiency is achieved	4.09	0.929
Vacancy rate is high	4.23	0.823
The availability of space in the mall	4.15	0.874

The respondents overwhelmingly agreed that the mall vacancy rate great, meriting a mean of 4.23. The rating was in the following descending order based on the mean: timely occupation of space (3.67), high rate of space occupation (3.83), and cost efficiency achieved (4.09) and the availability of space in the mall (4.15).

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter presents the summary of the findings, discussions of the research outcome, conclusions and recommendations of the study based on the objectives of the study. The main objective of the study was to determine the factors influencing space occupation in Kenyan Malls: A case of Embakasi Sub-County, Nairobi County

#### **5.2 Summary of Findings**

The summary of the findings are organized based on the order of the study objectives and presented as follows.

##### **5.2.1 Cost of lease on space occupation in shopping malls in Embakasi Sub County**

The analysis of the measurement that constitutes the aspect of space and space occupation in Kenyan malls revealed that their relative importance was in the type of tenant, amount of goodwill to be paid, and rent to be paid. The study gave importance to space occupation within a mall is determined by the amount of goodwill to be paid which is important. The study also established that small size retail space located in prime areas within a mall pay a higher rent. Space incentives influence space occupation in the mall which will attract tenants. The management is aware that space occupation may be low if the shopping mall does not provide some sort of incentives on the space to be occupied. Also, it will be advantageous if the shopping mall management improves the size of the space to be occupied by considering the tenants and shoppers safety shopper's safety, comfort and convenience.

##### **5.2.3 Occupation incentives influence space occupation in shopping malls in Embakasi Sub County.**

The study also sought to establish the opinion regarding space incentives on the mall occupation. The results of the responses confirmed that incentives are positively related to mall occupation. The study identified that the design of the mall which attracts tenants was important .The respondents observed that the mall placement anchored is within the mall and that the mall management offer tenants with real time



intelligence for management of clients have importance in their evaluation of space occupation. Malls offering innovative digital customer management was pointed out to be of interest in the research. The research also found out that branding of the shopping malls attracts tenants to occupy spaces within the mall. The study also observed that commercial lease incentives like rent-free periods attracted tenants'. The study further established that efficient allocation of incentives in contract rent and the management offering subsidies to tenants is beneficial to them and that it affected their space occupation of this particular mall.

#### **5.2.4 Influence of shopping mall location on space occupation in shopping malls in Embakasi Sub County**

The study established that location is a major determinant of space preference by the prospective tenants of the mall as it is considered to have considerable influence on the number of customers that visit the mall, thus improving sales by resident retailers. The study further established that all the aspects of location including catchment area, accessibility, proximity, traffic and visibility have a huge influence on mall occupancy by tenants. However, the study revealed that visibility of the mall and the strategic location of the mall with a high trade area population were considered the most critical location factors that influence space occupancy preference of the mall. Further, the study established that a mall that is conveniently accessible for the catchment population strengthens its position as a prime commercial destination within the neighborhood for the benefit of the tenants. The study established the importance of strategic location that leads to competitive advantage.

#### **5.2.5 Tenant mix influence space occupation in Embakasi Sub County shopping Malls, Nairobi County**

The study established that all the aspects of tenant mix including presence of promotion chains anchor tenant and the manner of tenant branding significantly affect the tenant space choice of a shopping mall. This implies that the success of individual tenants and the success of a mall as a whole are interdependent and enhanced by the cumulative synergy generated by the mix of stores. This finding re-affirms the view that tenant mix creates a specific image for the shopping mall and positions it in relation to competing shopping malls. The study also found that mall tenants prefer clustering of similar types of business in order to draw shoppers where they are

concentrated. The study also found that mall tenants consider the ability of the anchor tenant to draw shoppers in to the shop.

### **5.3 Discussions**

The research tried to understand the mall factors that influence space occupation for a shopping mall. Location of the mall has been found to play an important role in influencing tenants space occupation towards shopping malls. The findings of this study support the study conducted by Gabler (2007) that suggested that strategic location is one of the main success factors of shopping malls as it can lead to strong competitive advantage and that the shopping mall that is conveniently accessible for the catchment population will be preferred by both retailers and consumers. Understanding the influence of location on tenants' mall preference can help mall developers in selecting the most suitable available location for citing the mall. The study found out that optimal tenant mix greatly influence tenants mall space occupation preference thereby vindicating the findings of Bruwer (1997) who observed that a successful tenant mix is not only vital to the landlord and management of shopping mall, but also to tenants and their customers. The findings further give weight to the definition of tenant mix as described by Greenspan (1987) 45 as the combination of homogeneous and heterogeneous retail agglomerations that encourage better relationship between customers and retail activities and run successfully as individual business. The findings of this study suggest that retailers/tenants merchandising similar and complementary goods prefer to cluster together to benefit from the drawing power of other shops. This is because clustering of shops creates a perception that the shopping mall vends wider range of products hence will sell the item that the customer looks for. This finding is in tandem with Highman (2010) who pointed out that the tenant clustering process is proven to be productive and able to generate higher sales, hence important for locating tenants. He stated that 'the advantage of clustering tenant is to attract customers to shop for the goods in that particular shopping centre frequently'. However, the findings of this research are in contradiction with the views of Husin (1991) who argued that the existence of similar shops on the same floor creates unnecessary competition.

Another factor that was found to have an impact on space occupancy in shopping malls is having an anchor tenant. According to Agrawal and Cockburn (2003), an anchor tenant, usually a large department store or supermarket in a shopping centre

that attract traffic to the mall. This is because a key anchor tenant will draw both human and vehicular traffic to the shopping mall and thus ensure vibrancy of the mall. The anchor client also can influence the rental rates of a mall based on their drawing powers.

#### **5.4 Conclusions**

This study sought to map out the preferences retailers have towards shopping malls and the attributes that they consider critical when choosing where to locate out of the many alternative shopping malls. In order to do so four attributes which include, location, tenant mix, parking and mall image were identified and formed part of the respondents' preference evaluation considerations. The general conclusion to this study is that retailers prefer a shopping mall to be strategically located, to have variety of stores, to have adequate and accessible parking and to have an impressive mall image. The presence of all these attributes rather than some of them has the potential of attracting so many retailers to locate in a particular shopping mall. The results of this study showed that all the four attributes were found to be very important in the choice of shopping malls, although strategic location was ranked as the number one influencing factor. This is pointing to the fact that retailers consider location as a long term decision as it is difficult and expensive to relocate a shop once it is set up unlike the other attributes which can be relatively easy to change. The study further concludes that with a better understanding of the tenants' mall preference attributes and their site selection criteria and methodologies, shopping mall developers can better understand what attributes, and which information will best help them in improving their mall attractiveness.

#### **5.5 Recommendations**

The study concentrated on four factors influencing the space occupation of the mall and upon assessment of the findings, the study suggests the following recommendations:

1. The study recommends that mall developers should carry out feasibility studies prior to developing shopping malls in order to establish the suitability and appeal of the sites being considered for mall development. This will ensure that malls are situated in the most suitable available locations that will ensure quick take up of space by prospective tenants.

2. The study also recommends that mall managers need to ensure there is optimal tenant mix and placement when renting out mall space. This will ensure there's maximum customer attraction which in turn will ensure shop performance leading to tenant retention in the mall.
3. The study further recommends that mall developers to ensure that there is adequate space designated for parking during the design stage of the mall development. Availability and adequacy of parking will ensure attraction and retention of both tenants and customers.

### **5.6 Suggestions for further study**

1. The mall preference attributes were applied to malls in Embakasi Sub-County, another study should be carried out in other Sub-counties malls to increase the validity of the findings of this study. The bigger the number of studies complementing this study, the higher the accuracy for generalization of the findings.
2. Replication of this research after some time should be conducted to investigate any change in the influencing factors. Some factors may have a high influence for a period of time and some new factors may arise.

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## APPENDICES

### Appendix I: Letter of Introduction

Kanyi Ruth Wanjiru  
P .O. BOX 110-20147  
MAAI -MAHIU

Dear Sir/Madam,

#### **REF: ACADEMIC RESEARCH**

I am a post graduate student pursuing Masters of Arts degree in Project Planning and Management at University of Nairobi. I am conducting academic research on factors influencing space occupation in Kenyan malls: A case of Embakasi sub-county, Nairobi County.

I humbly request you to fill the enclosed questionnaire. The questionnaire has four sections that will focus on rent rates, space occupation Incentives, location characteristics and anchor tenant which will enable the researcher to obtain important information for the research .Please note information offered will be treated with the utmost confidentiality and will not be unduly disclosed. The information will be used only for the purpose of my academic research. Your ability to answer all the questions comprehensively and to the best of your knowledge will be highly appreciated.

Thank you for your co-operation and precious time

Yours faithfully

**Kanyi Ruth Wanjiru**

Reg. Number: L50/84785/2016

## **Appendix II: Questionnaire**

I am a student at the University of Nairobi undertaking a Master of Arts Degree in Project Planning and Management. It is a requirement for the course to undertake a research project in order to qualify for graduation.

The title of my research is “**FACTORS INFLUENCING SPACE OCCUPATION IN KENYAN MALLS: A CASE OF IN EMBAKASI SUB- COUNTY, NAIROBI COUNTY**” I am humbly requesting for your assistance in answering the questionnaire, all information will be treated with strict confidence.

### **SECTION A: GENERAL INFORMATION**

#### **1. Gender**

Male  Female

#### **2. Indicate your age bracket**

- i. 26 – 30 years
- ii. 31 – 35 years
- iii. 36 – 40 years
- iv. Above 41 years

#### **3. Highest Academic Qualifications**

- i. Diploma
- ii. Degree
- iii. Masters
- iv. Any other, kindly specify.....

#### **4. How long have you worked in Shopping Malls**

- i. Below 5 years
- ii. 5 – 10 years
- iii. 11 – 15 years
- iv. 16 – 20 years
- v. 21 years and above

**SECTION B**

**Part 1: Space Costing n in Kenya Malls**

5. Indicate the extent the following space incentives influence Space Occupation in your mall. Using a scale of 1-5(Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Efficient allocation incentives in contract rent of space within the mall					
Commercial lease incentives like rent-free periods					
The management institute pay fit-out contributions					
Branding of the shopping malls attract tenants					
The management offer subsidies to tenants					
Mall offers innovative digital customer management					
The mall management offer tenants with real time intelligence for management of clients					
There increased mix of tenants anchored and non anchored tenants					
The design of the mall is attractive to tenants					
The mall placement of anchored is within the mall					
Offering of location-based marketing					

6. In your opinion what are other ways through which space incentives influence space occupation in your mall? .....

**Part II: Space and Space Occupation in Kenyan Malls**

7. Indicate the extent the following space incentives in the malls influence space occupation in your mall. Using a scale of 1-5(Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Space occupation within a mall is determined by the amount of goodwill to be paid					
Amount of goodwill to be paid is influenced by the overall location of the mall					
Rent to be paid is influenced by the size of the retail space to be acquired					

Small size retail space located in prime areas within a mall pay a higher rent					
The type of tenant is determined by the rent payment contractual agreements					

**Part III: Characteristics of Mall Location and Space Occupation in Kenyan Malls**

8. Indicate the extent the following characteristics of mall location in the malls influence space occupation in your mall. Using a scale of 1-5 (Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Accessibility of mall site					
The mall drainage system is good					
The distance of the malls to the transport connectivity					
There is adequate parking space					
The availability of utilities					
The mall is located with high trade area population					

## **SECTION E**

### **Part IV: Location Characteristics and Space Occupation in Kenyan Malls**

#### **Part IV :Tenants Mix and Space Occupation in Malls and Space Occupation in Kenyan Malls**

9. Indicate the extent the following tenant mix influence space occupation in your mall. Using a scale of 1-5(Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
There is promotion of chain of tenants					
The mall encourage tenant varieties					
Anchored tenants are placed within the malls					
There allowances tenant branding within the malls					
Provision of varieties of products in the malls increase uptake of mall space units					
The tenant clustering increase uptake of space unit in malls to increase sales					
Mall management performance attract and satisfy tenants					

#### **Part v: Space Occupation in Kenyan Malls**

10. Indicate the extent of space occupation in your mall. Using a scale of 1-5(Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Space occupation rate is high					
Space are timely occupied					
Cost efficiency is achieved					
Vacancy rate is high					
The availability of space in the mall					

**Thank Very Much You for Your Participation and Cooperation**



### **Appendix III: In-depth Interview Guide for Directors**

1. How long have you been managing malls?
2. Explain how space costing influence space occupation in malls in Embakasi Sub –County Malls?
3. Indicate occupation incentives employed to attract tenants in Embakasi Sub-county Malls?
4. Explain how occupation incentives influence space occupation in Embakasi Sub-county Malls?
5. State and explain characteristic of location of malls influence space occupation in Embakasi Sub-County Malls?
6. Discuss how tenant mix influence space occupation in malls in Embakasi Sub-County?
7. Suggest strategies that should be adopted to improve Space occupation in malls in Embakasi Sub-County?

**Appendix IV: Work Plan**

<b>ACTIVITIES/PE RIOD</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>
Literature Review								
Research Proposal Writing								
Research Proposal Writing								
Research Proposal Writing								
Research Proposal Defense								
Data Collection								
Data Analysis'								
Report Defense								
Report Submission								

## Appendix V: Research Budget

	Description of expenditure item	Quantity	Unit price	Total
(a)	SPSS1	1	5,000	5,000
(b)	Laptop	1	20,000	20,000
(c)	Lap top bag	1	3,000	3,000
(d)	Foolscaps	1	500	500
(e)	Flash disk	1	1,000	2,000
(f)	Pens	5	20	100
(g)	Photocopy services	500	10	5000
(h)	Travelling costs during piloting	1	14,000	14,000
i)	Subsistence during piloting	1	12,000	12,000
j)	Travelling during data collection	8	2,000	16,000
(k)	Subsistence during data collection	10	10,000	10,000
(l)	Data analysis	1	20,000	20,000
(m)	Typing and printing of research report documents	1	10,000	10,000
(n)	Binding of thesis report	6	500	3,000
	<b>Contingency</b>			<b>10,100</b>
	<b>Grand Total</b>			<b>90,100</b>