

## RESEARCH ARTICLE

## EXPLORING PLACE MARKETING STRATEGIES OF SHOPPING CENTRES IN SOUTH AFRICA

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## ARTICLE DETAILS

## Article History:

Received 15 December 2022  
Revised 06 January 2023  
Accepted 16 February 2023  
Available online 19 February 2023

## ABSTRACT

The widespread adoption of e-commerce and online shopping has had a profound impact on physical shopping centres globally, exacerbating the already challenging market conditions. The COVID-19 pandemic added to the turmoil, leading to store closures, declining rents, reduced customer footfall, and the closure of entire shopping centres. To counter this trend, shopping centres must adopt innovative place marketing strategies that offer unique product offerings and experiences to attract customers back to physical retail spaces. This study adopts a qualitative approach to investigate the place marketing strategies of shopping centres in South Africa by using a qualitative descriptive research design. Data was collected through in-depth interviews with a purposive sample of participants and analysed using the Morse and Field approach in Atlas.ti 23. The findings suggest that South African shopping centres prioritise place marketing using social media as a primary tool and are managed by marketing managers or teams with external agency support. They target families/individuals within a 12-17 km radius based on income and measure success with KPIs. Post-COVID, they aim to improve offerings to meet consumer demand for an improved experience, security, cleanliness, friendly staff and well-being.

## KEYWORDS

Place Marketing, Shopping Centres, Retail, South Africa.

## 1. INTRODUCTION

The rapid growth of online marketplaces such as Alibaba, Amazon, eBay, and Takealot has had a profound impact on physical shopping centres globally, with consumers increasingly favouring the convenience of online shopping over traditional brick-and-mortar retail formats. This shift in consumer behaviour has resulted in declining footfall in shopping centres, high-street shops, urban retail parks, and suburban shopping strips (Moon et al., 2021). The ongoing construction of new shopping centres in South Africa has further contributed to the challenging market conditions faced by these retail spaces, causing many national retailers to close their doors (Broll, 2019; Caboz, 2019; De Wet, 2018). The COVID-19 pandemic only added to the turmoil, causing a significant decline in shopping centre revenue (Malinga, 2020). To counter these trends, retail marketers must develop innovative strategies to attract consumers and increase footfall.

The study focuses on place marketing, as opposed to conventional marketing, due to the unique nature of the product being marketed. Unlike typical commercial transactions where a physical product is exchanged for a price, marketing a geographical location is more complex, involving more than just the exchange between seller and buyer. This complexity means that traditional marketing methods are not enough to capture the essence of a place. A place is more intricate and less malleable compared to conventional products, requiring a more comprehensive and holistic approach to marketing, as noted by various authors such as (Gubler and Möller, 2006; Ritchie and Ritchie, 2002; Skinner, 2008; Von Friedrichs Grängsjö, 2003).

The findings from examining the place marketing practices employed by shopping centres in South Africa can serve as a basis for marketers to create effective and efficient place marketing strategies and improve their

communication with consumers (Forbes, 2015). The aim of this study is to investigate the current methods of place marketing utilised by shopping centres in South Africa and identify any potential weaknesses or disparities. The information gathered from this research will allow marketers to understand the current state of place marketing in shopping centres in South Africa and identify ways to enhance the effectiveness and efficiency of these marketing strategies. This can lead to increased customer footfall, improved profitability, and a reduction in the closure of physical shopping centres.

## 2. LITERATURE REVIEW

## 2.1 Retail Apocalypse

Retailing refers to the process of directly selling products and services to customers to fulfil their specific needs (Musso and Druica, 2014). Traditional retail operations include purchasing goods from suppliers and selling them directly to customers (Fransoo et al., 2019). With the advancements in technology and changing customer preferences, the concept of retail innovativeness has become increasingly important. This term refers to the extent to which retailers adopt new merchandising or service ideas. With the onset of the COVID-19 pandemic, the necessity for retailers to embrace retail innovativeness in order to remain profitable has become more critical. A shift in buying behaviour has been documented, with customers now favouring non-traditional retailers. To stay relevant, retailers must provide improved customer experiences and engagement (Michelle et al., 2020). The changing customer preferences are a significant factor contributing to the so-called *retail apocalypse* (Sather, 2020).

Before the COVID-19 pandemic, much of the decision-making process in retail was centred around the in-store experience, with customers actively

## Quick Response Code



## Access this article online

## Website:

[www.myecommercejournal.com](http://www.myecommercejournal.com)

## DOI:

[10.26480/mecj.01.2023.09.14](https://doi.org/10.26480/mecj.01.2023.09.14)

seeking out enjoyable sensory experiences while shopping. The pandemic has forced customers to alter their consumption habits and adapt to new regulations, which has resulted in a shift of power towards the customer. According to changes in customer power are a major factor in the current retail landscape; as the availability of alternative suppliers has increased, the cost of comparison shopping has decreased, and customers have gained a dominant position through the adoption of e-commerce (Helm et al., 2020). This trend towards e-commerce as a more convenient and cost-effective option compared to traditional brick-and-mortar stores has become apparent.

The retail industry has faced difficulties in competition with brick-and-mortar stores even before the COVID-19 pandemic hit. Numerous popular retail stores, such as American Apparel, Claire's, and Quiksilver, have filed for bankruptcy, while others, like JCPenney, Macy's, and Sears, have announced closures of multiple retail stores due to poor performance (Berman, 2019). According to store closures are a widespread issue that affects every region of the country, leading to an estimated loss of 175 million square feet of retail space in 2016 due to the growing competition from online sales and over-abundance of retail space, which resulted in lower sales and profits (Cavan, 2016). E-commerce retailing and the demand for online shopping have been on the rise since 2011, with a 101 percent increase in e-commerce sales indicating a shift in the retail landscape (Helm et al., 2020). This trend was only exacerbated by the COVID-19 pandemic, causing several brick-and-mortar retailers to close permanently (Sumarlah et al., 2021).

To stand out in the increasingly competitive shopping centre market and attract customers, boost profitability, and enhance the customer experience, a rising trend of place marketing has been observed (Rossouw and Van Vuuren, 2013). Asseraf and Shoham explain that places employ place marketing to increase their competitiveness and appeal to consumers. Shopping centres use place marketing strategies to establish a strong impression in the minds of customers by highlighting their distinct attributes and product offerings (Asseraf and Shoham, 2017; Mohr, 2013).

**2.2 Place Marketing**

Marketing is not just limited to products, but places like shopping centers also require marketing strategies to attract customers, drive traffic, and maintain profitability. This type of marketing, known as *place marketing*, involves a proactive and systematic approach to using marketing tools in a specific geographic location to meet the needs of stakeholders and attract investment, ultimately contributing to the economic and cultural growth of the area (Goldberg, 2018). As stated by the activities carried out by a place to generate interest among stakeholders can be referred to as place marketing (Hospers, 2011).

Shopping centres cannot be marketed in the same manner as traditional products, as they are more complex and consist of various elements that require consideration (Skinner, 2008). These elements include the location, the available facilities, the tenant mix, the shopping centre's perception, and the stakeholders involved (Zhou and Wang, 2014). For shopping centre marketing managers to develop successful marketing strategies, they need to analyse different levels of place marketing, including the target market, place marketing factors, and the marketing planning group, as illustrated in Figure 1 (Kotler et al., 2002).

**2.2.1 Target Markets**

To reach its desired results, places, like businesses, need to identify and focus on their specific target market. This includes both internal and external stakeholders who can benefit directly or indirectly from the place's marketing efforts (Zenker and Beckmann, 2012). It's crucial for place marketing strategies to meet the needs of both internal and external target markets to be effective and achieve commercial success (Basile et al., 2016). Internal target markets include those who already live, work, and conduct business in a place, while external target markets are prospective stakeholders who have not yet established themselves in a place and are targeted by marketing initiatives to attract them to a specific location (Berglund and Olsson, 2010).

There are three main groups that a place can target with its marketing efforts: residents, both current and prospective; businesses and investors, both local and international; and tourists (Hospers, 2011; Zenker and Martin, 2011). Tourists are often seen as the most important target market, as they tend to spend more due to their need for accommodation and dining, as well as their high purchasing power (Arnegger and Herz, 2016). Place marketing initiatives aim to satisfy the needs of both internal and external residents and to attract businesses and investors by highlighting the place's opportunities and facilities that align with their specific commercial needs (Zenker and Martin, 2011). According to businesses and investors are considered significant target markets for places (Jessop, 1998). Places try to attract businesses and investors by emphasising the place's marketing factors (opportunities and facilities) that match their specific commercial needs (Zenker and Martin, 2011).

**2.2.2 Place Marketing Factors**

Place marketing concerns the creation, communication, delivery and exchange of place offerings that have value for the stakeholders of a specific place (Braun, 2008). In Figure 1, make use of the term place marketing factors to denote the place offerings insofar as it describes the attractors of a place, including, inter alia, any element, attribute, event, activity, business or the like that attracts people to a specific place (Kotler et al., 2002; Mattson et al., 2005). The term is used in this study to describe those aspects and/or resources of a place that can be mobilised to give the place a unique perceived value and that can be utilised in place marketing and promotional efforts to attract stakeholders to a specific place.

The sum total of the various place marketing elements is referred to as the *place product*, which encompasses all aspects of a place that can be marketed and promoted (Abelina, 2014). Both tangible and intangible elements contribute to the place product (Basile et al., 2016). Examples of tangible place marketing elements include local residents, prominent figures, natural landscapes and landmarks, entertainment and sports facilities, medical facilities, and structures such as shopping malls, hotels, and office buildings (Basile et al., 2016; Hughes, 2016; Mattson and Sorensen, 2015). Intangible place marketing elements include political and cultural distinctiveness, the standard of living, technological advancement, investment appeal, public relations, brand image, fiscal laws, history, culture, services, emotions of the people, and the place's environment, which encompasses commercial, political, cultural, historical, technological, and residential elements (Basile et al., 2016). As emphasised a wide range of stakeholders is crucial in utilising and activating the available place marketing factors (O' Cass et al., 2015).

**2.2.3 Place Marketing Planning Group**

Effective planning is crucial before executing a place marketing strategy. Place marketing planning involves the following steps: (1) Assessing all the available place marketing factors; (2) Setting a vision and specific goals and objectives for the place; (3) Designing the place marketing strategy; (4) Creating a plan for implementation; and (5) Establishing methods for monitoring and controlling the implementation of the marketing strategy (Kotler et al., 1993). Organizing place marketing planning can be challenging as there are numerous stakeholders involved, each with unique objectives and motivations, as noted (Özdemir and Simsek, 2015).

According to a place marketing planning group encompasses a combination of participants from both the public and private sectors, including local governments, businesses, and residents (Hankinson, 2007). The actors in place marketing, however, are not restricted to just local authorities. Jessop also notes that other place marketing authorities include national political parties, trade unions, trade associations, chambers of commerce, local educational institutions, religious institutions, new social movements, and public-private partnerships (Jessop, 1998). External place marketing consultants are considered stakeholders as well, although their role is limited to facilitating the



**Figure 1:** The levels of place marketing (Source: Kotler et al., 2002).







