

THE RETAIL REVOLUTION
IN TURKEY

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by
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“The Retail Revolution in Turkey,” a thesis prepared by Hakan Zihniođlu in partial fulfillment of the requirements for the Master of Arts in History degree from the Atatürk Institute for Modern Turkish History at Bođaziçi University. This thesis has been approved and accepted on 26 February 2010 by:

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Title: The Retail Revolution in Turkey

This thesis covers the changes and analysis in Turkey's retail industry. It can be called “a retail revolution” due to the big structural changes in trade and consumer behaviors. Until the 1980s, the change was slow. It turned into a revolution after the liberalization of the economy and the significant increase in income levels.

First, the shopping culture and the historical development of shopping in Turkey are discussed. Focusing on the contribution of Akhism culture to the retailing sector and today's modern commercial life, the past and the present are compared in certain respects. Another focus is the economic data of Turkey to understand the change in the retailing industry dealt together with the impacts of the economy on daily lives. The new Turkish economy is led by consumption. Why women and even children are more important in terms of shopping and to what extent the shopping activity is done by a whole family together are examined.

Then new retailing which is an emerging sector in Turkey is another subject of this study. The interests of domestic and international players in retail and its positive outputs for Turkish end users are examined as new players. Consumers make decisions about where, how and how much they will spend to meet their required and other needs. These tendencies and decisions shape retail markets. New ways of payment methods, rapid dissolution in rural areas and new relations of spending led by urbanization and changing consumer tendencies are the basics of the retail market in Turkey. Also, the change in retail trade channel is the main reason of the change in Turkey's retail industry. These new-generation retailers operate in the areas of motivated consumptions in large scales through shopping malls.

Finally, assumptions and projections are covered for retail world of the 2010's in Turkey. The expected consolidations, threats and opportunities are examined for the players in this channel. Also a close look into Turkey's retail market caused by the economic crises is another important topic which is analyzed in this thesis. Turkey's power in global economy and its chance of competition in the future as a country that has gone through a rapid transformation in the last two decades are the last but not the least issues.

Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü'nde Yüksek Lisans derecesi için
Hakan Zihniođlu tarafından Subat 2010'da teslim edilen tezin özetini

Başlık: Türkiye'de Perakende Devrimi

Bu tez, Türkiye'deki perakende sektörünü irdeliyor ve deđişimleri deđerlendiriyor. Ticaretteki yapısal ve tüketicinin davranışsal deđişimler sonucu yaşanan deđişimlere "perakende devrimi" denebilir. 1980'lere kadar yavaş olan deđişim, ekonomideki liberalleşme ve kişisel gelir seviyelerindeki artış sebebiyle hızlı bir deđişime yani devrime döndü.

Öncelikle, Türkiye'de tarihsel süreç de göz önünde tutularak alışveriş kültürü tanımı yapılıyor. Ahilik kültürü ile bugünün modern perakende kültürü arasındaki benzerlik veya tezatlar göze çarpıyor. Öte yandan ekonomide yaşanan tüm gelişim perakende endüstrisini en küçük bireyine kadar ilgilendiriyor. Tüketim toplumu haline gelen yeni Türkiye'de gözler tüketicide. Kadının ve hatta çocuğun tüketimdeki önemli rolü ile birlikte, ailenin birlikte alışveriş yapmasını özendirmek tüketimi pozitif etkiliyor.

Yeni perakende diye bir tabirden bahsederken çok hızlı gelişen ve gelecek potansiyeli çok yüksek olan bir alanı odaklanılıyor. Ulusal ve uluslar arası firmaların da katılımıyla servis, fiyat rekabeti Türk tüketicisinin yüzünü güldürdü. Tüketici neyi nereden ve kaçaya alacağı ile ilgili çoklu alternatiflerinin olmasından çok memnun. Yerel firmaların da rekabeti ile perakende yapı son yıllarda tekrar şekilleniyor. Kredi kartlarına yapılan peşin fiyatına taksitler, yeni finansman modelleri ile alışverişini teşvik etmek mümkün oluyor. Kentsel yaşamın artışı da modern perakendeciliğe katkı sağlıyor. Açılan geniş alışveriş merkezleri, büyük ve çok seçenekli marketler tüketimi özendiriyorlar.

Sonuçta Türk perakendeciliğinin dünü, bugünü deđerlendirilirken, gelecek yıllar için de bazı varsayımlar ve projeksiyonlar ortaya konuyor. Yaşanan perakende devriminin gelecekteki yolculuđu konsolidasyonlar ile yürürken birçok fırsat ve tehdidi de yanında getirecek. Türkiye'nin dünya ligindeki yükselen ekonomisi ve rekabet yapısı perakendenin geleceğini de devrimlerle hızlı şekillendirmeye devam edecek.

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ABBREVIATIONS

ICSC:International Council of Shopping Centers.

EIU: Economist Intelligence Unit.

EU:European Union.

GDP:Gross Domestic Product.

GNP: Gross National Product.

CPI: Consumer Price Index.

CRM: Customer Relationship Management.

EIU: The Economist Intelligence Unit.

FMCG: Fast Moving Consumer Goods.

FDI: Foreign Direct Investment.

Q1: Quarter 1 (Jan, Feb, March).

OECD: Organization for Economic Co-operation and Development.

NATO: North Atlantic Treaty Organisation.

OECD: Organization for Economic Co-operation and Development.

UN:United Nations.

IMF: International Money Fund.

WTO:World Trade Organization.

CPI: Consumer Price Index.

GLA:Gross Leasable Area.

G7:Group of Seven.

E7: Emerging Seven.

p.a.: per annum.

AMPD: Alışveriş Merkezleri ve Perakendeciler Derneği.

BMD: Birleşmiş Markalar Derneği.

GYODER: Gayrimenkul Yatırım Ortaklıkları Derneği.

TMD: Tescilli Markalar Derneği.

TOBB: Türkiye Odalar ve Borsalar Birliği.

PERYON: Personel Yöneticileri Derneği.

GSMH: Gayrisafi Milli Hasıla.

GSYİH: Gayrisafi Yurt İçi Hasıla.

HTM: Hızlı Tüketim Malları.

IIF: The Institute of International Finance.

KDV: Katma Değer Vergisi.

VAT: Value Added Tax.

PPP: Purchasing Power Parity.

M&A: Merger and Aquasiation.

TCMB: Türkiye Cumhuriyet Merkez Bankası.

TÜFE: Tüketici Fiyat Endeksi.

TEFE: Toptan Eşya Fiyat Endeksi.

TUIK: Türk İstatistik Enstitüsü.

CHAPTER ONE

INTRODUCTION TO SHOPPING IN TURKEY: A BIRD'S EYE VIEW

My thesis starts with a definition of the concept "shopping" and the historical development of shopping culture in Turkey. In the first part, how Turkish commercial life, the history of which can be traced back to old times has evolved in time and when Turkey has adopted the norms of a consumer society. Focusing on the contribution of Akhism culture to the retailing sector and today's modern commercial life, I compare and contrast the past and the present in certain respects. I stress its critical role on the change of retailing channels, which can be seen as one of the mile stones of Akhism culture. In the change of retailing channels, the changing behavior of consumers that can be described as being more demanding, being ready to purchase more and comparing among a greater number of goods is discussed. Shopping has turned into an indispensable desire through the systematic and incentive works, end-user marketing campaigns of commercial companies in order to create a consumer society and also through the role of increasing accessibility to shopping places. Is this a disease? Or does the satisfaction after shopping lead to addiction? Is it possible to live without shopping? Or has shopping already become as essential as those five basic elements of life (air-water-soil-fire-food)?

In the second part of the study, I dwell upon the realities of Turkey and focus on the economic data of this country. The change in the retailing industry together with the impact of the economy on our daily lives is in the focus of the second part. The main determinant of

retail expenditures is economic conditions. Since 2001, the Turkish economy has entered into a process of recovery and normalization. The new economic environment in which the policies targeting price steadiness and sustainable growth creates more convenient conditions for the systematic development of retail expenditures and retail markets. The formation of convenient conditions for the development of organized retail markets triggers real-estate investments in this area.

Since 2001, the Turkish economy has gone into a growth process and the national income has risen. The national income which was 196.7 billion dollars in 2001 according to the data gathered with the new calculation method, reached 658.8 billion dollars in the year 2007. Turkey is the world's 17th biggest economy and has a crucial potential in terms of retail expenditures with the size of its national income. In parallel with the economic growth and the rise in the national income, per capita income also has increased. According to the new national income and the recent data on the population, the per capita income, which was 3.037 dollars in the year 2001, reached 9.333 dollars in 2007.

Private incomes reached 550.1 billion dollars in 2007. The share of private consumption expenditures in private incomes increased from 72.7% to 84.5% in 2007. The size of private consumption expenditures was 465,1 billion dollars in 2007. Within this amount of private consumption expenditures, food-beverage-tobacco expenditures with the 25.8% share and its size of 125.6 billion dollars is the greatest component. Housing with 92 billion dollars comes in second place while expenditures on transportation-communication comes the third at 89,6 billion dollars.

The distribution between private consumption expenditure and consumption structures matters for the retail sector. Another important factor is the distribution of private income

expenditures and private consumption expenditures in consideration of income groups. The highest income group has 44% of private incomes, and for private consumption expenditures, the 36.5% of them. The share of food and beverage expenditures in the total retail expenditures is 56.7% and their size is 125.6 billion dollars. The share of retail expenditures other than food and beverages is 43.3% and their size is 96 billion dollars.

In the third part, I focus on the characteristics of Turkish consumers. In order to understand them, I particularly examine the new economy led by consumption, which is in the center of marketing science. I look for answers to such questions as why women and even children are more important in terms of shopping and to what extent the shopping activities conducted by a whole family together would be preferred. I want to understand at which points the results of Customer Relation Management (CRM) studies lost their purposes and at which points these studies still yield useful and meaningful results. Here is the magical question to which we look for an answer: Is there a shopping equation? When does the consumer consume? I can go further by asking this: When is the consumer more generous? Should we shop during the day or in the evenings? When we are hungry or with a full stomach? With a shopping list or just spontaneously? What benefits do we gain when we research beforehand?

In the next part, I study the rise of modern or organized retailing in Turkey. I examine the historical development of retailing, the interests of domestic and international players in retail and the new environment formed within this framework. Some of the questions I seek to answer are as follows: To what extent will consumption be able to be global in today's increasingly global world? Does everybody have to like or consume hamburgers? In other words, when is the Turkish traditional dish called menemen (eggs scrambled with tomatoes

and green pepper) going to enrich a breakfast table in India? What is taken into consideration in terms of market structures with the new expression “Glocallocation”? What is its difference from acting globally and thinking locally? What are the extra costs of being local on international companies?

Would not products be less costly if there was one type of consumer in the world and if the industry accordingly produced goods in fewer number of types and in greater amount? But, at the same time, what should people do in the face of this capitalist discourse if they want to be different and thus hope to find a job, husband or wife? How will it be possible to feel happy as a result of this paradigm if it is impossible for these people to survive without buying products as in the past? Why is this activity so different from the activity of a gambler who keeps playing the same game even though he/she can never win and the game does not bring happiness in the end? How can a customer of a gambling business keep doing the same while a consumer abandons buying the products of a specific brand when s/he is not satisfied? This question is similar in having no answers to the one saying that there is not any formula to guarantee success in retailing. Even though some practices can yield positive results, there is no formula in which 100% success is guaranteed.

Consumer tendencies rapidly change. Consumers make decisions about where, how and how much they will spend to meet their required and other needs. It is these tendencies and decisions which shape retail markets. There is an emergence of a consumer profile that prefers functional products and likes to get services in comfortable conditions. These consumers in question are more educated and more demanding.

In the face of all these developments and changes, there also happen important changes in the corporate structure of retail markets. The share of organized retail markets in retail

channels increases while the share of traditional retail market decreases. Players in retail markets gradually increase in variety. The rapid development of organized retail markets plays a critical and determining role in the expansion of retail markets. National, regional and international chains, local independent markets, discount chains, cash and carry markets progress in the retail markets where food and beverage expenditures are mostly met.

As for the non-food organized retail market, shopping malls, entertainment centers, outlet centers, retail parks, do-it-yourself stores and technology are growing markets rapidly. Another tendency, which is both influenced by the development of retail markets and influences the speed of the development by entering markets, is the investments of foreign investors, business managers, retailers, chains and brands in Turkey.

The basic elements shaping the development of the retail market in Turkey since 2001 can be summarized as follows: Growth in retail expenditures, increase in personal incomes, increase in the number of households with high levels of purchasing power, new ways of payment and new methods in the finance of expenditures, rapid dissolution in rural areas and new relations of spending led by urbanization and changing consumer tendencies.

In the fifth part, I focus upon the change in retail trade channel which I consider to be the main reason of the change in Turkey's retail industry. It is possible to say that consumption can be controlled and even motivated more thanks to organized retailers. I examine the transformation of new-generation retailers since the 1990s and its consequences. These new-generation retailers operate in the areas of estimated or motivated consumption on large scales through shopping malls.

Another crucial trend in the retail market is the escalation of competition particularly together with the participation of foreign companies. Apart from increasing productivity, the

escalation of competition considerably curbs profit margins. Competition and decreased profit margins necessitate and bring about corporate purchases and mergers in the retail market.

In the analyses and forecasts concerning shopping centers, retail expenditures are the main determinants. Therefore, retail expenditures in Turkey are analyzed and evaluated in one part of this study. The basic element determining the amount of retail expenditure is the amounts of national income, private income and private consumption expenditures in the economy.

In the sixth part, I put forward my assumptions and projections concerning the retail structure to be shaped under the influence of above mentioned change. I examine the expected consolidations, threats and opportunities for the players in this areas. I also look into Turkey's power in the global economy and its chance of competition in the future as a country that has gone through a rapid transformation in the last two decades.

I look for answers to such questions as how the pace of change in the structure of Turkey is going to progress and how retail, especially in terms of shopping center investments, is going to be in the future. According to the indexes all over the world, shopping center investments are considered to still be economically profitable. Consumers reward the investments by preferring to shop at shopping centers and the shops of organized retailers since they are profoundly happy with the statuses of King or Queen ascribed to them at these new shopping centers.

I examine the changes in the world's and Turkey's retail market caused by economic crises. By referring to the opinions of the representatives in the sector and to the studies done by sectoral organizations, I try to shed a light on the situation of consumers and retailers. The operating ways of shopping centers and their positions in the future, which I have considered

to be important elements in this regard, give us many clues. Now, the main change will be seen after some players are eliminated from the market. It will not be an exaggeration to describe this as an upheaval. In order to describe retail from 2015 and beyond, I group the estimates under three main headings.

First of all the, new customer is on the center. The retail of the future confirms that the retail industry is becoming more complex and changing at an ever-increasing speed. Shifting demographics, household downsizing, and more educated consumers. New formats, among other trends, require that the industry quickly adapts to new conditions and modifies existing models, develops in such a way as to satisfy the needs of future customers in order to be successful and profitable. Retailing will become an industry that increasingly realizes that it must alter its offerings to select customers, as opposed to the mass-appeal approach of the 1980s, in order to win over customers and to foster greater customer loyalty.

Changing Demographics: The Baby Boomers have always been a defining generation and will continue to be so. We believe that the Baby Boomer generation will age with increased financial resources and with a greater emphasis on youth and vitality than previous generations did. As a result, they will not only tax manufacturers to adapt products to their specific post-retirement needs, but also will require retailers to respond to their evolving needs as they approach the age of 70 in the future. Challenging this older generation will be Generation Y (Gen Y) households, reaching their prime household formation years and attempting to emulate the lifestyle that their Baby Boomer parents have and to which they are accustomed. Gen Y is a more diverse group in how they shop, where they shop and how they spend their money. As a result, Gen Y will represent a challenge to traditional retailing.

Overlaying these changing demographic patterns will be an even greater shift to multi-culturalism throughout the country. Retailers will need to respond to the tastes, customs, interests, and consumption habits of an increasingly diverse population of people with money to spend in their pockets. They will also have to look many diverse cultural offerings to become mainstream in the future.

The changing consumer (demands) in the near future will not be easy for retailers to understand or master. The value proposition guiding their purchases is changing; consumers will put heightened emphasis on personalization, look for opportunities where their input matters, and also seek value product and service solutions. Consumers are increasingly proactive in their purchase decisions and selective about with whom they want to do business. Additionally, consumers will increase their focus on purchasing products from socially responsible and “green-friendly” manufacturers and retailers.

Secondly, retailing, at the same time, might have been all about “location, location, location,” but the 2015 the retail industry will be significantly different from that of today. Turkey’s shakeout in conventional malls will continue with a throwback to neighborhood shopping centers addressing highly specific tastes. Shopping will be more experimental; eating, being entertained and “living” the shopping experience will take on prominence. The global market will grow rapidly in our flat world with markets such as China and India granting access to the world’s best retailers. By 2015, the retail landscape by country will be dramatically different from today. We envision a knowledge revolution in global markets where the successful retailers will be transferring their best retail practices from one territory to another.

Thirdly, changes in industrial opportunities are key issues for the future retailing industry. Adapting to the changing retail environment anticipated by 2015 will require more flexibility by industry players than ever. While the outsourcing of basic goods is projected to grow in the global economy, companies adopt new approaches for the outsourcing of non-core competencies—e.g., new product development, software development, business process outsourcing and talent sourcing across national boundaries. Cost efficiencies are not the only benefits of pursuing strategic outsourcing—management’s attention focuses on key business issues, time-to-market may be collapsed, new alliances may be formed, and an understanding of the inner workings of developing and emerging market cultures may be learned. We believe that leading retail companies will embrace this approach as we move toward 2015.

In order to reduce many of the obstacles that naturally occur between retailers and suppliers, and to overcome a lack of partnership between the two, the retail industry is moving toward creating greater beneficial value through intended collaboration. To achieve better alignment of goals and drive greater efficiency, retailers and suppliers are becoming trading partners and sharing details and processes on such things as product launches, trade promotions, inventory management and supply chain operations. As collaborative strategic efforts have been proven helpful to deliver joint value, I believe this trend will continue and increase its importance during the next several years.

Technology is greatly contributing to the improvement of operational efficiency for retailers, but the importance of technology for future business success will become greater. There is and will be an overwhelming need to effectively manage the business through business intelligence. Demand-based management can succeed only with real-time data information delivered through the increasingly newer forms of technology delivery systems.

As a result, retailing will become more personal, and customer data and relationships will become a key asset for retailers.

The barter system developed before mankind invented money. Commercial intelligence invented money which is often described as the only reality in today's world. When shopping and money become an inseparable duo? The "Silk Road" love is shown as the reason for many wars in history books; however, they had nothing to do with silk or the road. The only reason was to shop.

These existed long before Sultans. Avoid looking as if you think there was nothing before the arastas. These systems established by Romans. Humankind got bored with open fields. Adding architectural intelligence to commercial intelligence, Ottomans built bazaars, bedestens, and arastas. Sultans gave orders when they conquered a place: "Establish a bedesten suitable for the glory of our Empire as soon as possible!" Bedestens and arastas were established. Guilds decided what to put inside bazaars.

After this, shopping, money and bazaar became inseparable.¹ People needed money for shopping, so Turks explored "credit" ("veresiye"). After the exploration of credit books, everyone began to shop. Slightly changing the format of these smart ideas, today's credit card entered our lives with a new name.

Then, other concerns appeared. Some people were too lazy to go out to shop. So, at first, home delivery service provided by grocers through the baskets hanging from balconies solved the problem of shopping without going outside. Now, people have found a new and

¹ Abdülkadir Zorlu, "Bedestenlerden Alışveriş Merkezlerine Alışveriş Davranışlarının Sosyalliklerini Anlamak", 12. Ulusal Pazarlama Kongresi Bildiriler Kitabı, (Sakarya: Sakarya Üniversitesi İİBF Yayınları, Sakarya, 2007), pp. 38-42.

virtual way of shopping, which is online shopping. It is a bright idea, but not enough. How much pleasure does it give?

Everything has slowly changed over time. Firstly, Bazaar transformed into Grocers, then into markets and supermarkets, and then hypermarkets, and then into shopping centers. Nowadays, they are known as "shopping and living centers," but they have only changed their names.

It is possible to say this in the case of money. Little has changed in terms of its value: It has always been very precious. We can say that human beings are natural born shoppers. If so, what can be said about the activity of shopping itself? Is shopping a disease? Is this an indispensable habit? Is this just a basic need for us to survive?

Undoubtedly, people do not make shopping only in order to meet their basic physical needs. Considering that there has been a big revolution in the retail industry in the last two decades, it definitely can be stated that shopping is not solely a need, but a leisure activity and a recycle of income as well.

The history of retailers in Turkey, especially in terms of the one in Grand Bazaar, traces back to the culture of Ahi Institution.

Today, shopping regulations are controlled by nongovernmental organizations such as *Türkiye Odalar ve Borsalar Birliği* (TOBB), *Alışveriş Merkezleri ve Perakendeciler Derneği* (AMPD), *Birleşmiş Markalar Derneği* (BMD), *Personel Yöneticileri Derneği* (PERYÖN), *Gayrimenkul Yatırım Ortaklıkları Derneği* (GYODER), etc. So, those organizations can be seen as part of the retail revolution in Turkey today. They are growing more important than the government itself with time. They care about consumers, investors, traders and social

ethics.² These nongovernmental organizations steer retail developments and organize such campaigns as ‘*Kriz Varsa Çare de Var*’ (“If There is Crisis, Here is the Remedy”). They give a direction to economy by campaigns, they encourage investors by raising their hopes, promising good morals, they push brands to open new shops in new malls, and they also push consumers through retail offers.

Considered in terms of the retail structure of the 1940s, open markets and corner stores were the only chance to meet the needs. Even though there was a limited type of goods in these channels within the walking distance from consumers, there were enough sales to satisfy undemanding consumers.

In the relationship between sellers and buyers, who closely knew each other, the grocers were supposed to be an expert, to place the goods on the shelves, to check the finances and carry out such specialized tasks as running a butchery and delicatessen. For the customers, time was not money and everybody had enough time. It was possible to go out to shop for one item. Consumers did not have a vision about the products in grocery stores. They were not aware of what a kiwi or a bandana or surf board meant. Together with the openings of self-service stores in the USA in 1916, both the number of types increased and retail prices decreased. The concept of supermarkets emerged during the 1930s. The first self-service supermarket of the world was opened under the name of King Kulen on Jamaica Avenue in Queens, NY.³ Declaring itself to be the greatest price-breaker in the world, King Kulen challenged against small-store chains. By discovering the power of group buying through

² Sanem Aklıbay, Doğan Tuncer and Şeref Hoşgör, *Alışveriş Merkezleri ve Yönetimi*, (Ankara: Siyasal Kitapevi, 2007), pp. 62-71.

³ Andrew Seth and Geoffrey Randall, “Mağaza Zincirlerinin Önlenebilir Yükselişi”, trans. Salim Altay, (İstanbul: AMPD Yayınları, 2000), pp. 158-171.

cooperative trading system in the emerging retail structure, human beings gained benefits. In this method managed in participation with the public, profit was distributed to shareholders. It can be said that the method yielded to trade stores operating more efficiently even if it could function quite successfully in the beginning. The concept of offering consumers a diverse range of products in self-service format began together with the idea of hypermarkets that emerged in France. The first integral part of the development of a sustainable retail sector was the increase in the population of towns and cities and in the number of people with steady incomes. When there was a delay in the response of retail structure in terms of demands for mass products, new solutions were quickly found and retail formed in different formats. When both the growth in the global supply structure and productivity models emerging in the manufacturing sector led to a surplus supply, new techniques had to be found in order to sell goods. Together with the increase in per capita income in recent years, the main conditions for the development of retail have been achieved.

Today, consumers have increased access to shopping places. Going to shopping places by car or on foot, consumers can purchase thousands of products in their packages of proper sizes. Also, consumers choose a time interval in which to do their shopping at shopping places open between 7 a.m. and 10 p.m. Or families go together to shopping centers called life centers where one can buy shoes in one shop or look for jewelery in another shop while others have their keys replicated and still others drink coffee in another part of the shopping center. There is such a wide range of products that there are more than 400 products only for wine in an average hypermarket. Alternatives are many, presentation is incentive, shopping was comfortable after the years that we met with hypermarkets. However, this would not be enough for demanding consumers. Life changed when every seller began to sell similar goods.

Therefore, the rules of new retailing change almost every year. It is today possible to shop 24 hours a day through online or phone shopping without going outside. The development of technology, decrease in time and the desire to compare among from many alternatives have opened new windows for consumers. Today, you will have a product sold in Japan three days later. Even second-hand products are for sale. Flea markets have already given their places to auctions in the Internet.

Today, modern retailers have become an indispensable part of our lives for almost every section of society. Significant portion of our life time is spent on shopping. According to a study in England, supermarket shopping has already begun to have a 2 percent share in our life time. The expansion of the self-service concept, the presence of global players in the food sector, new design, storing techniques, transportation and shopping cart facilities decreased popularity of the streets, the attractive shopping centers are proof of the revolution in shopping.

Consumers who become isolated want to feel more valued and taken into more consideration. Such demands have brought retailers channels to the fore in the millennium. But, where do these demands go in the end? Is there an unaffordable and unprofitable operation at the end of the road? There is an adequate number of players in the retail market today. We can have a satisfactory shopping experience and meet our needs through the ones that will stay in the sector in the future.

Today, great changes are experienced in the shopping industry of basic products. Organized and modern retail plays an important role in this change. The understanding that attempts to realize every kind of dreams of consumers actually evokes the idea of a revolution

rather than of a change. Within this framework, I will focus on supermarkets and shopping centers. I will explain how this structure affects and changes our lives.

Major Changes in Retail Industry: Politics and Milestones of Modern Retail

The fundamental elements of the period that lead to consumption capitalism were the revival of liberal politics, weakening of welfare politics and low level of consumption in spite of increases in production. Retailing evolves into new trends when selling becomes more important than production and when it is realized that selling products involved dealing with more difficult, extensive and complicated problems than the ones in producing them.

There were two periods during which the world consumption and the concept of organized retailing rapidly developed. The first was the Post-Second World War Period during which welfare politics became widespread. The second was the post-1960s period during which welfare politics experienced a decline. In both periods, there was an explosion in the development of organized shopping centers and the concept of consumption. The new period that was in the formation process at that time began to be generally explained with three new concepts in the social sciences. The first of these was postmodern society. The second was consumption society and the third was information society. The users of these three concepts draw attention to the different aspects of the new period. One of the points they all agree upon is that the most impressive aspect of the new period is information production. The points that information production has become a central issue and that society goes through a transformation together with the development of communication and transportation facilities are underlined in the statements of these people. The circulation of information, culture,

money, people and object remarkably increased on the global level. The paradigm of labor, production and accumulation gave its place to the paradigm of data, information and spending.⁴ The retail sector began to change in Turkey approximately 20 years after it did in Europe and the USA. In the post-1990s, the gap was reduced to five-years of difference.

Attributes of Wal-Mart and West Edmonton Mall as the Models in the Sector

The development of organized shopping centers and retailing have created new opportunities for consumers. Together with the formation of new consumption places and shopping centers, goods are no longer a matter of bargaining. In terms of consumption culture and consumer behavior, new elements emerged such as staying alone with products, asking for information about products, not feeling obliged to purchase them, gradually decreasing seller-customer relationships.

On theoretical grounds, new retailers are defined in this context as the kings of consumption capitalism; shopping centers as the country of dreams; consumed places as the temples of consumption capitalism, postmodern nirvana, consumption sanctuaries and efficient selling machines.

In the development of organized shopping centers and retailing, Wal-Mart and the West Edmonton Mall are two influential pioneers of the sector. The former is one of the biggest employer retailers in the world and the latter one of the biggest shopping centers in the

⁴ Zygmunt Bauman, "Postmodernlik ve Hoşnutsuzluklar", trans. İsmail Türkmen (İstanbul: Ayrıntı Yayınları, İstanbul, 2000), pp. 47-61.

world. At the same time, this duo serve as models for other firms in their respective sectors.⁵

With their policies and practices in different directions, both have proved to be models for the firms in the sectors of retailing and organized shopping centers many respects. West Edmonton conceptually represents post modernity with its architectural structure, its fantastic activities, its unparalleled urban landscapes and due to the priority given to visuality. Wal-Mart represents consumption capitalism in terms of pioneering the remarkable growth of retailing and attaching great importance to the market and retailing. Wal-Mart is a firm about which capitalist manufacturers harshly have been criticized by Marx for their oppression and exploitation of laborers mention with these words: “Wal-Mart chewed us up and spit us out.” The attractive image of Wal-Mart, which works with the motto “cheap prices everyday,” in the eyes of consumers gives its place to the obnoxious image of a buyer that always wants more, in the eyes of manufacturers.⁶

The most distinctive characteristic of Wal-Mart is that it is an actor that reached the competence to reshape not only the retail sector in consumption and marketing field but also the production sector. The market is established between manufacturer and buyer. The dealer can play trumps on both sides to serve her/his own ends when s/he enter the market as the third person/intermediary. In this line, the retail sector is both a compelling and transformative force between manufacturer and end-consumer. When you mediate between a manufacturer and buyer as a dealer, you can determine many things if you have money. The market is a good game and a field of freedom for dealers. From this perspective, it is easy to understand the impact of Wal-Mart on the national and global arenas. In this respect, some of the factors

⁵ Charles Fishman, Charles, “Dünya’nın En Büyük Şirketinin Öyküsü Wal-Mart Etkisi” trans. Rüya Yazır(İstanbul: Martı Yayıncılık, 2007), pp. 66-115.

⁶ Charles Fishman, “Dünya’nın En Büyük Şirketleri”, pp. 119-132

underlying the success of Wal-Mart can be listed as follows: New dealer/ retail mentality, intervention in the production area, business ethics, privacy of company data, transfer of works to suppliers, policy of labor force employment. Among these, the most distinctive is selling at cheap prices that form the basis of new dealer/dealer mentality. This attribute is a result of Wal-Mart's business philosophy. The dealer mentality is based on buying and selling. However, Wal-Mart's owner, dealer mentality that constitutes the key aspects of Wal-Mart's corporate culture is quite different from that. This is because classic dealer mentality is grounded on the principle of buy cheap, sell expensive. Walton explains his basic philosophy with these words: "buy it low, stack it high, and sell it cheap." So, he has brought a new principle to the retailing industry like "sell-it-cheap." Just like Keynes overthrew Say's centennial supply and demand rule, Wal-Mart's philosophy and practices have changed the rules of retailing industry. The new rule that is based on the "sell-it-cheap" principle and invented by Walton was creative in terms of its focal point in sales. This philosophy proved to be a base for the opening of Wal-Mart and became indispensable at the stages of growth and development. It was also a philosophy that could be transformative in the sector, which was indeed. Wal-Mart grew in a short time and opened new branches. Furthermore, it became the pioneer of the changes in the sector and reshaped the sector.⁷

With the glamour of its size and its strategies about visual consumption, the West Edmonton Mall has become the model for other firms in sector. The World Waterpark is the largest indoor waterpark in the world at more than 20, 000 square meters. There are also three themed areas in the gigantic mall: Bourbon Street (a New Orleans styled street full of restaurants and clubs), Europa Boulevard (a European street scale) and Chinatown (a Chinese

⁷ Charles Fishman, "Dünya'nın En Büyük Şirketinin" pp. 220-231.

market). It is said that West Edmonton represents the peak of postmodern nirvana with all these and more. Even though there are more beautiful shopping centers than West Edmonton in the millennium, it remains the reference point since it is the one that started the whole change.

CHAPTER TWO

RETAILING IN TURKEY THROUGH AN ECONOMIC OVERVIEW OF THE LAST TWENTY YEARS

The Economic Potential of Turkey

According to Pricewaterhouse Coopers report (PWC)⁸ Turkish economy driven by private consumption and supported by a stable macroeconomic policy framework has significantly grown since the country emerged from the 2001 financial crisis. Between 2002 and 2007, Turkey's GDP has experienced an annual average growth of 7% versus 2.8% in the EU. In the same period, Turkey's GDP has risen to US\$ 660 billion, making it the 17th largest economy in the world.

Restructuring of the banking sector, monetary discipline based on independence of the Central Bank and a floating exchange rate regime, tight fiscal policy, public administration reform, and the EU accession process with reform packages enacted by the Parliament have all contributed to the transformation of the country.

Since then, the results have been impressive. Turkey has attracted US\$52 billion FDI in the last three years by increasing its FDI inflow ranking from the 53rd in 2003 to the 37th place in 2004, the 22nd place in 2005 and the 16th place in 2006. Turkey offers an accessible, skilled and cost-effective workforce by providing the fourth largest labor force amongst the

⁸ Pricewaterhouse Coopers Report, *Doing Business in Turkey*, (Istanbul, Pricewaterhouse Coopers ,2007), p. 12

EU members and accession countries. It boasts a large population of over 73 million people, with an average age of 29.

According to another report by PWC⁹ Turkey has a significant role in the world economy, just like other emerging markets. In 2050, the economies of E7 countries including China, India, Brazil, Russia, Indonesia and Turkey are expected to be 25% to 75% larger than the economies of G7 countries (USA, Japan, Germany, England, France, Italy and Canada). In 2020, Istanbul, Ankara, Izmir and Bursa will be among the biggest cities in the world's economic league.

As a result, there is a considerable potential for modern retail in Turkey. Although today modern distribution does not dominate the market, organized retail chains will assume a much stronger role in the Turkish economy in the near future. By 2020, retail sector will become the main sector for blue collar workers and demonstrate an engine effect for employment in 2015.

Economic Figures and Structure of Turkish Retail Market

One of the major changes through which the Turkish economy has gone in the last two decades has been in the balance between formal and informal economy. More than 50% of Turkey's economy was "black" before the 1990s. Traditional retailers do not have a disciplined invoicing practice, while organized retailers (or modern retailers) enforce strict rules for invoicing. Despite the strong pressure from *bakkals*" (corner stores) and other

⁹ Pricewaterhouse Report for AMPD, *Türk Perakende Sektörünün Değişimi ve Ekonomi Üzerindeki Etkileri*, (Istanbul, Pricewaterhouse Coopers ,2008), p. 60.

traditional retailers and the risk of anti-populism, the Turkish government supports organized retailers for VAT and corporate taxes.¹⁰

Until the 1980s, Turkey relied on a development strategy based on import-substituting industrialization, under which the semi-controlled mixed economy (with largely privately-owned agricultural resources and a both publicly- and privately-owned but still state-dependent industrial sector) showed little response to changes in the international circumstances. The business environment was protected and directed to the internal market, and there was an overall discouragement of direct foreign investment. This strategy delivered quite successful results in the early phase of creating an industrial base in consumption goods, as is indicated by the economic boom that the country experienced during the early 1960s when it averaged an annual growth rate of 7%.¹¹

However, after the mid-1960s, it became clear that the strategy would not be that successful in the phase of producing intermediate and capital goods due to the crucial dependency of domestic performance on the availability of imports. A deep economic crisis emerged in the late 1970s when the oil shocks and rampant inflation aggravated the difficulties in the face of the strategy. Consequently, starting from 1980, a more outward-oriented development strategy that aimed to develop the export potential of the country by coming to terms with the reality of global competition replaced the previous strategy and affected both production and consumption patterns in the economy.

¹⁰ Pricewaterhouse Coopers Report, *From Beijing to Budapest, Winning Brands, Winning Formats, 2005/2006*, (Istanbul, Pricewaterhouse Coopers, 2006), pp.251-262.

¹¹ Nebahat Tokatlı and Yonca Boyacı, "The changing retail industry and retail landscape, The case of post-1980 Turkey", *Cities*, 15, no. 5 (1998), pp. 345–359.

Following the adoption of the new strategy, the economy once again experienced relatively high rates of growth with an annual rate of 5% during the 1981–93 period, which was followed by a crisis in 1994 due to a loss of domestic confidence and by a bounce-back with a rate of 8.1% in 1995. The high growth rates meant substantial improvement in incomes: in 1995, per capita income rose by over 20% to US \$ 2685. Because the improvements were mostly due to the rises in incomes from interest, rent and profits rather than agricultural incomes, wages and salaries, the main beneficiary was a segment of the relatively well-off urban population.¹²

Urban populations,¹³ whose share in Turkey’s young and expanding population of 62 million (1995) in total exceeds 60% (as opposed to only 32% in 1960), are associated with a disproportionate share of the increases in income, which consequently indicates a transfer of resources from rural areas to large cities such as Istanbul (over 6.6 million), Ankara (over 2.5 million), and Izmir (over 1.7 million) in the 1990s. The result has been a growing and sizable consumer market that signals a large, steady and consistent demand for products at least in the large cities. This made Turkish retailing industry prone to an increasing pressure from large domestic and international corporations. After the 1990s, the private entrepreneurial sector started to look ready to take the leading role from the state in the development process. There were still doubts about the sustainability of the program¹⁴ and serious concerns such as unemployment, inflation, and bankruptcies of small-scale business firms. However, the move

¹² “Değişen Tüketici ve 21.yy Perakende Eğilimleri”, *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 14 (November-December 1999), pp. 50-56.

¹³ Tokatlı and Boyacı, *The Changing Retail*, pp. 345–359.

¹⁴ Nebahat Tokatlı, “A Comparative Report on the Profiles of Retailing in the Emerging Markets of Europe; Turkey, Poland, Hungary, Portugal and Greece”, *Journal of Euromarketing* 8, no. 4 (2000), pp. 75-105.

towards a freer market economy via liberalization, foreign investment, deregulation, and to a lesser extent, privatization has already made progress. There are already some specific sectoral transformations to be seen as the ongoing developments that are neither complete nor of a comparable scale to the ones in other countries. Still, I believe that they are worthy of scholarly attention. One such sector is the retailing industry the recent transformation of which reflects the major changes occurring in the country's economic and political life. The following sections provide insights into the changing dynamics of retailing in the country by tracing back particularly to the corporate private sector which left the retailing sector in the hands of small and independent retailers in the producer-driven environment of the pre-1980 period, but started to integrate further into retailing in the late 1980s and the 1990s with or without the cooperation of international retailers.

Before the 1990s, there were several traditional retailers. The first multinational retailer which established a 100% owned subsidiary in Turkey was Metro. After Metro's entrance into the Turkish market with one store in Istanbul, Migros Türk Company decided to restructure against international competition and launched stores of different sizes named M, 2M, 3M and 5M.

During the same period, there were significant developments in the area of consumer rights one of which was the introduction of "100% customer satisfaction" motto. Improved hygiene standards as well as service quality presented at the same period are clear advantages for today's Turkish shoppers. Price wars between traditional and modern retailers come along as another consumer benefit in 2010. Today's consumers always demand more for lower prices.

The total size of the food and non-food retail sector in Turkey, which was 137 billion US dollars in 2006, is expected to reach 200 billion US dollars in 2010.¹⁵ In 2007, the market share of traditional chains is 65%, which means that the total size of modern retailers exceeds 70 billion US dollars. The total food market is estimated to be 110 billion US dollars. The value generated by the retail sector for the economy is at least 2.5 million jobs, which accounts for 12% of total employment.

Turkey is one of the largest economies in Europe and the Middle East, with a population of 73 million and a GDP of around 240 billion Euros. Turkey's geographical proximity to Europe, dynamic business environment, liberalized markets, young and productive population, increasing urbanization and unsaturated market structure are its advantages to be considered in this regard.

Turkey's vibrant economy is a complex mix of modern industry and commerce along with a traditional agriculture sector that accounted for 11% of GDP in 2004. It has a strong and rapidly growing private sector. While the state still plays a significant role in the main industrial sectors such as banking, transportation and communication, serious steps have been taken towards the liberalization and privatization of these sectors. The most important industries are textiles and clothing, followed by white goods, brown goods and automotive, which are almost entirely in private hands. The disinflation trend and interest rate cuts have fuelled consumption in recent years. The economy has been marked by erratic economic growth, the boom in foreign trade and the increase in foreign interest. Real GNP growth reached its highest level in almost four decades, while the Productivity Index increased from

¹⁵ "2010'lu Yıllar Nasıl Olacak", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 52 (January 2010), pp. 22-27.

100 to 150 in 2004. Meanwhile, the public sector fiscal deficit stabilized due to the increasing tax revenue.

Located at the crossroads of Europe and Asia, Turkey has historically played a critical role as a bridge between the East and the West. Turkey is a member of major international organizations including The North Atlantic Treaty Organization (NATO), The Organisation for Economic Co-operation and Development (OECD), United Nations (UN), The International Monetary Fund (IMF) and The World Trade Organization (WTO), and is now seeking to integrate with the The European Union (EU).

In December 2004, Turkey's long wait for the EU membership reached a satisfactory point when the EU formally approved of the opening of membership talks. In terms of GDP and Consumer Price Index (CPI), Turkey's economic growth soared in 2004 and reached the fastest pace in the last four years. The real GDP grew by 7.5%. With some help from the strong lira, Turkey's per capita GDP surged to EUR 3,360 (EUR 6,220 in PPP terms).¹⁶

The strong growth was supported by a 45% increase in private sector investments and a 10% increase in consumer spending. Improved business sentiment and positive expectations were responsible for the dramatic increase in private sector investment, while consumer spending soared due to a realization of postponed demand, especially in consumer durables and motor vehicles. A strong increase in inventory accumulation suggests that the production sector is confident about the sustainability of strong demand. Impressive foreign trade figures, which rose to 25% in imports and 13% in exports, were another factor in the striking growth experienced in 2004.

¹⁶ Pricewaterhouse Coopers Report, *From Beijing*, pp. 239-245.

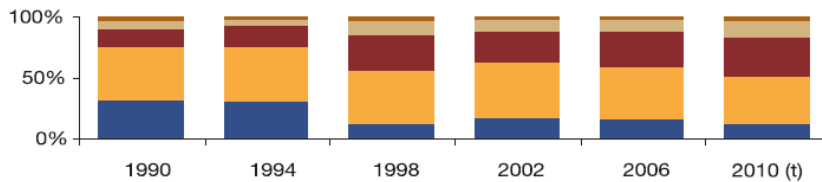
Turkey's economic outlook has been positive with a strong economy, productivity growth and declining inflation, which is at its lowest in more than 30 years. While economic growth is expected to slow down and consumer demand to reduce to more reasonable levels, the expected growth is still striking at 5% in 2005. Inflation fell below the government's target rate in 2004 despite strong consumption demand and rising petroleum prices, with CPI hitting its lowest level in more than three decades and stimulating expectations for interest rate cuts.

Table 1: GDP and CPI Growth in Turkey 2001-2009

	2001	2002	2003	2004	2005*	2006*	2007*	2008*	2009*
GDP growth(%)	-7.5	7.9	5.8	8.9	7	6.1	5	8	7
CPI (%)	54.4	45	25.3	8.6	7.8	9.65	6	5	4.5

Source: Business Monitor International, 2005, *it is an estimate at 2005.

Table 2: Disposable Income Ratio (from US 200 dollars to above US 2000 dollars)¹⁷



■ below \$200, ■ \$200-500, ■ \$500-1000, ■ \$1000-2000, ■ above \$ 2000

Unemployment

No improvement has been in the unemployment rate, which was a drawback of the increase in productivity despite strong economic growth since 2002. On the other hand, the job market is expected to recover in 2009 with companies that are likely to begin the employment process

¹⁷ "Geleceği Görebilmek için Araştırma, Büyüme için Stratejik İşbirlikleri", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 35, (March-April 2007), pp. 15-17.

having almost filled up idle capacity. As of the end of 2004, the working population was 21.8 million and the unemployment rate was 10.3%. In order to meet the employment demand of a workable population, the Turkish economy needs to grow by at least 5% per year.

Table 3: Unemployment Rate in Turkey

	2001	2002	2003	2004
Unemployment Rate(%)	8.5	10.4	10.5	10.3

Source: EIU, August 2005

Table 4: Unemployment Rate in Turkey

	2008	2009
Unemployment Rate(%)	12.4	14

Source: TUIK, 2009

Shopping malls create new employment opportunities, but at the same time, result in unemployment in traditional stores. Research has shown that the net employment rate is still positive because organized retail is a 100% formal economy. An average number of the employed for a new shopping mall ranges from 1,000 to 4,000 depending on the size of mall.¹⁸

Retail-Related Regulations

Competition Law¹⁹: Turkish law prohibits unfair competition in a very general manner. It provides injunctions and compensation of damages for a person who suffers as a result of his/her competitor's actions, which includes misrepresentation and other sanctions contrary to good faith principles. The Turkish Commercial Code defines unfair competition as the misuse of competition, in a financial sense, through misleading actions, untrue statements or any other type of action that is not in accordance with good faith principles. The Anti-Dumping Law is

¹⁸ "AVM Standartlarına Göre Kategoriler", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 31, (January-February 2006), pp. 48-51

¹⁹ Pricewaterhouse Coopers Report, *from Beijing*, pp. 245-251.

designed to protect the competitive nature of the market economy against foreign-sourced dumping activities or foreign-sourced trade incentives.

Regarding competition, the Protection of Competition Law provides that any agreement between and among persons engaged in any industry in Turkey that restricts the competitive nature of the market or misuses power can be subject to preventive action by the authorities.

One of the most common applications of the competition rules is upon Merger and Acquisition (M&A) transactions. It is unlawful and prohibited for enterprises to merge in the whole country or in certain regions in order to create and strengthen a dominant position in a manner that impedes market competition within the goods or services sector. For example, the acquisition of Burgaz Rakı by Mey İçki was not approved by the Competition Committee.

Tax and VAT :Direct and indirect taxes are applicable in Turkey. Direct taxes are corporate tax and individual income tax, while indirect taxes consist of taxes on wealth and expenditure. Taxes on wealth range from inheritance and gift taxes to motor vehicle and property taxes. Taxes on expenditure include value added tax (VAT), special consumption tax, banking and insurance transaction taxes and minor municipality taxes.

Companies whose legal or business headquarters are located in Turkey or whose operations are centrally managed from Turkey are subject to a corporation tax on worldwide income. The corporate tax rate applicable on corporate tax base connected with the taxable income is 30%. A 10% withholding tax applies to dividends distributed by resident corporations to real and legal persons.

The implementation of VAT is similar to practices in the EU countries, between 1%-18%. As a rule, all deliveries of goods and services that take place in Turkey are subject to

VAT. Goods and services imported to the country are also subject to VAT, while exports are exempt. The Council of Ministers has the authority to raise VAT rates to a maximum of 40% or reduce it to a minimum of 1%.

Store Openings: The regulation of supermarket establishments is conducted through city planning and development law, and overseen by the government. There are no limitations about opening hypermarkets in city centers; however, the only problem is finding a convenient location.

The draft Retail Law,²⁰ which has made into the government's agenda from time to time over the past three years, may bring certain restrictions to store openings. However, the organized retailing sector is still underdeveloped in Turkey. Therefore, the draft Law is expected to remain suspended for the time being, especially with global retailers putting pressure on the government. According to the new draft Retail Law, existing stores will be allowed to remain at their current locations, but the establishment of new stores in metropolitan areas will require the approval of the governor's office for stores smaller than 2,500 m² and of the Minister of Industry and Commerce for stores larger than 2,500 m²

Globalization / Consolidation

Competitive pressures, especially the pressure on sales growth and profit margins, encourage companies of all types to pursue globalization through M&A and industry consolidation. The availability of information technology and data capabilities has made serving and sourcing

²⁰ T.C. Sanayi ve Ticaret Bakanlığı, 09.01.2007, *Büyük Mağazalar Kanunu Tasarısı Taslağı* “<http://www.sanayi.gov.tr>”, [04.01.2009].

from global markets easier, thus enabling the adoption of new products, sales strategies, economic models and inventory management techniques to sustain growth. Resulting in greater operational efficiencies and economies of greater scale, consolidation shapes the retail industry and is seen as a way of strengthening one's position in an industry with fewer but larger players.

The global sourcing of products and the concentration of power within the industry are two factors affecting the retail industry and consumer companies. Suppliers are under pressure to deliver lower priced products and to deal more efficiently with retailers, who want to deliver low prices everyday. Global sourcing and acquisitions have been both a response and an outcome. In turn, retailers in need of increasing sales and profit margins expand into global markets and consolidate to realize greater power in dealing with their suppliers.

CHAPTER THREE

RETAIL AND CONSUMER SECTOR PERFORMANCE

Turkey's population is relatively young, with 15 – 64 year olds accounting for the population.

Age profile of total population:

Table 5: Age Profile

% of total population	1998	2003	2008*
0-14 years	30.4	27.2	24.4
15-64 years	63.9	66.4	68.6
Over 65 years	5.7	6.4	7.0

* Estimation

Source: EIU, September 2004

Urbanization of the Population: Turkey's urbanization rate gained momentum in the 1990s by rising from 73% in 1998 to 78% in 2003 and to 83% in 2008. This change was very important for retailers. Consumer diversity in big cities increased and so did the need for new malls for different type of consumers. There would be shopping spaces for people who moved from Sivas to Istanbul.

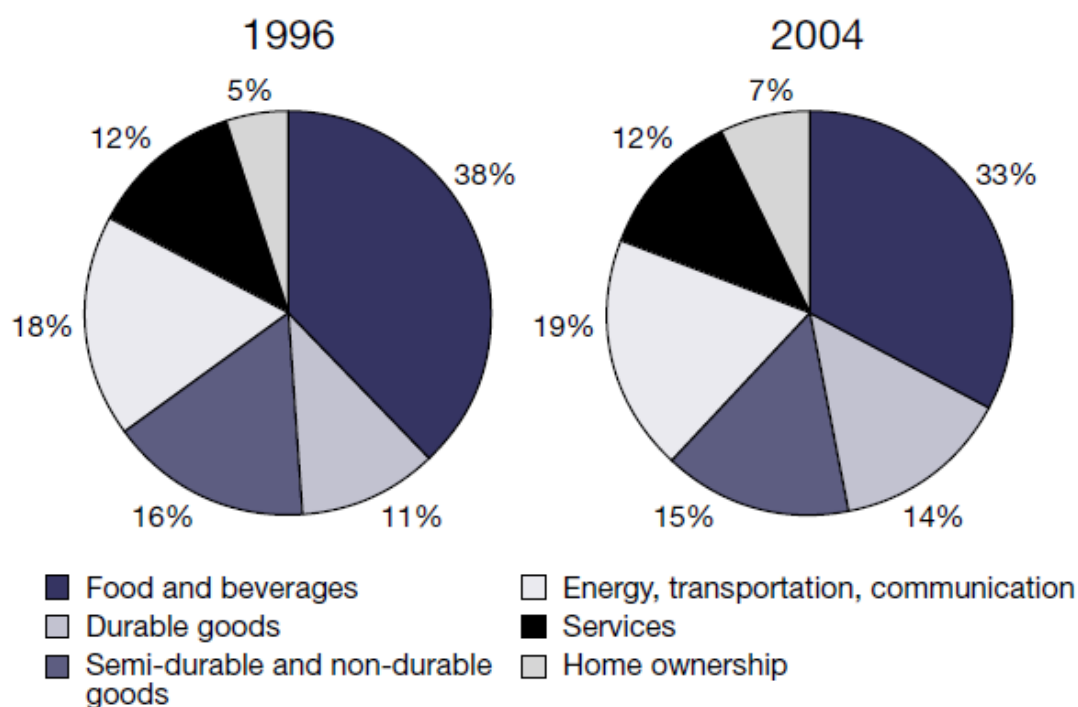
Table 6: Urban/Rural Split

Urban	72.9	77.9	82.5
Rural	27.1	22.1	17.5

Source: EIU, September 2004

Average Household Spending Patterns: According to a study conducted in 1996 by the State Institute of Statistics, an average consumer spends 38% of his/her income on food and beverages, 11% on durable goods, 16% on semi-durable and non-durable goods, 18% on energy, transportation and communication, 12% on services and 5% on home ownership. According to the results of another study in 2004, spending on food and beverages declined while spending on durable goods and home ownership increased during the eight-year period. The same pattern was seen in Turkey within years.

Table 7: Composition of Household Expenditures.



Source: State Institute of Statistics, 1996-2004

Lifestyles/Shopping Habits

Consumer behavior shows the increasing popularity of shopping malls. In Turkey, half the population is under the age of 25 and the younger population prefers more leisure-focused, one-stop shopping malls to traditional high-street shopping. Istanbul has a number of sizeable shopping malls apart from many others presently under construction.

Although Turkey abstained from imports, its food consumption patterns have changed as per capita income grows and urbanization rates increase. On top of these, the rise in the number of women in the workplace, should be mentioned in terms of its influences on food trends. Urban consumers, who are receptive to imports, are now more aware of international trends, have higher incomes and higher accessibility to the larger stores. In this respect, locally-owned retail chains tend to be concentrated in smaller towns where imports do not fare as well.

Another important trend has been the increase in the rate of consumption fuelled by declining inflation and increased purchasing power. Demand for durable goods, especially cars and white goods, has surged due to the decrease in interest rates on consumer loans and credit cards.²¹

The young do not have money but their rates of shopping are high. They should be followed and encouraged to shop. According to the research of Shopper Index done by Trade Council of Shopping Centers and Retailers of Turkey (AMPD)²², the young buy ready-to-wear clothes twice as much as adults above the middle age. Their average expenditure per

²¹ Remzi Altunışık and Semih Okutan, *12. Ulusal Pazarlama Kongresi Bildirisi*, (Sakarya: Sakarya Üniversitesi İktisadi ve İdare Bilimler Fakültesi Yayınları, 18-20 Ekim 2007), pp. 45.

²² Shopper Index Research for AMPD, *Ipsos-KMG*, July 2008, pp.12.

shopping trip is low. The large part of total expenditure on ready-to-wear clothes is done by people under the age of 35. They love shopping centers (more than 60% of shopping mall visitors are under the age of 35), but they do not also neglect to go shopping on Baghdad Avenue. Young men are not less interested in shopping than young women. They prefer sportswears and do not mind shoes much. They did more shopping last year, and they believe that this will increase in the coming years. Finally, women are more active in shopping on the avenues.

According to the research results, it is important to take men into consideration in this regard even though women seem to be the ones doing shopping, because men have a high level of expenditures and their share in shopping at shopping malls is increasing

The middle class resists. Even though high Social Economic Society (SES) groups have a high level of shopping and average spending, the dominance of the mid- and low-SES groups is observed in total spending. The highest spending is done by the C1 group. The potential of Ankara should be better evaluated when considered that it is the city with the highest shopping index. Except entertainment and outside eating, the shopping level is relatively higher in Ankara than in other cities. The transition to brands is not completed yet and people spend relatively less money. Brand product marketing is open to development.

Other than the three big cities, there are many other places as well. In these cities, the activities in the outside of their houses are not yet as developed as they are in the three big cities like cinema, music halls, theaters. They indicate a self-supporting profile. As opposed to this, the interest in shopping malls is greater in these cities than in others. People prefer to go shopping alone and for themselves rather than with their partners. Average spending is higher in these cities. They are much less satisfied with the service quality of stores and want to feel

more dignified. They have a positive outlook on the future and believe that their shopping levels will increase further.

Customer profile of shopping malls is relatively younger when compared to the Avenue. This difference basically has to do with the preferences of people under the age of 25. Shopping malls are more advantageous in terms of AB-upper class shoppers than the Avenue. Compared to shopping malls, the Avenue relatively indicates a profile of “Low-Level Educated Women.” In all goods groups other than Fast Moving Consumer Goods (FMCG) Group, the ratio of shopping at shopping malls is relatively higher when compared to the Avenue. It is likely that 15% of mall shoppers already shop at the Avenue on the same day.

In the research, the customer profile of the avenues is described as follows: The middle-aged, relatively low-educated and Low-Mid-Low SES groups are heavily dominant (C2DE% 56). Women form the majority (%72); however, they are dependent on their husbands' income. Women's and Children's Clothing Sales are high, average Spending on Ready-to-Wear Clothing is relatively lower than that at shopping malls, the percentage of shoppers buying at least two different brands is 15%, ready-to-Wear Shopping is distributed into a greater number of brands when compared to the one at shopping malls (The top ten brand share 25%), according to the top ten brand rankings, there are only two brands in common with shopping malls. The level of FMCG shopping is high. Only 2% of customers shop at the shopping malls on that day.

To sum up, shopping becomes more traditional as the income level declines. The percentage of low-income people shopping at chain stores is 10%, while it is around 26% in the case of high-income people. Likewise, the share of low-income people in shopping at

corner stores is 45% and their share of shopping at open markets 12% as opposed to 23% corner store share and only 7% open market share on the part of high-income people.²³

Consumer behavior has been changing rapidly, partly as a reflection of strong international trends in terms of consumer rights and the entrance of international companies into the Turkish market, and partly due to the increasing competition.

The saying “the customer is king”²⁴ has been gaining ground in Turkish markets. Companies, brands and salespeople who do not act accordingly are strongly challenged in the media and the other public domains.

The Wheel of Retailing

The Wheel of Retailing is a good phrase to explain the dynamics of retail change and consumer evolution on the social level. There would be a theory of new retail institutions beginning with low levels of prices and services, and then upgrading is not always proved to be like in the years before the 1980s when retailing was a social process of interactions between people.

Since the late 1980s, the retail industry in Turkey has gone through major changes which are related to the dynamics operating on the national and even the international level. The result has been the emergence and the strengthening of domestic and international corporate powers within the industry. The recent drift towards the increasing participation of

²³ Gelir Dağılımları, Sosyal Statü ve Tüketim Araştırması, *Ipsos-KMG*, 2008, pp. 22

²⁴ Robert Craven, *Müşteri Kraldır*, n. t., (Istanbul: Elips Kitap, 2004), pp. 196

large businesses in retailing implies a consequent trend towards increasing retail concentration. The simultaneous growth of large retailers and corporate concentration deserve our attention because of the profound effects they might have on the nature of business competition with numerous outcomes for consumers, non-corporate retailers, policy makers, neighborhoods and cities.

The retailing sector in Turkey is still dominated by a large number of small, independent, and single-location retailers: *bakkal* (a corner store), *manav* (a grocer), *kasap* (a butcher), *tuhafiyeci* (a draper) and others. They all trade from their own identifiable premises. Capital accumulation is believed to be small, technologies and business organizations to be small-scale and simple, and the products sold to be mostly domestically grown or home-made. For the most part, these small and independent retailers make decisions about their location in the face of uncertainty, and essentially on the basis of intuitive judgement, experience, familiarity and coincidence. They only consider areas in which they themselves live or with which they feel familiar. The spatial decisions can be understood simply in terms of size, type of business or existing spatial structure. Once the decision is made, independent retailers become location-bound. After that, they try to evolve so as to fit in with the site by almost always yielding to forces beyond their control. Among these forces are the overall growth or decline in consumer spending, interest rates, rates of inflation, planning decisions or the actions of competitors. Only those who are slightly more efficient or are fortunate enough to choose the right location (when threshold and range effects of their product mixes and rents are taken into account) at the right time survive.

In Turkey, retailing (in fact trading in general) has always been known for its high turnover, characterized by the ease of entry and a high rate of attrition. In January 1995, for

example, wholesale and retailing were the most popular areas of activity for new firms. Usually, those who survive are the ones who choose the right location at the right time. The spatial pattern of Turkish retailing follows the pattern of hierarchy: At the bottom of the hierarchy, the basic three (corner stores, butchers and grocers) are primarily located in the residential areas mostly adjacent to one another so that they can offer a richer merchandise mix altogether. Through clustering, they also benefit from aggregate economies of scale. Being heavily oriented towards demand, they exist in all neighborhoods.

Special functions such as auto galleries or furniture stores usually develop their own retail-ribbons along some major streets. The rest of the stores oriented towards meeting medium- and longer-term demand occupy the other tiers of the hierarchy despite not necessarily being in its fully-fledged form. On top of the hierarchy sits the central business district which traditionally specializes in the clothing – shoe – jewelry – household needs spectrum. The central business district usually has a dual structure with each part serving one of the two segments of the population. Lower income groups (together with rural populations with traditional needs) and the upper and middle income groups (with more specialized and western urban needs) have their own shopping quarters in the center. The number and types of retail facilities in an area are very much determined by the socio-economic class occupying the area and by the income levels creating strong pressure on the retail provision. Another component of the retail system is open or shabbily closed markets which are either permanently or periodically held in certain places in almost all quarters of the cities in Turkey. Specific city settings certainly have some implications for the retail structure. However, the typical retail structure in Turkish cities is heavily demand-oriented and is more or less in accordance with the pattern presented above.

Traditional, two-stepped hierarchy may be seen in Turkey. At the top of the hierarchy, there used to be a main center (where the traditional arrangement of retail shops by branches of goods was still preserved) with an adjacent western oriented shopping street. At the bottom, there exist small clusters of retail shops for everyday needs spread throughout the rest of the city.

In Ankara, for example, there are 70 weekly open markets where 6,350 registered small retailers sell food stuffs (mainly fresh vegetables and fruits). The Ankara Chamber of Open-Market Retailers claims that there are almost 20,000 retailers who operate in weekly-open markets, if unregistered (informal) retailers are also taken into account.²⁵

Recently, however, the enormous multiple and conglomerate organizations which are undoubtedly different from the small, independent, single-location businesses have already been introduced to the industry. This development seems to have the power of breaking down this traditional pattern. The potential comes from the fact that large retailers need larger markets and thus are more likely to centralize. Large retailers are also behind the diversification of retail forms. They introduce “chain” stores. Centralization of ownership through mergers and acquisitions among retailers is still far from being widespread, but there is a trend towards ownership of multiple retail outlets having common managerial control. In a large-scale retailing environment, the organizational structure of forms and the extent to which they enjoy economies of scale become crucial considerations.

In Turkey, the first signs of a transformation into a large-scale retailing environment have already started to impinge upon the retail landscapes of the metropolitan cities of the

²⁵ Nebahat Tokatlı, “Perakende Ticaret Nereye Gidiyor?” *Ada Kentliyim Dergisi*, no. 15 (February 1996), pp. 160.

country. Large and freestanding stores, multiple establishments scattered throughout the urban system, and large purpose-built shopping center developments are among the first signs. Meanwhile, some small traders which have evolved into medium-sized retailing have started to form voluntary groupings (such as Ismar and Marketim in Istanbul) to enjoy some of the economies of scale associated with large-scale retailing. However, their numbers are small and they cannot enjoy scale advantages to the same extent as the large retailers with multiple establishments.

The most easily observed change has occurred in the floor-space size of individual stores. Large national and international corporations' retail activities tend to require large floor areas to accommodate the wider variety of goods they carry. They need to sell more. The location requirements of large retailers are also different simply because self-service stores require more space for the same quantity of articles than do stores in which sales assistants attend to the customers.

Accordingly, there has been a recent change in demand for space as the number of large floor-space mass merchandisers such as supermarkets, hypermarkets and department stores has increased. For example, according to AMPD,²⁶ there were 55 hypermarkets in the country in 1997 with floor areas between 2,500 and 15,000 m² in cities. The number is not very impressive for the country as a whole given that, in the same year, there were over 100,000 bakkals (with less than 100 m² floor space) in urban areas, while the total number of relatively larger establishments (with more than 100 m² floor space) in the same category was only 3195. Moreover, most of the large retailers are concentrated in the few largest cities of

²⁶ "Ekonomi Lokomotifi Zincir Mağazalar Olacak", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 31 (January-February 2006), pp. 60-67.

the country. Thus, their potential to change the traditional structure of urban retailing in large cities is obvious, especially when similar developments in other areas of retailing (such as department stores) are also taken into account.

Increasing Participation of Big Business in the Retailing Industry: Some Insights

Before the 1990s, the Turkish retail structure was highly fragmented and was neither horizontally nor vertically integrated. Small-scale, capital-weak, independent, and family-owned retailers dominated the trade.²⁷ The activities of large retailers were quite negligible; and multinational retail firms were unheard of except for Migros-Türk in Istanbul. Retailers almost invariably worked for themselves from small premises and few had more than one shop. Small, independent and single-location retailers only enjoyed those agglomeration economies that were realized through the growth of a total business cluster at one location.

In addition to cluster-related factors, the location dynamics of retailers were largely controlled by accessibility, the interaction of threshold and range effects associated with the products they sell, consumer attitudes and perceptions. Evolving into a retailing firm of larger scale was extremely difficult for small retailers. As opposed to takeovers, mergers, and joint ventures, organic expansion at modest rates was the usual process of growth.

Today, independent and single-location retailers still command a good deal of market power, but the first signs showing that the industry is undergoing a transformation are now quite obvious. The last decade witnessed the emergence of large-scale retailing and introduced

²⁷ Erdener Kaynak, "An article in Journal of A Refined Approach to the Wheel of Retailing" 13, no. 7, (1979), pp. 237-245.

a trend towards the ownership of multiple retail outlets having common managerial control. Behind the transformation were domestic corporations, international retailers, and to a lesser extent, some exceptionally successful small domestic traders. The first two groups include those who have somehow managed to “start big” in retailing from the outset: market penetration. The last group consists of those who have experienced an evolution from small trading (especially wholesaling) to relatively larger retailing: organic expansion.²⁸

The extent to which supermarkets can provide solutions to the shortcomings of a developing nation's food retailing system depends on their success in increasing store patronage. In the 1980s, consumers who purchased items primarily from patronized supermarkets differed from those who brought primarily from patronized food stores in terms of their socioeconomic and demographic characteristics, grocery shopping habits and characteristics and life-style orientations. Some differences between the two groups emerged with respect to their patronage motives, life-style orientations, and product purchase patterns. Today, these clusters are more complicated and consumers are able to spend their money for food under one cluster, and spend on a different kind of product category under another cluster.

Domestic and International Players in Turkey

Koç, Sabancı, Tekfen, Doğuş and Transtürk groups are domestic players in retail. The large businesses are multi-company firms which transact in different markets under common entrepreneurial and financial control. They are vertically and horizontally integrated multi-

²⁸ Tokatlı and Boyacı, *The Changing Retail*, pp. 357-359.

product oligopolies hold not only the controlling shares in a diverse portfolio of enterprises, but also involve themselves in the management of these firms. Through diversification and operation in several markets, they spread risks. At the same time, they avoid dealing with oligopolized supply markets through vertical integration. As retailers, therefore, it is obvious that they are in very different position from small and independent retailers. For example, Fiba Holding transformed the state-owned supermarket chain Gima into a relatively up-market one following its privatization in 1993. Currently, Fiba has 60% of the shares of Gima's 54 outlets. Similarly, Boyner Holding (formerly Altinyıldız) owns the Beymen clothing chain with its 36 outlets (8 owned, 28 franchised), the Çarsı department store chain with its eight outlets, and the Smart discount chain with two outlets. In addition, Boyner Holding has either licensing or franchising agreements with a few retailers such as the USA's Levi's, Italy's Benetton and Sisley. Large groups, especially Koç and Sabancı Holdings, are involved in too many activities to be mentioned here in detail. With the exception of Koç Holding, which became involved in large-scale retailing in 1975 when the holding company bought Migros-Türk, and of Boyner Group, which owns clothing stores since 1970, large corporations included retailing into their activities either during the late 1980s or the early 1990s. They did this either by signing joint venture agreements with international retailers or by becoming involved in retailing on their own. Even Koc Holding's involvement is not a real exception, given the fact that only it was only in 1990 that the company's Migros chain experience a restructuring and become an important subsidiary.

The level of diversification of these groups gives us an idea about the vertical integration possibilities. Among the groups mentioned, Boyner Group is usually considered to be the least diversified because of its strong focus on textiles, clothing and footwear. Overall,

the level of diversification is high among these large-retailing pioneers. In addition to the large domestic corporations, a few semi-public retailers (mostly owned and managed by municipalities) also thrived during the late 1980s and the 1990s. Tansas of Izmir Municipality, for example, grew from 27 outlets in 1985 to 90 outlets in 1996.

In 1989, Koç (owner of Migros supermarket chain) together with Sabancı (domestic affiliate of Carrefour) had a combined control of 28% of the country's margarine production. The same year, Koç Holding, by itself, manufactured 52% of the refrigerators and 80.4% of the washing machines in the country.²⁹ These groups are large by any standards. For example, Koç Holding controlled 106 companies in 1993 under 11 divisions with annual sales of \$14.45 billion, fixed assets and investments of \$1.68 billion, and pre-tax earnings of \$1.3 billion. In the same year, the Sabancı Group's pre-tax earnings were \$385.3 million in five core business areas covering all the main segments of Turkish industry. These two dominated the Turkish corporate scene with combined annual revenues of \$20,73 billion in 1993 — equivalent to 12% of Turkey's GDP³⁰ (As these groups become more and more involved in retailing, there is every reason to believe that the retail structure will be more integrated —horizontally, as well as vertically).

Some exceptionally successful small domestic traders also have experienced an evolution from wholesaling (and to a lesser extent from small-scale retailing) into relatively larger retailing (mostly supermarket chains). The most well-known example of this group in Turkey is the Beğendik supermarket chain. It was set up as a family business by a wholesaler

²⁹ Şebnem Boran, *Perakendecilik Sektörüne Genel Bakış* (Izmir: Izmir Ticaret Odası, Ar-Ge Bülteni, 2007, pp. 65.

³⁰ *Financial Times*, 30 September 1994.

in Kayseri in 1986. The firm then increased its number of stores remarkably and enlarged its spatial reach from Kayseri to Ankara (1993 and 1995) and then to Istanbul (1996). The supermarket chain had 10 outlets in the country. There are a few more examples in this category. Hacıbeyli, for example, a well-known wholesaler who distributed, among others, the products of Henkel-Turyağ, Ovisan, Söke Un, and Gillette in 1996 was behind the Nazar supermarket chain of Ankara (15 outlets).³¹ Similarly, in Istanbul, there are examples of wholesalers turning into retailing. In other words, some exceptionally successful small retailers and wholesalers finally overcame the restraints on competition (sometimes by utilizing voluntary buying groupings), and through organic expansion, they entered into relatively large retailing industry during the 1980s and the 1990s. However, their number is somewhat small and the majority of small retailers are as capital-weak as they were before the 1990s.

Another significant development in the last decade has been the internationalization of what has been historically only a domestic activity. In other words, since the late 1980s, in addition to large domestic conglomerates, international (mostly European) retailers have also entered the market by cooperating with Turkish firms either through licensing agreements or joint ventures. In foodstuffs, retailing examples included, among others, Metro International (German), Carrefour and Promode's (French), Booker (British), which entered into the market in the years of 1988, 1991, 1992 and 1997, respectively. In fast-food retailing, the US companies of McDonalds, Kentucky Fried Chicken and Pizza Hut entered into the market in the late 1980s, and Subway and Burger King in the 1990s. French Printemps (1987) and British Marks and Spencer and Bhs (1995) were among the pioneering retailers in the

³¹ Kenan Aydın, *Perakende Yönetiminin Temelleri* (Ankara: Nobel Yayın Dağıtım, 2007), pp. 165-172.

department or variety store category. In the clothing sector, many firms entered into the Turkish market by either opening their own stores or through their designer products without opening stores. The examples include, among others, Italy's Benetton and Sisley (1986 and 1991 respectively), the US company Levi's (1989), the British retailer Mothercare (1988), and many others such as Burberry's, Austin Reed, Premaman, Stefanel, Versace, Ermenegildo Zegna, Naf Naf, and Chanel. Recently, the market has become even more diversified: and it is now possible to find foreign retailers in areas ranging from direct sales (the US companies Rainbow and Amway in 1991 and 1993) to do-it-yourself retailing, DIY (the US company ACE and the French company Mr. Bricolage in 1994 and 1996), Toys (the US company Toys R Us in 1996). International corporations' entry into retailing during the 1990s also strengthened the position of the large domestic businesses in the market because of their associations with them. Sabancı Holding (Carrefour hypermarket), Sezginler Gıda (Spar Supermarket), Süzer Holding (Kentucky Fried Chicken fast food restaurant), Transtürk Holding (Mr. Bricolage hardware store), Boyner Holding (Benetton, Blue Family, Sisley clothing stores) and Türk Petrol (Spectrum Superstore, Wendy's fast food restaurant and Marks and Spencer department store) are indicators of the co-operation between international corporations and large and diversified domestic businesses. The combined result of thriving large domestic and international retailers has been the emergence and strengthening of corporate power in retailing.

After 2008, large group withdrew from the retailing industry. Because retailing requires making quick decisions, these large groups managed within the holding system and administered at a slow pace had difficulty as international competition gained momentum. At the same time, the sector fell out of favor due to the disappearance of non-operation financial

profitability with the decreasing interest rates. Thus, Dođuş Holding, Fiba Holding and Koç Holding decided to sell Tansas, Gima and Migros, respectively. Sabancı Holding, Boyner Group and Fiba Group (this left the food retailing but stayed in the other clothing sectors), which describe retailing as one of their main works, went on in the sector. As long as they gain profit, these groups seem to operate in the retailing sector and also in the sectors producing by-products of the retailing industry for long years.

CHAPTER FOUR

THE TRANSFORMATION FROM SMALL RETAILERS TO BIG RETAILERS

The recent transformation of the retail sector and its timing have been described elsewhere. As this study indicates, large-scale retailing became a viable option for large corporations when urban populations started to provide retailers with a large, steady and consistent demand for products. At the same time, industrial production together with import liberalization made it possible to have a large, steady and consistent supply of goods. More importantly, however, the increasing corporate interest in retailing should be understood as part of a wider process of grounding capital in a secure area. By investing in retailing, large corporations reduce their risk in a non-stable economy.³² They also enjoy the strong cash flow created through their retail subsidiaries as well as the security created through their real estate properties. Thus, in addition to the changing dynamics of the retail sector itself, the general context of the economic and policy changes in the country forms an additional layer of explanation.

Consequences of the Increasing Participation of Large-scale Businesses in Retailing

The increased participation of large businesses in retailing has meant increasing retail concentration with numerous consequences for the society. There are signs that the traditional structure of urban retailing is subject to a change in favor of large-scale retail organizations;

³² Nebahat Tokatlı, "Perakende Ticaret Nereye Gidiyor?", *Ada Kentliyim dergisi*, (15 Şubat 1996), pp.21-30

and that the geography of large businesses might be quite different from that of small and independent retailers. The difference lies in the fact that for large domestic and international businesses, economies of scale do not necessarily come from agglomeration economies realized through the growth of business clusters. Rather, thanks to their own sizes and organizations, they benefit from some of the economies of scale typically associated with manufacturing. They operate with production functions and sensitivities to scale economies and distribution costs that are different from those of small retailers. Thus, they lead to different retail landscapes.

The differences in the spatial behaviors of small- and large-scale retailers are even more pronounced when large-scale retailers are simply subsidiaries of large conglomerations with strong interests in a wide and diversified set of activities, which has been the case in Turkey. Their participation has brought a change in the market positioning of the distinct elements of the retail market and a change in the ways of doing business in retailing. Among the consequences (such as introduction of some new store formats, design concepts, management tools and techniques, retail technologies, customer service ideas, a gradual change in tastes and diets, and geographical outcomes) our focus is on the latter.

Market Evolution by Retail Format

Meanwhile, some retailers have chosen the conversion of buildings originally designed for some other purposes into retail uses, and occasionally have proven to be highly innovative concerning their location choices. The supermarket chain Beğendik of Kayseri, for example,

managed to find a novel location in 1993 when it occupied the 48,000 m² garage of a new mosque in the city center of Ankara. The decision was met with hostility by planners.

However, the project was realized and the occupation was allowed without an approved plan. The exploitation of unauthorized building project is quite common in all sectors of Turkey. Periodic programs of amnesty frequently during pre-election periods legalize illicit construction, which fuels the exploitation even further. Retailers are well aware of the complexity of the planning system and irregularities in its operation.

Having personal contacts and providing incentives or even bribes is reportedly an integral part of the procedure. Finding the “right palm to grease” takes a lot of effort and leads to considerable waste of executive time, according to trade sources. The net effect of this irregular working of the planning system is that it is difficult to predict the outcome of proposals or appeals. More often than not, long delays can and do ruin proposed schemes.

In addition to the increase in the number of free-standing stores and shopping center developments, there has recently been an increase in the number of multiple establishments. These are scattered in different locations throughout the urban system with common ownership and managerial control. Behind this development, there are mainly two groups of retailers. The first group includes those larger retailers, who underwent an evolution from small retailing or other commercial areas (such as wholesale) into large retailing. Some of these retailers are “mono-region” (such as Nazar and Canerler of Ankara) although some are on the way to becoming multi-region retailers. Yimpaş, for example, managed to open 30 stores in the country in cities such as Yozgat, Sivas and Kırşehir since 1982. In 1995, there

were at least 38 supermarket chains in the country (six of them being national) with stores between 2 and 87.³³

The second group includes those who are not in the sector as the consequence of a gradual evolution of small enterprises into large firms. They are those large and diversified groups who have decided to “start big” in retailing from the outset. Koç Holding’s Migros already had stores in the country under the trade name of Şok and Migros in 2008. In the next decades, if Turkey encounters even only a part of what Portugal has recently experienced, four major players behind the transformation will be the large corporations.³⁴ The spatial imprint of a large-retailing environment with its large free-standing stores, multiple establishments scattered throughout the urban system, and large purpose-built shopping center developments is already undoubtedly different from that of small ones.

During the years prior to 1987, the food retail sector in Portugal consisted of 45,000 small family-owned shops. Within five years, almost all of these closed. The sector is now dominated by five large groups and in 1990, supermarket and hypermarket sales accounted for approximately 50% of total sector sales.

Prime Minister Mr. Erdoğan has stated that organized retailers will dominate the market and bakkals should establish a coop chain to survive against the strong trend. The government is unable to support to the bakkals, according to the Prime Minister. The new Trade Law would regulate certain issues and definitely will support customers’ competition

³³ AMPD Dergileri, “Modern Perakende Tüketim ve Tedarik Modellerini Değiştiriyor, *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no.35, (Mart-Nisan 2007), pp.26-30

³⁴ Nebahat Tokatlı, “A Comparative Report on the Profiles of Retailing in the Emerging Markets of Europe: Turkey, Poland, Hungary, Portugal and Greece”, *Journal of Euromarketing* 8 no: 4 (2000), pp.75-105

choices by organized retailers and shopping malls. The best is to create a new bakkal's retail era and to solve their economic loss³⁵

If the trends continue, geographic consequences will be even more visible. For example, it is expected that there will be: new retail locations less tied to specific neighborhoods than to multiple ones, located on the edges of neighborhoods or along major highways to be accessible to multiple neighborhoods; strengthening of downtown retail cores relative to neighborhood retail areas as a result of the influx of international and high-end retailers; a shrinkage in the number of small neighborhood retailers and thus a drop in overall retail activity there, including the "shake-out" of small retailers and the growth of vacant stores and consequently, a shift in demand for space in terms of location and size. All of these possibilities seem to create new challenges and opportunities for enterprises, planners, policy makers and researchers.

The new retail locations are among the specific needs of today's consumers. Because people have less time, they need to check more choices and need to compare quality and prices. The best solution is to create new spaces in the neighbourhoods of the consumers. So, today, shopping malls are not a trend but a need. It has to do with the evolution of consumption habits. Size and location are crucial dimensions of shopping malls. It can be said that these are both challenges and opportunities for enterprises, scientists, planners, policy makers and social researchers.

³⁵ *Hürriyet*, 31 January 2010.

The classification of modern food retail outlets is based on outlet size in m².³⁶

1. Hypermarkets – bigger than 2,500 m²
2. Large supermarkets – between 1,000 and 2,500 m²
3. Supermarkets – 400 to 1,000 m²
4. Small supermarkets – less than 400 m²
5. Medium markets – 100 to 50 m²
6. *Bakkal* – 50 m² or less
- 7.

Food Retail Channels

As Turkey's food retailing structure moves from small to large outlets, often as part of chains, distribution companies also adapt to new changes. Hypermarkets, major supermarkets and discount chains do directly import a small portion of items. However, along with smaller outlets, they depend on importers, distributors and agents for most of their imported products. E-commerce is available through which many outlets order domestic and imported products via the Internet for home or business delivery. Typically, an importer or agent may also be a wholesaler or distributor, or both. Nearly half of the country's distributors have a nationwide network with 30% of major manufacturers operating their own distribution companies nationwide.

³⁶ Servet Topaloğlu, *Perakendede Diriliği Kaybetmeden İrileşmek* (Istanbul, Hayat Yayınları, 2008), pp.55-60

Table 8: Key Food Retailers in Turkey

Key food retailers

Store brands	Retail formats	Group name	2004 sales (EUR million excl. VAT)	Number of stores
Migros SOK Tansas Makro	Hyper, super & discount stores, e-trade	Koç Holding	1,629 (1,041 + 588)	283 Şok 180 Migros 206
CarrefourSA ChampionSA DiaSA Gima Endi	Hypermarkets Supermarkets Discount stores Supermarkets Discount stores	Carrefour & Sabancı Holding	1,087 (702 + 385)	11 CarrefourSA 7 ChampionSA 239 DiaSA 79 Gima 50 Endi
BIM	Hard discount stores	N/A	N/A	1,097
Metro Real	Cash & Carry Hypermarkets	Metro Group	669 (486 + 183)	9 Cash & Carry 7 Real
Yimpaş	Hyper & supermarkets	Yimpaş Holding	N/A	65
Tesco-Kipa	Hypermarkets	Tesco Plc	220	5
Kiler	Supermarkets	Kiler	183	53
Afra	Hypermarkets	Kombassan	N/A	46

Source: Company data and derived from AMPD

Hypermarkets, Supermarkets and Discount Stores: Hypermarkets have recently become fashionable investments within the retailing sector in Turkey. Sabancı - one major Turkish conglomerate – is heavily involved in this sector. There are more than 50 different chains operating in Turkey’s retail business. Foreign investors present in the Turkish food retail markets include Metro (Germany), Carrefour (France) and Tesco (UK).

Large western-style retail outlets have flourished in Istanbul, Ankara, Izmir and in other large cities such as Adana, Gaziantep, Bursa, Kocaeli, Konya and Mersin. Locally-owned retail chains tend to concentrate on middle- and small-sized cities and towns of Turkey, where consumers are also aware of international trends, have higher disposable incomes and have automobiles to travel to and from the stores. However, it is not easy for the sector to expand at high speeds. In many cases, the search for large sites causes substantial difficulties as well as the administrative hurdles in buying. Today, Turkey has a portfolio of, at least in most cases, very modern hypermarkets, partly due to the influence of foreign operators. Hygiene standards meet international standards and store equipments often satisfy the highest

expectations. However, the product range is often limited. In spite of trading from the store of identical size, they sometimes sell three to four times less items than their French, German or British counterparts. Hypermarkets are also under the increasing pressure due to the rising popularity of discount stores with their low prices and convenient locations. Many operators now focus on expanding their discount store chains rather than the hypermarket format. German-style hard-discount retailing has only been present in Turkey since 1995 with the launch of BIM and Şok. Nonetheless, the two leading companies in the sector have been able to build up large-store networks, and discount stores are now the major growth format in Turkey. The stores gained their popularity during the economic downturns in the years of 1999 and 2001 when many consumers switched from hypermarkets and supermarkets in search of more price-competitive goods.

Although the economic situation is now going through a recovery period, discount stores remain extremely popular and the rapid proliferation of the format undoubtedly affects the other grocery formats. In response, most of the leading domestic and foreign grocers in Turkey have launched their own discount store chains on the market and all pursue ambitious expansion policies. The undisputed market leader in Turkish discount retailing industry is BIM, a hard-discount store very much in the form of Aldi, which is not surprising since the chain was set up by a former Aldi manager and some of the management was trained in Germany. As for the efficiency-oriented model of Aldi, BIM only sells limited product ranges and offer them in torn-open cardboard boxes. The second largest chain is Migros Türk's discount banner, Şok. Şok has been the fastest growing chain within Migros Türk over the past few years. The group has focused its expansion on the chain in an attempt to benefit from the growing popularity of discount stores in Turkey. Its stores are located in the western parts of

Turkey and the company has no presence in the eastern regions of the country yet. Following the success of BIM and Şok, many of the other major grocery retailers have launched their own discount store chains. Carrefour, for example, has introduced its Dia format, which is now the third largest discount store chain, while Gima (acquired by Carrefour in 2005) has taken over the control of the Endi chain.

Convenience stores are relatively unimportant and there are only a few major chains to be noted. Opet, one of the leading petrol retailers and suppliers in Turkey, acquired the license to expand the 7-Eleven convenience store chain in Turkey in late 2001. The license had previously been held by Marso Gıda, which had managed to open only 12 7-Eleven outlets when it was established in the country in the mid-1980s. All of these stores are located in Istanbul. Due to its low level of investment, 7-Eleven Inc. sought another license to develop the chain further. Opet was chosen for its petrol forecourt sites, which are ideal operating environments for 7-Eleven stores. Opet has more than 650 petrol stations in Turkey, all of which have a convenience store concept operating within them. According to its agreement with 7-Eleven Inc, Opet must open 180 7-Eleven stores over the next five years although Opet plans to exceed this number.

Traditional Markets: Bakkals, certain types of convenience stores and open-air bazaars are the traditional forms of outlets in Turkey. Bakkals are small outlets that sell anything from food (fresh and prepared) to personal care products. Convenience stores mostly sell dry nuts, confection items, tobacco products and soft drinks. Open-air bazaars mainly concentrate on fresh vegetables and fruit. All three are still preferred by the majority of Turkish consumers due to the accessibility and the delivery service of bakkals and convenience stores, and the wide variety of low-priced products, fresh fruits and vegetables, clothing, over-the-counter

products and personal care products offered at corner bazaars. Non-food retail channels none of which are the major grocery players operate at major drugstore formats. AS Watson's drugstore chain entered the market in 2005 through the acquisition of a small local chain and now seeks to open 100 stores in the long-term period. Gas station mini-marts are also new in Turkey, with seven or eight major brands. Marketim, a market chain, formed an agreement with Elf Gas Stations to open 24-hour service gas station mini-marts. Other gas stations and gas mini-marts do not operate as part of a chain.

E-Commerce

Less than 4% of the population has access to the Internet³⁷ although the number is increasing at an accelerating rate. Those with internet access are generally the wealthiest members of society and many of the leading grocery retailers have developed transactional websites in anticipation of a demand growth in the future. E-commerce has become a sell-side channel as a result of the increasing competition among major retailers. Although the current internet penetration rate is considered to be very low when compared to European averages, it is likely to increase in the future. Furthermore, the initiation of shopping via catalogues, digital TV, home telephones and cellular phones is in progress. The pioneer of online shopping in Turkey was Migros Türk, which launched its virtual market service initially under the name of Migros Cyber Shopping in late 1997. Today, the service area covers all the regions of Istanbul and all of Izmir as well as Ankara, Marmaris, Bodrum, Bursa, Antalya and Adana. Since then, Migros

³⁷ AMPD Dergileri, "İnternet AVM'sinin En Popüler Mağazaları", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 46 (July 2009), pp.58-59.

has launched the Kangurum (Kangaroo) site while Gima's online store has been active since June 2001.

Online Retailing: Together with the new changes in technology and the widespread role of the Internet in our lives in today's world, there have been changes and developments in the retail sector as in many other sectors. Described as a new marketing channel, the Internet offers consumers a new shopping space where they do not need to get tired by wandering around shops and shop windows but still their purchasing problem will be solved without getting deprived of such advantages as making comparisons and asking for advices. In online retailing retailer and customer communicate with each other through an interactive electronic network. It provides consumers with interaction, the body of data, diversity and global access.³⁸ Even though online retailing is not considered to be a competitive threat against traditional retailing today, online retailing has begun to develop as technology and new applications have developed and retailers provide several experiences.

The role of the Internet in retailing is that it brings consumers closer to retailers in an interactive way. Through such a consumer-retailer relationship, the power of consumers increases more and more. Retailers in online retailing can gain new opportunities in global markets, and accordingly, new sales and new customers. Furthermore, through the new chances of communication offered by the Internet, retailers can position brands easily and diversify products.³⁹

³⁸ Michael Levy and Barton A. Weitz, *Retailing Management* (New York: McGraw-Hill, Higer Education, August 2000), pp.320-325.

³⁹ Ellis Chadwick, "Cyber Retailing in the UK: The potential of the Internet as a Retail Channel", *International Journal of Retail and Distribution Management* 27, no 11(1999), pp.22-36 s

Having an important place among the global trends in retail, the Internet gradually increases its hold in commerce. Increasingly greater numbers of people prefer online shopping. 171 million people use Internet all over the world. Half of them are in the USA and Canada. Offering customers a wide range of choices, large body of data, reliability, product comparison, online retail environment decreases customers' costs of decision-making.⁴⁰ The Internet is described as a brand new field for retailing is a medium which is very frequently used by one part of people in the world, but at the same time is never used by a large part of people.

Unlike traditional shopping, online shopping is done at home. In addition, buying comes after the steps of searching, gathering data, making comparison and giving orders. All these actions should be considered with the Internet platform. This new medium of buying forms a whole with computer, the Internet connection, search engines and other useful software. The more the cost of the operation in question decreases, the more the Internet is preferred, especially by the group with personal computers. However, this process will gain meaning only if it concludes with buying after this step.⁴¹

The purpose of using the Internet depends on the objectives of a retailer. In addition to the service offered in his/her shop, the retailer can create a website or would like give information. The retailer also might want to make sales via the website in order to increase his/her sales. S/he might need to receive feedback from customers or want to be in an interactive communication with customers. Many retailers create their own websites in addition to their shop upon the demands of their customers. The top-selling goods on the

⁴⁰ "Online Perakendecilik" *Infomag Magazine*, no. 8 (2001), pp.80-95

⁴¹ "Şimdi Tıklayarak Kazanma Zamanı" *Arasta Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 12 (June-July 1999), pp.54-57.

Internet are computers, clothes, medical and personal care materials, electronic devices, sporting goods, magazines, books and toys. Such services as banking, insurance and travel are the mostly demanded and purchased services.⁴²

Advantages of Online Retailing: Online shopping provides new opportunities in the market. The Internet enables shopper to enter new markets with ease and at low cost. Among the main advantages of online retailing are that small enterprises can expand their targets, hardware and software opportunities offer superior functionality, electronic flow of information is perpetual, contact with customer representative and quick orders are enabled, there are no such costs as rent, payment of sales people and storage deposits, and there are no publishing or posting costs when compared to traditional catalogues. Also, data can be quickly exchanged and updated. A more intense scope of advertising can be realized with fewer costs.⁴³

Other than these, a retailer enterprise can do the following through Internet: increase its image; reach its customers at geographically different points; provide customers with information about such matters as location, types of products, general questions, customer loyalty programs; advertise properties of new products via Internet; establish relationships with customers on a more personal level via email; personally contact with customers; provide online customers special offers, coupons and advertise opportunities; and sell products online.⁴⁴

⁴² Charles Dennis, Tino Fenech and Bill Merrilees, "E-retailing"(NewYork: Routledge, 2004), pp.55-86

⁴³ Charles Dennis, Tino Fenech and Bill Merrilees"E-retailing" pp.95-98

⁴⁴ Barry Berman and Joel R. Evans, *Retail Management a Strategic Approach*, 10th edition (New Jersey: Pearson Prentice Hall, 2007), pp.110-115.

For customers, online shopping provides such an advantage as comparing between goods regardless of time and place. For sellers, it provides such opportunities as low-cost advertising worldwide without market limitations, one-to-one marketing, and 24-hour online ordering. Furthermore, we can mention, in this regard, the transformation of online orders into cash money from bank accounts upon the confirmation of a credit card, automatic involvement of work units in charge for delivery and minimization of time and personal staff needed for these operations.⁴⁵

Online Shopping and Consumer Behavior: The consumers who get involved online shopping experience the comfort of finding detailed product information and a great number of different alternatives on the Internet. However, online retailers have difficulties in differentiating their products and services from their competitors'.⁴⁶

Just like in physical stores, consumers can also spontaneously decide to purchase unthought-of products via the internet. Even though online marketing and commerce techniques are still in the beginning phase, the consumers of all countries do the 10% of their online shopping on the spur of the moment (impulse shopping).⁴⁷

Such sectors focusing on one-to-one shopping as retailing in particular take the lead in terms of their presence in the Internet medium. Despite the acceleration and proliferation of online retailing and online shopping more and more, consumers have various concerns about these methods. The basic concerns of consumers in online shopping are such: extremely high

⁴⁵ AMPD Dergileri, "Şimdi Tıklayarak Kazanma Zamanı" *Arasta Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no.12, (July-August 1999), pp.54-57.

⁴⁶ David Gilbert, *Retail Marketing Management* (New York: Pearson Education, 1999), pp.260-285.

⁴⁷ Barry Davies and Philippa Ward, *Managing Retail Consumption* (West Sussex: John Wiley, 2002), pp.65-82.

shipping fees, consumers' desire to test products, steep prices, the inconvenience of online domain for big and luxury goods as well as for highly perishable ones, customers' desire to touch and taste products and the possibility of credit card information being stolen. For these reasons, the shopping through traditional techniques still outweighs online shopping in spite of the increase in the use of the Internet.⁴⁸

Consumers complain mostly about the shipping fees in online shopping. As in the past years, high shipping fees are the issue which online consumers are the most sensitive about. At the same time, high shipping fees are indicated as the foremost reason why shopping carts are cancelled. Although consumers show sensitivity about shipping fees and price differences, the number of online-shopping consumers, types of products purchased by these consumers, the number of products and the volume of sales are on the increase all over the world.

Although the books, CDs and computer equipments are the leading product categories sold in the electronic medium, it is observed that consumers move toward new categories. Ready-to-wear goods, medical products, cosmetics, sports equipments, flowers and toy categories indicate an increase at considerable rates.⁴⁹

The Internet is more increasingly used as a new purchasing medium through which consumers can rapidly reach all types of information, interactively participate in the purchasing process and act quickly.⁵⁰

In behavioral terms, The Internet is a sphere in which the consumer is absolutely free, contrary to the conditions of physical environments. The behavioral norms encountered in

⁴⁸ "Online Perakendecilik" *Infomag Magazine*, no. 8 (June 2001), pp:88-93.

⁴⁹ "Online Perakendecilik" *Infomag Magazine*, no. 8 (June 2001), pp:82-83.

⁵⁰ Jennifer Rowley, "Retailing and Shopping on the Internet", *International Journal of Retail and Distribution Management* 24, no. 3 (1996), pp.26-37.

ordinary physical stores do not work here. Since there is no purchasing obligation, code numbers and regulations are not taken into consideration. The Internet medium has customized the shopping environment as much as possible. A wide range of websites can be browsed in a relatively short time due to the absence of physical effort for shopping. One of the most important factors that determines consumer behavior on the Internet is its time-saving aspect for the time being because it is not possible to assert that the basic criteria to categorize consumers in behavioral terms have improved in the proper sense.

Apart from the aspect of saving time, another factor that affects consumer behavior is the value that marketing environment, namely the website, carries in terms of image. The awards that are still given in terms of the functionality and the visual quality of websites on the Internet medium give us ideas about the issue. The richness of the website in terms of color, sound, view, and function should be taken into consideration as the factors affecting consumer behavior. Similarly to the physical environment, sounds and multidimensional images of products and services have an impact on determining behavior.⁵¹

Demographic Profile in Online Shopping : Although the typical profile of online consumers has been well-educated men from high-income groups so far, it is seen that the number of women and teenagers making online transactions is gradually growing every passing day. As a result of the rise in the number of products for women and the fact that online shopping has become part of daily lives, female consumers move toward online

⁵¹ A. Edgar Folk, *1001 Ideas to Create Retail Excitement*, Revised Edition (New York: Prentice Hall Press, 2003), pp.118-135.

shopping. In addition, online consumers shift towards the profile of middle-class retail consumers and their education levels get closer to the average.⁵²

Consumer Expectations in Online Shopping : Effective website design and operational perfection is of critical importance in the satisfaction of high expectations of consumers. Companies experience problems about the ways of communication with customers since they cannot hear their voices, see their faces or examine their reactions one by one. Therefore, the enterprises can overcome these problems only through an effective website and the measurement of customer behavior on the site by using all the opportunities of technology.

The first and foremost one of basic conditions to succeed in online marketing channel is to ensure operational perfection. Online retailers have to use all the facilities of technology and offer service by going beyond the expectations of customers in the realms of customer relationship management, logistics and customer services.

If a customer is convinced to do online shopping, operational perfection embracing such elements as secure payment systems, delivery on due time, easy return options and customer services should step in for successful online retailing.⁵³

Essential Elements of Successful Online Retailing: The Internet is used in retailing for three purposes. First of all, it is used in order to operate online retailing and to provide information about products and services. The second purpose is to attract consumers' attention to the website in order to give them more information, to simplify their decision-making processes of purchasing, and, at the same time, to obtain customer data important for retailers. Thirdly, the Internet enables retailers to sell their products. In short, the Internet is an

⁵² Levy and Weitz, (2001), pp.80-81

⁵³ "Online Perakendecilik", *Infomag Magazine*, no. 8 (June 2001), pp.93-95.

important means of communication for retailers in attracting new customers, in penetrating new markets, in advertising the brand of the enterprise and in holding current customers.⁵⁴

Some critical elements necessary for retailers to sell their products successfully on the Internet are a strong brand name and image, customer Information, complementary products and services, specialty products, effective presentation of information in websites, a delivery system that will convey the products to people effectively.⁵⁵

The Factors That Affect the Communication of Websites with Consumers: There are six dimensions that have an impact on the communication between websites and consumers. These are information, common sense, interaction, relationship, specificity and up-to-dateness. These dimensions determine how the customers acquire information about goods and services, and how they use this information. All of these criteria assist online retailing companies in the determination of their priorities when they improve and upgrade their websites. It is necessary for every retailer to look into each dimension if she/he intends to make sales through the website.

First information is needed. Consumers extensively benefit from the Internet to acquire information and to be the first to know. According to the survey of www.hepsiburada.com, two of every three consumers with Internet connection make research about the products on the Internet before they purchase them through traditional channels. Leader online shopping establishments attach considerable importance to the research function on their sites. These websites provides the opportunity to easily and quickly reach information and various types of data ranging from current reserves to references.

⁵⁴ Cathy Hart and Neil Doherty, "Retailer Adoption of the Internet", *European Journal of Marketing* 34, No 8, (2000), pp.954-974

⁵⁵ Levy and Weitz, (2001), pp.92-102

The second thing that they need is common sense: Easy browsing is an essential element for a successful website because the attention is scattered and the patience for waiting is limited on the web. Successful online retailers offer search functions that simplify the access to the target product on their websites. Besides, the connections with the guides and the search engines are needed in order to find the site itself on the Internet. In sum, the website should operate in harmony with the general habits of its visitors and compatible with the common sense in order to rescue both retailers from being lost on the web and the visitor from being lost on the website.

The third requirement is interaction: The internet is useful as long as it provides communication between retailers and consumers. People who want to do online shopping do not like filling out information forms. Therefore, retailers with a desire to acquire information about customers ascertain the demographic dispersion of visitors at first, and then they gradually develop their databases by offering some concessions to customers in return for more detailed information. In this way, both the interest on the website is increased and the reaction of customers is measured and advertisement of the store is made.

The fourth thing needed is relations: Social relations are one of the basic themes on the Internet. Effective websites encircle customers through the content of websites, other sites, connections with various chat rooms and facilities of social relations. For instance, online bookstores such Amazon.com and Barnes & Nobles strengthen their relationships with customers through book recommendations, customer reviews, and possibilities of online chat with writers.

The fifth thing is specificity: As free time gets scarcer, consumers tend to evaluate their time in a more efficient way instead of randomly surfing at the Internet. Retailers who lead

consumers through shop signs, product placement and shop design in traditional stores do need the alternatives that will lead consumers in the Internet. Retail websites need the flexibility so as to address the specific needs of consumers. Online ordering websites that are set by visitors depending on their tastes enable consumers to save time and increase customer satisfaction.

Last is Up-To-Dateness: Websites gets behind if they do not do the maintenance and the updates necessary in the quickly changing Internet world. Active websites continually and systematically provide the most recently updated data together with a consistent and unchanging image. The standards of up-to-dateness increasingly develop particularly in such products with short update cycles as CDs, software and books. Retailer websites selling products via Internet should keep attention alive by regularly updating their websites. However, they should avoid changes that will damage the conventions.⁵⁶ Through its structure and operation, the Internet creates a new type of consumer that is characteristically different from traditional types of consumer, particularly in terms of consumer behavior. These differences derive from the following properties of Internet:

Direct Shopping And New Agents: In traditional purchasing process, there is a multiple distribution system between manufacturers and consumers. In the flow of products or services from manufacturers to consumers, certain functions that differ from each other in terms of time and place should be included in purchasing process. Thus, this will provide a larger crowd of consumers with the opportunity to buy goods in a more convenient environment. Accordingly, agents carry out the function of exchange in the flow of goods or services from manufacturers to consumers. At the same time, the flow of information that

⁵⁶ AMPD Dergileri, "Internet Perakendeciliği", *Arasta Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 6 (1998), pp.55-58.

consumers need is done again by agents. In this way, there is either no or little contact between manufacturer and consumer. In the marketing mix formed to use more than one distribution channel, the costs of distribution channels pose problems in terms of large enterprises. The difference between small and large enterprises has disappeared since the Internet entirely changed all this flow. The automation of many administrative tasks and two-way direct communication between manufacturer and consumer provide advantages in reaching a great number of consumers in an effective way at the same time. The Internet creates the new mediation system that can distribute bigger values with lower costs in the flow of products and services from manufacturer to consumer. New mediation mechanisms such as automatic ordering systems and evaluation services affect consumer behavior in terms of decision-making process of purchase.

Customers as Joint Producers⁵⁷: There is a move toward a period in which customers play an increasingly greater role in the production of the goods they will buy and interfere in production in many respects from design to package. This trend is expected to turn into self-service retailing in the near future. For instance, Amazon and its counterparts enable customers to follow their orders without the help of customer service departments.

Transfer of power from marketing people to consumers: Marketing people who control the market, demands and consumers in traditional marketing now transfer their power to consumers to a large extent. Free of time and place limitations, the new type of consumer who is able to use the information technology tools, do market research, communicate with other consumers and act together holds the power and gives a direction to marketing people at every

⁵⁷ Rob Shields, *Lifestyle Shopping: The Subject of Consumption*, (London: Routledge, 1992), pp.21-83

step from the design of a demanded product to its development, from purchasing to post-transaction services. In this way, the elapsed time from product development to positioning and transportation diminishes.

The Automation of Consumption keep practices examples of which can still frequently be seen in business-to-business marketing, dominate the market of consumers. An important part of consumption activities automatically operate through internal practices supporting the Internet. When the cost of gaining a new consumer is compared to the cost of retaining a current customer, there needs to be greater effort, greater attention and greater costs in order to retain a current customer. Therefore, the concept of “Personal Marketplace” in which individual marketing activities can be done has emerged. The enterprises in these markets move toward individual studies of product and service marketing through the information they gather.

Increased Awareness of Value: Together with the radical changes in marketing, consumers heightened their expectations in four main subjects that are under their own controls. These are time, money, effort and place. Consumers will agree to pay more in the future only when it is a matter of value increase exceeding price increase. Other than this, they will generally want to pay less for more products or more services.

All the same, consumers wish to minimize the time spent for shopping. In today’s life conditions, time is regarded as being of greater value than money. Life conditions also indicate that consumers consider the amount of effort spent in shopping. Therefore, simpler and easier purchasing processes will be preferred by consumers. Gaining awareness, consumers begin to avoid buying great numbers of goods at one time just as they used to do wholesale shopping in order to save money in the past. Due to the insufficiency of space where bought products are

kept, consumers have begun to focus more on the value rather than on the product and the price. In this sense, it is inevitable that there will be a move toward the products of companies creating value and making creative price differentiations.

In demographic and behavioral terms, it is possible to mention the formation of a new crowd of consumers having the characteristics mentioned above. Together with the disappearance of such still-existing problems as privacy and security in the internet medium, this crowd of consumers will reach higher numbers.

The success of online retailing depends on the diversity and the quality of marketed products and services, the singularity of products, the internet medium and the efficiency of distribution channel. Furthermore, rapidly developed security systems, secure digital systems and digital signatures contribute to the decrease in the concerns about the issues of security and privacy. Shattering the idea that online shopping is a risky business, these security systems increase consumers' desire to visit retail websites and to do online shopping. While it is observed that there is an excessive increase in the use of Internet and a rapid rise of online shopping all over the world, total online retail sales of Germany, France and England were estimated to be 167,95 billion dollars in 2007.⁵⁸

Online retailing shows a rapid development in parallel to the developments in physical retailing. The fact that an increasingly greater number of people prefer to do shopping online due to the changing life styles is the most important factor precipitating the development of the system. In today's world, work is at the center of people's daily lives. In the global world

58 AMPD dergileri, "İnternet AVM'sinin En Populer Mağazaları", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 46 (2009), pp.58-59

system, the share of working hours is expanding and so, there is a decrease in the amount of time to be spared for other activities.

As people lose more energy in the stressful atmospheres of cities, they outsource housework and prefer to do things such as reading newspapers and doing shopping in a shorter amount of time via the Internet. The most significant obstacle in the face of this development is the fact that Internet is still not very widespread. There are now a little more than one billion Internet users all over the world. The expansion of the Internet into each and every geographical location considerably depends on economic factors. The Internet is still an expensive medium. Such basic requirements as computer, internet connection and payment systems pose obstacles against the development of the Internet in the geographies where poor people live. However, in developed countries, the Internet is ever more increasingly preferred. The security problem that continues to exist is another issue posing a threat to shopping activities. When the security problem ceases to exist, online shopping will be more preferred as an easy, a simple and low-cost shopping alternative. At this point, business models doing online retailing should pay attention to the training of users.

The most important criticism against online retailer companies is about the slowness of the system. Completing her/his purchasing transaction in a couple of minutes, one customer has to wait for a couple of days to receive those ordered products. So, it is an essential condition that this duration is as short as possible. In addition, this means is far from providing any production advantages due to logistic expenditures as opposed to the expectation that it will be cheap to prefer this way as alternative to shopping activity at shopping centers. The elimination of these problems will contribute to the development of online retailing.

Market Share by Retail Format

With a per capita income of USD 2,248 in 2004, the average Turkish consumer usually shops at small, traditional, specialized, neighborhood retail food outlets called 'bakkals' which sell fresh and prepared foods, and other products; and at bazaars where food prices are relatively low. A consumer's food budget is mainly allocated to bread, rice, potatoes, vegetables and pasta products. For the entire population, processed foods make up only 15-20% of total consumption.

The longstanding popularity of bazaars is enhanced by convenient locations and lower prices for a variety of consumer products, such as fresh fruit, vegetables and also textile products. On the other end, the few imported products at modern outlets are under the control of the 100% legal economy, fixed prices - no bargaining and nicely decorated. Even still, the prices for imported processed goods are extremely high, some fruits are not domestically available in general, such as bananas, kiwis, pineapples, mangos, papayas and, more recently, apples. Imported dried beans and rice are also available since domestic supplies fall short of demand. Many colors and sizes of apparel are available in the stores.

The Turkish retail market is still in the hands of traditional retailers despite the strong growth achieved by organized retailers over the past five years. Only a limited segment of the population can afford to shop in modern retail outlets. Industry sources estimate that only twelve to fifteen million people do the majority of their shopping in modern retail outlets. Within years, modern consumers will prefer modern retail more. All economic crises and neighbourhood relations make traditional stores stronger. In the long-run, the move to modern retailers seems obvious.

Table 9: Market Share Evolution for FMCG Sector

%	2004	2005	2010*
Traditional	69	67	45
Modern	31	33	55
Source:AC Nielsen			

*forecast

Traditional retailers accounted for 69% of the market in 2004, while organized retailers captured 31% of the market (28% in 2003). Forecasts show that by 2010, traditional retailers will have 45% of the market and organized retailers 55%. Turkey's top-five retailers' combined market share was only 22.5% in 2004 when compared to an average of 40% in the EU countries for the same period⁵⁹

Table 10: Food Retailers/Number of Stores

	2001	2002	2003	2004	2005
Hypermarkets	149	151	143	152	160
Supermarkets	3.491	3.854	4.099	4.657	5.385
Discount markets	1.422	1.636	1.823	2.011	2.355
Small kiosks and tobacco shops	4.476	4.750	4.887	5.264	5.962
Grocery stores	141.781	135.897	138.820	137.978	135.473
Fruit and delicatessen stores	61.052	62.213	63.644	65.236	67.259
Others	30.938	31.340	31.899	32.606	33.259

Source:AMPD, 2006

⁵⁹ Necdet Timur, İnci Varınlı and Mine Oyman, *Perakendeciliğe Giriş*, (Eskişehir: T.C. Anadolu Üniversitesi Yayınları, Yayın no:1699, 2006), pp.89-98.

Table 11: Food Retailers Market Share (%)

	2001	2002	2003	2004	2005
Hypermarkets	2.8%	2.9%	2.9%	3.1%	3.2%
Supermarkets	19.3%	19.8%	20.8%	23.1%	24.2%
Discount markets	3.2%	3.7%	4.0%	5.0%	5.6%
Small kiosks and tobacco shops	1.1%	1.1%	1.1%	1.0%	1.0%
Grocery stores	47.4%	46.4%	45.3%	43.1%	42.0%
Fruit and delicatessen stores	16.8%	16.8%	16.7%	16.0%	15.6%
Others					

Source:AMPD, 2006

Table 12: Non-food Retailers/Number of Stores

	2001	2002	2003	2004	2005
Department stores	90	94	103	104	115
Pharmacies	19.846	20.909	20.324	19.481	19.713
Cosmetic shop	3.153	3.096	3.218	3.188	3.124
Apperal and shoes	40.334	41.303	42.956	44.761	47.000
Furniture	15.598	15.801	16.165	16.505	17.000
DIY	48.543	49.903	52.451	55.179	57.000
Durable Goods	12.109	12.157	12.266	12.438	12.686
Haircut and personal stores	50.672	50.939	51.545	52.441	53.829

Source:AMPD, 2006

Table 13: Non-food Retailers Market Share (%)

	2001	2002	2003	2004	2005
Department stores	2.7%	2.6%	2.5%	2.5%	2.4%
Pharmacies	17.3%	16.0%	14.8%	13.3%	11.6%
Cosmetic shop	0.8%	0.7%	0.6%	0.5%	0.5%
Apperal and shoes	30.9%	29.8%	28.7%	27.0%	25.1%
Furniture	10.6%	9.8%	9.2%	8.3%	7.6%
DIY	15.9%	16.0%	16.3%	16.1%	15.7%
Durable Goods	9.8%	9.9%	10.5%	13.1%	16.3%
Haircut and personal stores	12.0%	15.2%	17.4%	19.2%	20.8%

Source:AMPD, 2006

Table 14: Retail Sector Turnover and Growth Estimation by Year*

	2006	2007	2007	2009	2010	2011
Retail sales	140.0	149.4	157.4	174.3	192.1	212.4
Retail sales increase by %	8.3%	6.8%	5.4%	10.7%	10.2%	10.6%

*Source:Economic Intelicence Unit, March 2007

Euromonitor predicts that in 2011, non-food business will represent 54% of total retail market. The trends in products and services provided by the major chains include private-label food items, phone and Internet purchases, delivery and membership cards. Since bakkals have traditionally provided delivery service and the minimum purchase level is relatively low, supermarkets hope that this service will increase their customer base. In order to increase their sales, the large supermarkets have increased their advertising expenditures and have started various promotional campaigns. Although the combined market share of bakkals and medium markets decreased from 41.4% to 39.8% in 2004, this segment continues to boost more than EUR 8 billion in annual sales. However, the growth in larger outlets negatively affects bakkals and therefore, an increasing number of them close. After the recovery period from 2001 to 2003, food sales grew by almost 25% in 2004 (4.7% in 2003) in real terms. Such growth is partly attributed to the real appreciation of the TRL (the previous currency).

Table 15: Merge and Acquisitions (M&A) in Majorly in Food Retailing

Year	Acquiring Company	Acquiree/JV Company	Nature of Business	Equity stake
2003	Kipa	Tesco Plc	Food Retail	82%
2005	Gima	Carrefoursa	Food Retail	60%
2005	Tansaş	Migros	Food Retail	70%
2005	Canerler	Kiler	Food Retail	50%
2006	Güler	Kiler	Food Retail	100%
2007	Beymen	Citigroup	Nonfood Retail	50%

Source:Merger Market, 2007

Then, in February 2009, a private equity firm BC partners led a consortium to take majority stake in the Migros chain for US 1.7 billion.⁶⁰

Despite the slower growth since the crisis in 2001, hypermarkets and supermarkets continue to be among the most dynamic sub-sectors. While existing food retail chains started

⁶⁰ *Hürriyet*, 2009

to consolidate or continued to open new stores, new international chains acquired local chains or established their own stores. For example, very recently Migros acquired 70% equity stakes in Tansas and Carrefour bought 60% equity stakes in Gima, both local retail chain operating in the hyper and supermarket segment with total of 335 stores.

Hard discount stores also have started to grow rapidly since 2001. These formats have benefited from a shift in consumer preferences towards lower-priced goods.

Scope of Organized Retailing by Retail Format

Throughout 2003 and 2004, organized retailers were able to develop organically. The consensus is that further organic growth can be maintained in the following years despite the Turkish food retailer market being overcrowded and ready for consolidation. The organized retail market in Turkey is shared chiefly by four domestic chains and three multinational firms as well as a number of other medium-scaled retailers that constitute some 22.5% of the market. The significant domestic players are Migros, which operates in hypermarket, supermarket and discount formats under the Migros and Şok, Tansas and Makro brands, Kiler, Yimpaş, Afra and Pehlivanoğlu are other domestic players in the market. BIM has the widest coverage with 2900 stores throughout Turkey, and it is hard-discount markets' operator. One of the multinational players is the Carrefour Group, a JV of Sabancı Holding and Carrefour of France. CarrefourSA operates ex-ChampionSA hypermarkets, ex-Gima supermarkets, and the DiaSA and ex-Endi discount stores. Metro Group operates Cash&Carry stores as well as the Real hypermarkets and the Praktiker DIY stores. Tesco also entered the market in the last

quarter of 2003 by acquiring majority stakes in Kipa – the Aegean region’s hypermarket operator.

Main Players in National Retail Market : Food category could be listed by volume;

1. Bim
2. Migros
3. Carrefour
4. Kiler

Textile category could be listed by volume;

1. LC Waikiki
2. Koton
3. Mavi
4. Colins
5. Zara
6. Mango

Department Stores category could be listed by volume;

1. Boyner
2. YKM
3. Huzur
4. Debenheims

Specialty Stores (Mainly for Households) category could be listed by volume;

1. Esse
2. Paşabahçe
3. Bernardo
4. KRC

Durable White and Brown Goods category could be listed by volume;

1. Arçelik
2. Bosch
3. Vestel

Dowry Stores category could be listed by volume;

1. Evkur
2. Metro Halı
3. Evve
4. İstanbul Halı

Electronic category could be listed by volume;

1. Teknosa
2. Turkcell İletişim Merkezleri (TIM)
3. Media Markt
4. Vatan
5. Bimeks
6. Darty
7. Gold
8. Electroworld (Dixons)

Jewelry and Gold category could be listed by volume;

1. Goldaş
2. Atasay
3. Altunbaş
4. Gilan

Do-it-yourself category could be listed by volume;

1. Bauhaus
2. Praktiker
3. Koçtaş
4. Ikea

Furniture category could be listed by volume;

1. İstikbal
2. Yataş
3. Çilek
4. Bellona

Books and Entertainment Sector category could be listed by volume;

1. D&R
2. Remzi
3. Nezih
4. Alkım
5. Inkılap

Beauty category could be listed by volume;

1. For You
2. Tekin Acar
3. Sevil
4. Watson
5. Sephora

Online Shopping⁶¹ category could be listed by volume;

1. Hepsiburada.com
2. Gittigidiyor.com
3. Idefix.com
4. Yemeksepeti.com
5. Tatilsepeti.com

⁶¹ AMPD Dergileri, "İnternet AVM'sinin En Populer Mağazaları" *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 46 (July 2009), pp.58-59.

Table 16: Biggest Turkish Brands Abroad⁶²

Brand Name	Number Of Stores*	First Year Abroad	Country
Colin's	440	1995	Russia
Vestel	235	2006	Georgia
İstikbal	120	1997	Germany
LTB	98	2001	US
Çilek	86	2001	Malta
Damat Tween	70	1995	South Africa
Rodi	70	2002	Germany
Mavi Jeans	55	1996	US
Koton	55	1996	Germany
Sarar	51	2002	Germany
Adil Işık	50	2002	Russia
Goldaş	40	2003	Russia
Seray Mobilya	38	1996	Middle East
Cross Jeans	32	1995	Poland
Linens	28	2001	Ukraine
Y-London	27	2003	Russia
Alfemo	25	1997	KKTC
Silk&Casmire	23	1992	Switzerland
Euromoda	18	2001	Russia

*The number of stores also includes concept stores and franchisings in 2009

⁶² Güven Borça, Bu Topraklardan Dünya Markası Çıkar, MediaCat, 9. edition, 2007, 254 p



Figure 1: Mavi Jeans International Concept, Atatürk Airport Concept Store

According to AMPD, in Turkey, expenditure on food and beverages accounted for 33% of total consumer expenditures in 2004 when compared to 36% in 2003. Turkish white goods and electronic industries are well developed and mainly export-oriented, with many domestic companies producing a wide range of white goods and electronic goods under license from various large international companies.

During the past ten years, local producers have faced strong competition among themselves and from big international companies such as Unilever, Coca Cola, Nestlé, Philip Morris, BAT, JTI, Bosch, Siemens, Procter & Gamble and Gillette. This competitive phase has witnessed the elimination of the weaker local companies. The survivors have continued to be market leaders against international competitors, and have built up good reputations in Central European and Middle Eastern markets

The Shopping Mall

The Grand Bazaar, which is the world's oldest shopping mall,⁶³ and located between Nuruosmaniye, Mercan and Beyazıt. It is one of the world's oldest and biggest shopping malls with 64 avenues and streets, 2 covered bazaar (Bedesten), 16 inns, 22 gates and about 3,600 stores. It has indoor area of 45,000 meter square, and its leasible area is 36,000 square m and about 20,000 workers and depending on the season, 300,000 to 500,000 visitors for each day.

Since the avenues and streets of the Grand Bazaar were where the persons in the same business gathered together, they were given the names according to the branches of business,

⁶³ *General information*, available online, 15.12.2009, www.kapalicarsi.org.tr, [15.12.2009]

such as Kalpakçılar (Fur Cap Sellers), Kuyumcular (Jewelers), Aynacılar (Mirror Sellers), Fesciler (Tarboosh Sellers), Yağlıkçılar (Sellers of towel, cloth, etc.).

The Grand Bazaar was always kept alive in every era as a world of fairytales in the books of foreign travelling and in the paintings of foreign artists. The Turkish poet Orhan Veli Kanık described the Grand Bazaar and the treasury hidden inside in his poem ending with the lines, “Do not underrate the Grand Bazaar, the Grand Bazaar is a closed book.”

In the Grand Bazaar; there is an infirmary, a police station, a post office and all kinds of Turkish bank branch offices. The Grand Bazaar is; the most attractive Istanbul location for foreign visitors, the heart of Turkish Foreign Exchange market, the heart of Jewelry business not only in Turkey, also in Eurasia, and the heart of Carpet and Kilim business in Turkey and the Middle east.

Since the 1400s, the Grand Bazaar has become an important motive for retail in Istanbul. Today, it is a very historical shopping mall for consumers and a trend setter icon for designers.

New Generation Shopping Malls: The International Council of Shopping Centers (ICSC) standards define a European shopping mall as a real estate which has a gross leasable area (GLA) of at least 5,000 m² and includes units and common areas planned, constructed and managed as a whole.⁶⁴ The standards widely categorize shopping malls in two groups: “traditional” and “special”. Traditional shopping malls are classified as “large,” “major,” “medium” and “small” whereas small shopping centers differentiate in themselves as those selling “convenience-based ” and “comparison” products.

⁶⁴ AMPD Dergileri, ‘AVM Standartlarına Göre Kategoriler’, *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 31 (January-February 2006), pp.48-51.

Shopping centers are the most important elements of organized retail markets. They enable and enhance the development of organized markets in parallel with the growth of retail market in Turkey.

The first shopping center in Turkey was opened in Istanbul in 1988. The development of shopping centers in Turkey has encountered two waves since 1988. Concentrated in three mega cities and yielded a small number of projects considering the elapsed years, the first wave involved individual investors and responded the need of qualitative retail areas of domestic retailers. As a result, there were 53 shopping malls as of 2001 in Turkey, and a total of 1.37 million m² gross leasable area and 21.2 m² leasable area per one thousand people. Shopping centers entered into the second development wave in 2002. With the second development wave, by which investment has widened into other provinces, many projects have been materialized, foreign retailers have entered the market, corporate and foreign investors have gained dominance, there were, as of the end of 2007, 154 shopping centers and a gross leasable area of 3.52 million m² was achieved. By 2007, the size of leasable area per one thousand people had reached 49.8 m². Following the first wave by the end of 2001 in Turkey, a total of 1.37 million m² gross leasable area and 21.2 m² leasable areas per one thousand people have been reached as well as 53 shopping centers.

The major characteristics of this period, are several concentration in other provinces, alongside three mega cities, in increasing percentages, a great many projects at increasing levels developed through years, appearance of the need by international and foreign retailers, beside domestic retailers, for qualitative retail area and foreign retailers taking part at increasing levels in shopping centers, corporate investors, projects, purchasing and partnerships of foreign investors, regional concentration and density, differentiation of projects

on the basis of locations, in other words, high-profile projects in city-centers, Entertainment-life centers in outer areas, outlets outside the cities, small-scale concept projects in special locations.

Galeria, Bakırköy was the first modern shopping mall in Turkey. It was built in 1994. Akmerkez was another milestone creating new trends for consumers and introducing more than 20 new international brands in Istanbul. It remained benchmark location for retail until 2006. The first open-air mall, Kanyon was introduced and followed by the biggest mall in Europe and Middle East Cevahir and, most recently, İstinye Park in 2008, which is combination of a shopping mall and a shopping arcade. There were only 135 shopping malls in 2006 as opposed to 238 shopping malls in 39 cities by 2010.⁶⁵

⁶⁵ AMPD Dergileri, ‘‘Perakende Sektöründe Yatırım Yılı Oldu’’, *Arasta, Alışveriş Merkezleri ve Perakencileri Derneği Dergisi*, no. 40 (January-February 2007), pp.14-18.

Table 17: Emergence of major shopping centers as the post-first-wave developments of the country.⁶⁶

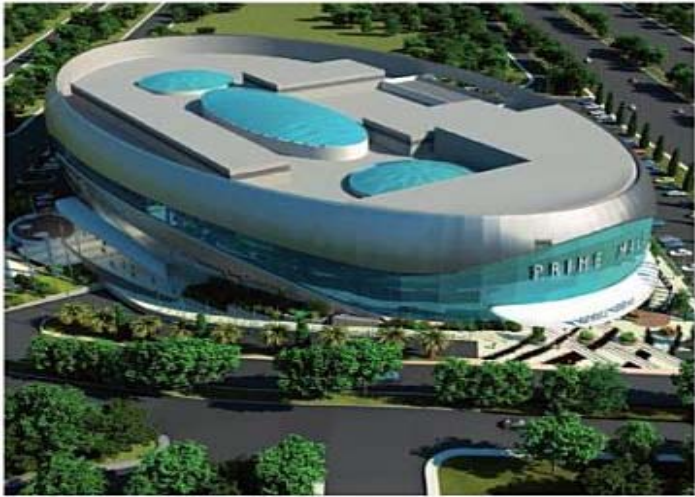
Name Location	Gross leasable area (m2)	Anchor/Date of opening
Galleria Istanbul	45 000	Printemps 1987
Atrium Istanbul	12 000	Migros 1992
Akmerkez Istanbul	36 000	Beymen 1993
Capitol Istanbul	23 800	Çarşı, Migros 1993
Carrousel Istanbul	18 000	Beğendik 1995
Carrefour Istanbul		Carrefour 1996
Migros Istanbul	55 000	Migros Toys R Us 1997
Atakule Ankara	10 700	1989
Karum Ankara	22 500	1991
Galleria Ankara	18 000	Migros 3M, IGS 1996
Sönmez Plaza Bursa	23 000	1993
Pembe Çarşı Bursa	5 511	Çarşı, Makro, 1996
Kumluk Bursa	12 500	1996
Galleria Adana	33 000	Beğendik, Planet 1993
Outlet Center Izmit	27 500	Makro, YKM 1997
Gulfstar Izmit		1997

With the second wave of development, a total of 101 shopping malls were constructed between 2002 and 2007. Within the same period, an additional leasable area of 2.15 million m² was created. Therefore, at the end of 2007, there were a total of 154 shopping malls and a leasable area of 3.52 million m², compliant with ICSC standards. In 2007, Turkey became the 5th biggest market in terms of food expenditures of \$ 130.2 billion; whereas it was the 8th biggest market in terms of non-food expenditures of \$ 102.3 billion. Shopping centers also offer comparatively high yields as real estate investments in Turkey.

⁶⁶ Nebahat Tokatlı, Nebahat and Yonca Boyacı, “The changing retail industry and retail landscape: The case of post-1980 Turkey”, 1998, *Cities* 15, no. 5 (1998), pp.345–359

The list of major shopping centers opened after the first and second-wave developments in Turkey:

1. İstinye Park, Istanbul
2. Kanyon, Istanbul
3. Cevahir, Istanbul
4. Capacity, Istanbul
5. Forum Bayrampaşa, Istanbul
6. Akmerkez, Istanbul
7. Kozyatağı Carrefour AVM, Istanbul
8. Nautilus, Istanbul
9. Palladium, Istanbul
10. Viaport, Istanbul
11. Optimum Istanbul
12. Ankamall, Ankara
13. Cema, Ankara
14. Optimum, Ankara
15. Forum Izmir
16. Angora Izmir
17. Migros AVM Antalya
18. Real AVM Izmit
19. Carrefour AVM, Bursa



Prime Mall in Antakya by Prime Development will be completed in 2010.

Figure 2: Future Mall Project in Antakya



Acteum Group is developing Ancora Istanbul, the region's largest retail, leisure and entertainment center.

Figure 3: Future Mall Project in Istanbul

Shopping centers are good destinations for families to have fun for kids and for adults to do shopping. While many adults do shopping at shopping centers, designed for different tastes, they also fulfill their needs of socializing. Shopping centers which are properly air-conditioned provides people with a highly comfortable living space. While there are shopping centers designed for needs of families, there are examples targeting young adults, thus differentiating

such as Kanyon. Shopping centers which constitute the centers of amusement for people who are becoming increasingly isolated in big cities and are open year round between from 10:00 to 22:00 take the place of natural parks, water-fronts or picnic sites.

It is common knowledge that when asked what the most important three things in life are, Napoleon's answer was, "money, money, money". Similarly, the most three important things in retail business are "location, location, location." This emphasis explains how important the location of the establishment is in retail business. It should be noted that the choice of location in retail business is strategic. In theory, three reasons are given regarding the importance of the location. First of all, it is a crucial aspect of choice by consumers. Secondly, the location is expensive and once it is chosen, it is obligatory to continue with it for years because one cannot easily give up an investment s/he has made. When one gives up, one will have to waste almost all of his/her investments. Thirdly, the location desired cannot easily be found and generally has to be purchased from retailers.

The first task before deciding on a location in retail business is to decide on the field of activity. A store attaching greater value to sales of brands bearing product quality and a market selling discount products will need completely different locations.

Is the Choice of Location Sufficiently Considered in Retail Business? In developed countries, the choice of location is taken seriously. Scientific research, analyses and assessments are conducted for such decisions. It can be said that such analyses are not made at sufficient levels in Turkey. Shopping centers, hypermarkets and supermarkets are established in areas wherever proper sites can be available.

Selection of Shopping Mall Location

Indeed, choice of location requires a multi-phase analysis. Accordingly, the first phase is the analysis of the country or region; the second is that of commercial area and thus the forecasting of sales and the third phase is the analysis of the location.

What is targeted with country or region analysis is the choice of the country or region which brings the maximum benefits among options. Country or region analysis is at the same time a macro analysis. For instance, in which country should a retailer, who is international or desires to be so, make its investments? If China, Russia, Argentina and Turkey, which are defined as developing markets, are among options, which one should be chosen? This circumstance requires a country analysis, which is to be made at the macro level. A macro analysis of such factors as demographic, economic, cultural criteria should be made to reach a decision. On the other hand, a domestic or a foreign retailer should conduct an analysis on regions while making an investment within the country. Such analysis will also have a macro dimension. Which region should an investor planning to make investment in Turkey choose? Should it be the Marmara, Mediterranean or eastern Anatolia region? In other words, should it be Istanbul, Kocaeli, Edirne, Diyarbakır or Van? All such analyses cover the country or regions and should be handled at the macro level.

When a positive decision is made after the macro analysis in the first phase, in other words, only when a country or region is chosen, passage onto the second phase is possible. In this phase, the choice of commercial area within the chosen country or region is crucial. This choice also requires an analysis, which can be named a micro analysis. For example, if a retailer has decided after a macro analysis that Kocaeli is suitable in terms of regional

dimensions, which commercial area should be chosen in Kocaeli upon micro analysis, in other words, upon commercial area analysis? Should it be the city center? If so, which commercial area? If not, what would be the most appropriate the commercial area? Should it be Yahya Kaptan or Derince? At this phase, commercial area that would bring maximum benefits is chosen upon the outcomes of a micro analysis to be conducted based on certain criteria.

The following criteria are crucial for commercial area analyses or micro analyses:

demographic structure, economic status, sub-culture, and demand.

As is known, demography is related to the structure of population. While the gross population within the commercial area is important, the ages, genders, occupations, life styles and similar aspects of such population are of great value as well. Economic status refers to the income per capita within the commercial area, sustainability of income, the rate of employment and unemployment, and the like. Sub-culture relates to characteristics of the sub-culture existent in the relevant area and consumption habits thereof. Demand shows the number and types of industries, level of gross retail sales, income per capita and expenditure per capita; in other words, economic stability of the chosen commercial area.

At such a phase, methods for the forecasting of sales are utilized in respect of the store to be opened. These include analog method, regression method and spatial interaction method. These methods can be briefly explained as in the following: The analog method is a method used by chain store managers. Accordingly, similar stores, already existent, are taken as a basis for forecasting the potential sales of a new store. Commercial area and penetration of the analogous store into the market are gained with discreet customer analysis method. The sales structure of the analogous store gained is taken as the basis later on to forecast sales of the store to be opened.

The first and most important phase of the analog method is to designate a store greatly analogous to the store to be opened. The analogous store and the one to be opened should be similar in terms of size, services, pricing, sales policies, level of competition as well as area characteristics. An ideal analogous store would be one existing within the same chain of stores. This method is composed of two phases. The first phase involves designation of the analogous store and the date. The second phase involves the forecasting of sales.

Chains with multiple stores may prefer to utilize data gained from all the existent stores in the chain rather than that of a single analogous store while making forecast regarding the sale of a new store. This is called the regression method. Regression analysis enables the retailer to take into consideration the data gained from a certain number of its existent stores. The regression method turns the relationship between the sales of different stores in different areas and the region to be chosen on the one part and the store planned to be opened on the other side into digits and retailer may be able to forecast its sales to be achieved in a new area. As the number of existing stores need to be high (30-40) to be able to realize a regression forecast, this method is mainly used by chains involving a multiple number of stores. Regression forecasting system is based on the assumptions that the sales made by a store are dependent on the relevant store's characteristics, location and the commercial area in which it is located, and the comparative effects of the relevant factors on the sale may be measured with a statistical method, which is called regression analysis.

Although the spatial interaction method is very similar to regression method, there are two major differences between them: Regressions models make a single forecasting for a store, whereas, spatial interaction models make separate sales forecasts in respect of various parts of a commercial area. Then, in order to enable a comprehensive evaluation, the gross

value of forecasts made is gained. The second difference is that spatial interaction models evaluate the commercial area not in a deterministic manner but in a probabilistic way. In other words, spatial interaction models assume that individuals or customers are likely to visit more than one store with various probabilities. Therefore, the commercial area is defined, under this model, as a geographic area boundaries of which are drawn, covering customers with the probability of shopping higher than zero. In this sense, the models which are the most utilized are those of Reilly Law and Huff model. These are at the same time called gravity models.⁶⁷ One of the commonly used criteria for assessing the gravity of the market area is the index of retail saturation. In other words, if the retail saturation of an area is lower, the possibility of success in this area higher.

The final analysis followed by area analysis is location analysis. What is examined with location analysis is whether there are the necessary qualities required for one store to attract customers. The two basic aspects of the location analysis are accessibility and location advantage. Accessibility is examined in two phases:⁶⁸ macro and micro analysis. The macro analysis takes into consideration supermarkets and discount stores located within a diameter of 2-3 miles of the principal commercial area. To be able to evaluate the accessibility of the location at the macro level, road options, road conditions and obstacles are all considered at the same time. Road options refer to the question whether there are main arteries or free ways for customers to reach the relevant store. Road conditions relate to the age of roads, the number of lanes, and the number of traffic lights, density and repair and maintenance level of roads.

⁶⁷ Rob Shields, Lifestyle Shopping, pp.40-65

⁶⁸ Rob Shields, Lifestyle Shopping, pp.21-32

Through micro analysis, visibility, traffic flow, parking facilities, entrances and exits are evaluated. Visibility refers to the degree to which customers can see the store, make an entrance and park their vehicles. A good level of traffic flow is crucial in relation to location. As traffic flow to stores especially located nearby gross business centers, schools and plants will increase within certain hours, access to the relevant store during such hours may not be preferred. The quantity and quality of parking facilities are also important. Insufficient parking facilities hinder access to many stores. Besides, density and obligatory waiting occurring at entrances and exits hinder access of people to the relevant store.

Location advantage: while access to stores is crucial, the cost of such location may be high. Therefore, the target customer segment and the form of the store gain importance in the evaluation. For example, the customers of florists do not generally do shopping in a planned manner; they should be located close to super markets. However, customers of shoe repairers generally gain service in a planned manner; they may be located a little far away. On the other hand, cumulative gravity creates an opportunity for stores. That is to say, concentration of numerous stores in a location may enable the relevant place to be more preferable for its customers and it may become a center of attraction because customers believe that they can find there whatever they want.

The New Generation Shopping Mall as a part of the recent transformations in Turkish urban lifestyle is one of the focal points in this study. The characteristics of the way of using shopping malls in Turkey and their social and spatial consequences are investigated and analyzed through a case study⁶⁹ in Ankara, the capital city of Turkey. The field survey was carried out in Bilkent Shopping Center, a newly built shopping mall in a suburban area which

⁶⁹ Feyzan Erkip, "The rise of the shopping mall in Turkey: The use and appeal of a mall in Ankara", *Cities* 22, no. 2 (2005), pp.89-108

also recently was established as a high-income housing settlement. This shopping mall is an appropriate example for spatial transformations under the influence of global forces, which may also give us certain clues about the changes in urban lifestyle. A field survey was carried out through user surveys, and various observations are used to enrich the analysis. The results indicate that the shopping mall as a postmodern site met the changing shopping and consumption requirements of urban citizens. The development of the shopping mall turns out to be well-timed for urban citizens searching for modernity through new identity components in consumption patterns. As for the benefits gained from this development more than any others, can be given as an example, working women indicating the process of the feminization of the flaneur. However, these sites simultaneously produce a new arena of negotiation and conflict as well, creating new forms of exclusion -- particularly for the urban poor. Although malls appear more open to everyone and democratic than the streets for the time being, the potential for segregation is implicit in their private character.

Most of the hypermarkets need large and freestanding stores (such as Metro International), and many large supermarkets encourage purpose-built shopping center developments (such as Migros in Istanbul's Atrium shopping center) or Migros Bakırköy (formerly Beğendik in Istanbul's Carrousel shopping center), or play a more direct role in the development of their own shopping centers (such as Carrefour in Istanbul's Carrefour shopping center and Migros in Migros shopping center in Beylikdüzü, Istanbul). Consequently, as the number of large retailers increases, so does the number of purpose-built shopping centers. According to the Turkish Association of Shopping Centers, over than 160 shopping center projects are currently under consideration in the country. Their concentration in a few large cities is noticeable, and the sizeable enclosed areas are worthy of attention.

Their dates of opening and anchor retailers give us clues concerning the relationship between the emergence and strengthening of large retailers and the development of such centers.

On average, the annual yields of shopping mall investments is 5% in the developed markets and 6 – 6.5% in the developing markets in Europe. As for Turkey, the annual yields are 7-8% in such cities as Istanbul, Ankara, Izmir and 8-9% in other cities. According to the Turkish Association of Shopping Centers by an Real Estate Investment Evaluation, Istanbul is seen to be one of the two most attractive cities in terms of shopping center investments. The other is Moscow.

I will refer to three economic growth scenarios in order to reach the retail market forecasts. The national income will be 835 billion dollars with a 3% annual average growth rate in 2015 and 1.13 trillion dollars with a 7% annual average growth rate. In 2015, the total population will reach 77.5 million. Given the assumptions that the share of private consumption expenditures in Gross National Product (GNP) will remain to 70% and the share of retail expenditures in private consumption expenditures will be 50%, the bulk of retail spending will be 292.3 billion dollars with a 3% growth rate, 340.9 billion dollars with 5% and 396.6 billion dollars with 7%.

By the end of 2010, the size of leasable areas will have reached 8.393 811 m² with 288 shopping centers in total. The period between the years of 2008 – 2010 will be experienced as a bounce period in terms of shopping center investments. The size of leasable area that was 49.8 m² per person in 2007 will rise to 114.6 m² in 2010.

Table 18: Total Number of Shopping Malls

	2007	2008	2009	Under Construction	2011 estimation
Istanbul	54	71	80	34	114
Anadolu	112	139	156	34	190
Total	166	210	236	68	302

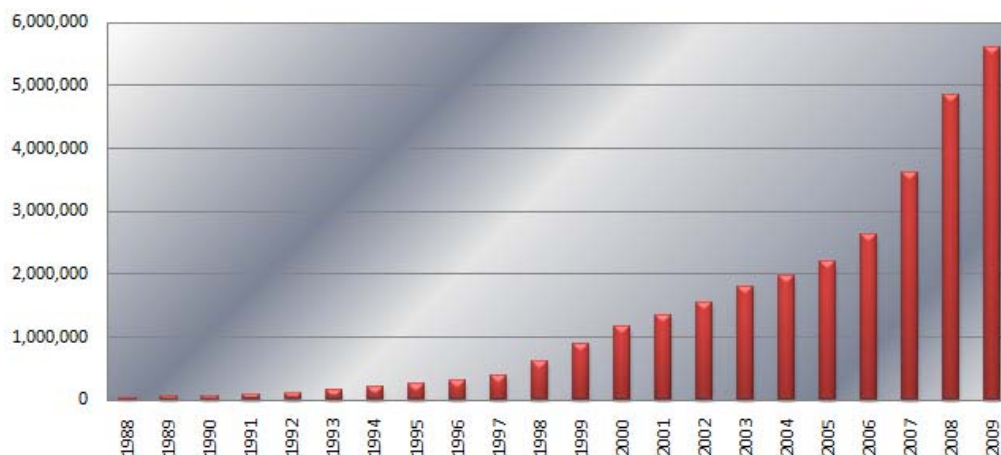
Source: Jones Lang LaSalle, 2009

Table 19: Total Gross Leasable Area in m²

	2007	2008	2009	Under Construction	2011 estimation
Istanbul	1.464.199	1.848.304	2.250.565	1.304.025	3.554.590
Anadolu	2.403.081	3.009.976	3.446.193	1.167.482	4.613.675
Total	3.867.280	4.858.280	5.696.758	2.471.507	8.168.265

Source: Jones Lang LaSalle, 2009

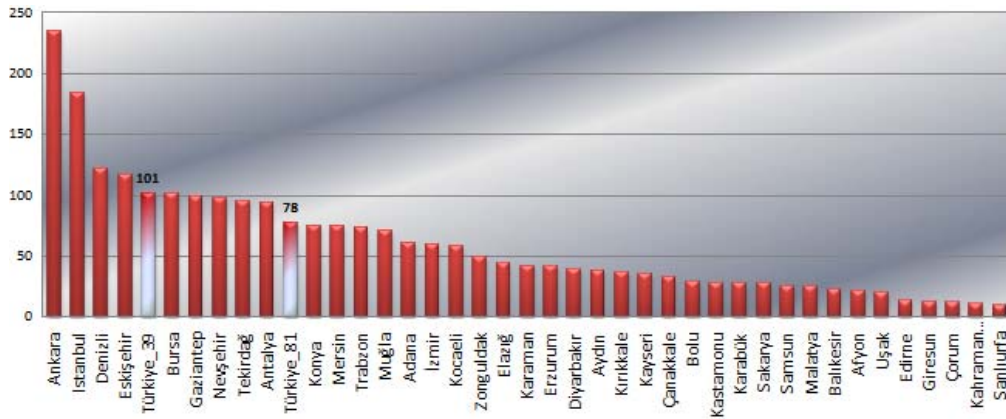
Table 20: Shopping Mall Gross Leasable Area (GLA) within Years in m²



Source: Shopping Malls Investors Association , 2009 Real Estate Yearbook

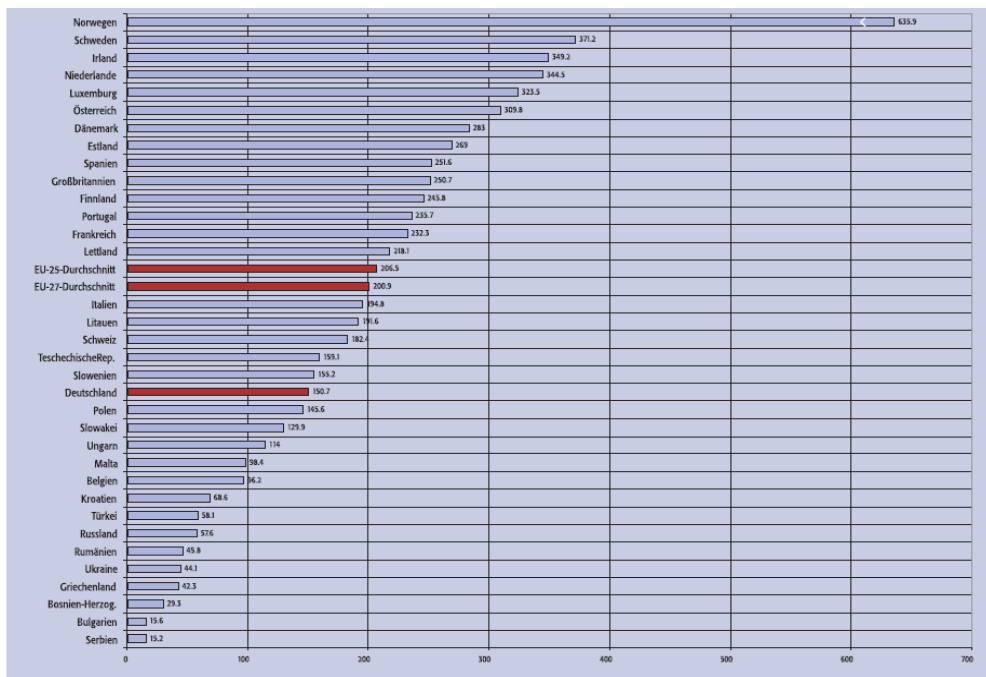
The estimation for 2010 for gross leasable area over 6 million m² and for 2011 GLA forecast is more than 8 million m².

Table 21: Leasable Surface by Cities in 2009 per 1000 people



Source: Shopping Malls Investors Association, 2009 Real Estate Yearbook

Table 22: Shopping Mall Area in m² by Each 1000 People in Countries



Source: Shopping Malls Investors Association, 2009 Real Estate Yearbook

Table 23: Gross Leasable Area/p.a. in m²

City	2009 November	2011 Estimation
Ankara	193	268
Istanbul	177	296
Denizli	122	119
Eskişehir	120	118
Izmir	108	157
Turkey	80	125

Source: Jones Lang LaSalle, 2009

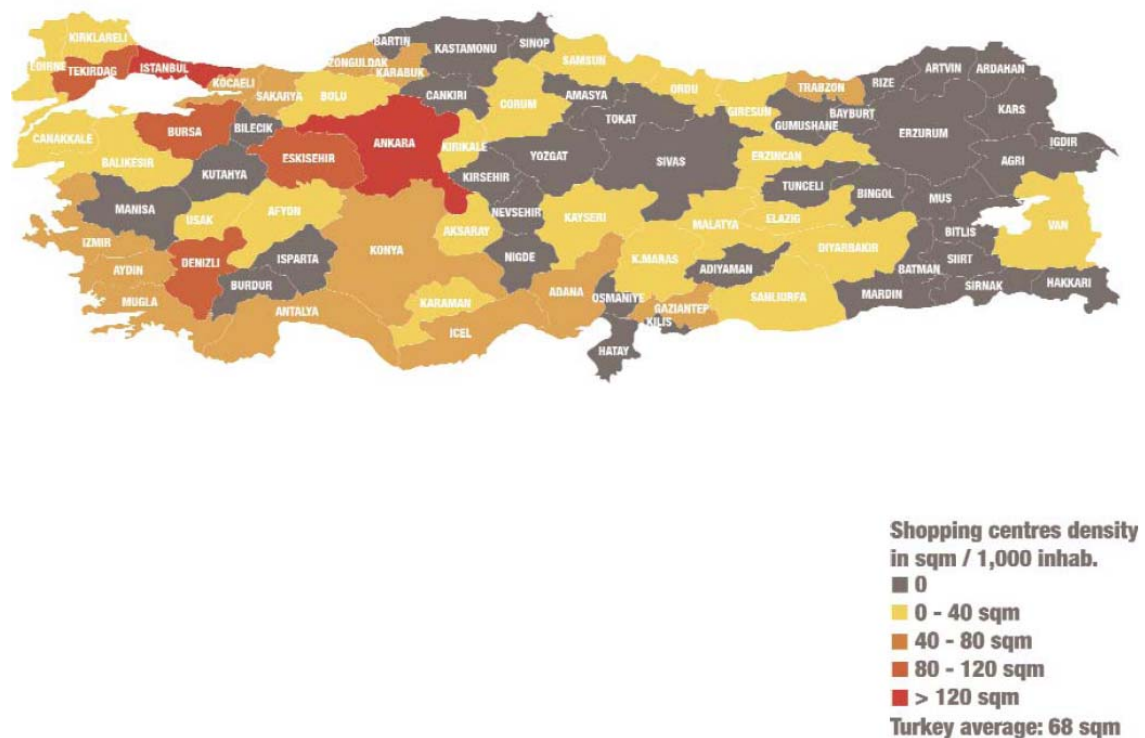
An average investment for a shopping center varies between US\$ 70 million to 400 million depending on the size of mall and the location of the land.⁷⁰ So, in 2010 and 2011, there will be big investments in Turkey for new malls.

Taking into consideration of all this data, it could be put forward that development of organized retail business and in particular that of shopping malls have not yet been completed in Turkey. While the level of development seems higher in Ankara and Eskişehir provinces, many cities including Istanbul are still open to new investment. When such investment is made therein, economic effects of retail revolution will make themselves felt more strongly. As an example of such effects, modern point of retail sales have control in many locations in the designation of market prices.

⁷⁰ Personal Notes, *Shopping Malls Investors Association 2009 Conference*, Istanbul, 4 March 2009.

Istanbul is still of significant interest to real estate investors. It remains the most developed retail market of Turkey with 1.88 million m² GLA and further 2,04 million m² under construction by the end of 2010, estimated GLA of Istanbul will totally reach 3,92 million GLA.⁷¹ Istanbul is the main pipeline accounting for 44% of the total retail space in Turkey. Also, in the coming years, there will be different types of shopping malls, like children's malls.

Figures 4: Shopping Mall Density Map of Turkey



According to forecasts that are shaped in line with actual realization rates, shopping malls are expected to permeate into 11 new cities in 2010 and to reach 42 cities in total. In 2010, Istanbul will have 122 shopping malls and a gross leasable area of 3.02 million m². Ankara

⁷¹ Jones Lang La Salle. *Retail Market Overview*, Istanbul: Jones Long Analysis Team, April 2009, p. 22.

will have 28 shopping malls and a gross leasable area of 946.005 whereas Adana will have 6 and 332.100 m² respectively. Following these three cities, the number of cities with gross leasable area between the ranges of 100-300 bin m², will be 14. Much more leasable area will be gained in Turkey between 2008 and 2010 than the one gained in 20 years in the period between 1998 and 2007.

The forecasts for the period between 2011 and 2015 are made considering the extent of the potential retail expenditure per m² of leasable area and the size of leasable are per one thousand people. Accordingly, accepting \$ 30,000 as the minimum potential retail expenditure per m² of the leasable area, maximum size of leasable areas that could be tolerated by cities in 2015 can be gained by using three different scenarios.

In consideration of the above information, it is expected, as regards the period until 2015, that most of the potential resources will be depleted and a total leasable area of 8 million m² will be reached until 2010, and that the investment in shopping malls will slow down after 2011 and a gross leasable area of 10 million m² will have been reached by 2015. Yields gained from investments in shopping malls as real estates in the period 2008-2015 will decrease to a limited extent in Turkey; however, they will be relatively higher when compared to those of other countries. Therefore, with the new picture that will come out after 2010, the retail business will reach the level of saturation. Then, only those investors and players who differentiate themselves will survive in the market. With the campaigns that will be conducted as the result of the high level of competition, and due to the efforts made to attract tenants, the sector will be reshaped. In other words, the retail revolution will continue.

Table 24: Investment Potential of Shopping Malls for Turkish Cities for 2011-2015

Cities	Big cities	Developed Cities	Emerging cities	Undeveloped cities
High potential 100.000m2+	İzmir	Bursa, Konya	Hatay Manisa	
<u>Midium Potential</u> 30.000m2- 100.000m2		Kocaeli, Mersin	Aydın, Diyarbakır, Edirne, Samsun, Trabzon, Zonguldak, Muğla, Balıkesir	Afyon, Elazığ, Erzurum, Ordu, Kütahya, Urfa, Tokat, Uşak, Van, Isparta,
Limited potential 10.000-30.000m2		Adana, Denizli, Gaziantep, Eskişehir, Denizli	Maraş, Sakarya	Erzincan, Nevşehir, Çanakkale, Karaman
Saturated	Ankara, İstanbul	Antalya	Tekirdağ, Kayseri	

There are three major elements that could affect yields of investments in shopping malls, as real estate, in Turkey between 2008 and 2015. First, while yields decrease in Europe, the interest in developing markets like Turkey will remain strong. The investment in shopping malls has reached a certain level of saturation in Europe and therefore yields from such investments have dropped to 5% per annum especially in developed countries. Yet it remains between the range of 6% and 7% in the middle and eastern European countries. The global economic crises experienced as of the middle of 2007 have caused a slow-down in retail business in Europe. The effects of such slow-down are forecasted to continue until the end of 2010. Within this framework, increase of rental fees, for investments financed by elevated interest rates, will experience a slow-down and a re-pricing process will begin, which will pull down the yields of investments in shopping malls. In line with such expectation, it is

forecasted that the interest in investment in such countries as Turkey, which offers comparatively higher yields, will remain stronger.

Second, the fact that Turkey conserves its potential for economic development and its success in materialization thereof renders investments in shopping malls interesting. In other words, what make yields higher in Turkey are economic development and its potential for increase of retail expenditures. Depending on the growth in retail expenditures, revenue expectations of investments remain better. Therefore, it is expected that Turkey will achieve an annual growth rate of at least 5% after the economic recession experienced in 2008 and retail expenditure will increase again after consumer confidence is ensured.

Last while cost of investment increases, increase in rental fees will likely to slow down.

Following the increase in the number of shopping malls, proper sites and lands will lessen or finish at all, which will cause the onset of a period in which cost of investment will soar especially in connection with high prices of plots.

The basic tendencies that are likely to affect investments in shopping malls until 2015 are as follows: a new financial point of balance will be established to surmount problems having occurred in the financial chain that consists of leasers, investors-creditors and thus there will be actions such as consolidations, purchases and increasing involvement of foreigners. With lower inflation rates and decreasing interest rates, serious changes have taken place in expenditures, forms of payment as well as financing of expenses. With the onset of credit cards, use of consumer credits has increased fast. The expenditures growing in connection with credit cards have ensured faster growth of the retail market. Moreover, the reduction in the size of rural areas and fastening of urbanization have led fastening of the increase in retail expenditures. Economic relations seen in closed economies are rapidly

replaced by expenditure relations of market conditions. Owing to the growth and differentiation of needs in urban settings, urbanization plays a crucial role in widening of the retail market.

BİM, which could control almost 30% of the Turkish yogurt market, with its approximately 3000 branches, is at the same time effective, to a great extent, in the designation of the retail prices of yogurt brands. This sometimes leads to advantageous prices for consumers, due to competition, or sometimes higher prices, as a result of the decrease in the number of manufacturers that have surrendered retailers or to monopoly.

According to a real estate company (Kuzey Batı Gayrimenkul Danışmanlık), besides shopping malls and centers, there is also significant retail space development within new plaza offices in Istanbul. The existing reserve is estimated to be around 36,300 m², and another 123,300 m² is under construction in 2009. If the trend continues, this will have important spatial influences on urban landscapes.

As the experiences of other countries indicate, the effects of shopping mall developments are not limited to spatial aspects. In Canada, for example,⁷² the corporate policies of the shopping center developers have already changed the sector by conditioning the entry of firms into retailing. Through leasing discrimination and restrictive practices, major developers and retailers of shopping centers have already shaped the processes and patterns of retailing. In 2007, eight developers, two department store groups and three smaller specialty

⁷² John Goss, "The magic of the mall: An analysis of form, function, and meaning in the contemporary retail built environment, *Annals of the Association of American Geographers* 81, no. 1, (1993), pp.18-47

stores together with banks and insurance companies which finance the shopping centers, control almost the whole sector in Turkey⁷³.

There is now more demand than ever for large and suitably sited stores in which retailers can sell a full range of items. This makes the lack of adequate prime sites for significant retail development in the existing urban areas more visible. In a large, multiple-location retailing environment, the importance of property as a key strategic variable is greater than it is in a small, single-location retailing environment. While retailing, in the latter, takes place only as a result of the retail industry, it takes place as the result of demand from two sectors of the service economy in the former: the property investment and trading industry, and retail industry. Until recently, finding vacant space of the right specification at the right location in Turkish cities was not done through professionals such as real estate agents. Either the property owners offered their space to the retailers, or the retailers themselves found the appropriate space. The term “property advisors” was unknown. Today, the increasing importance of property as a key strategic variable makes the business of finding adequate sites for retail development in the existing urban areas a legitimate profession. In Turkish cities, the availability of appropriate space remains tight as retail space demand has risen but supply has not yet caught up with the demand. There are signs that this changes the property industry as well.

Two kinds of activities are visible even to the casual observer. First, retail firms are now taking responsibility for acquiring land and building the stores according to their own specifications. Second, conversion of buildings originally designed for some other purpose

⁷³ AMPD Dergileri, “AMPD 11. Perakende Zirvesi Notları”, *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no.34, (January-February 2007), pp.28-38

into retail uses becomes a common activity. Carrefour is especially admired by the business community because of its particularly favorable location selection in Istanbul. It is believed that the retailer benefited from the rents created in the land around the hypermarket by getting involved in developing the surrounding shopping center. When a well-known name such as Carrefour is located on a free-standing site, other retailers locate next door for the same reason that they would do in a town center. The difference is that if the decision can be kept a secret long enough, strong speculative possibilities can arise around free-standing sites. Popular business magazines constantly entertain speculative ideas concerning allegedly secretive location plans and property deals that a number of large retailers have. If your neighbor is successful in retail, then you have a chance of good turnover. For example, if your neighbor is Kızılkayalar Hamburger in Taksim, you can easily benefit from its traffic. Today, Shopping Centers offer certain levels of retail traffic to their leaser by their excellent shop mix.

Differentiation Strategies of Shopping Malls

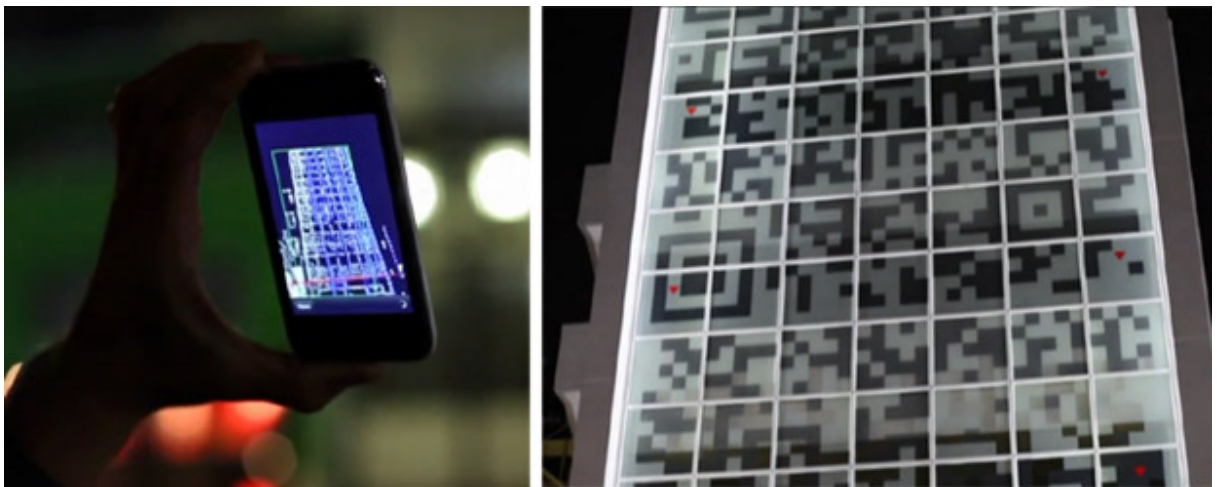
Why does a consumer prefer a shopping center? Even only opening a shopping center was quite remarkable 10 years ago. Today, we are surrounded by shopping centers. Consumers have started to look for the most different ones. Some of them attract people by architecture, some by location and some others by shop mix or activities like giant aquariums. At this point, locations and amenities of shopping centers differ from city to city.

In Anatolia, a big-size shopping mall has enough specifications while, on the other hand, there is not in Istanbul. In the Levent-Maslak direction, there are several similar shopping centers. *Me too* centers go down in their popularity and different ones like Kanyon

and İstinye Park Shopping Centers attract more and more attention. Specializing in shopping centers is a good method of differentiation.

Without doubt, exterior design is the primary differentiation point followed by interior design. There are several Turkish architecture firms which are experts on master planning, urban design, interior design, landscaping and architectural controlling.

According to new retail theories like OMG: The Future of Retail Design Is Augmented-Reality Facades by Cliff KuangThu.⁷⁴ When you click a picture of a building on your I-phone, and get info on all the inhabitants.



Figures 5 & 6: Future of Retail Design

⁷⁴ *Future of Retail Design*, available online, http://www.fastcompany.com/blog/cliff-kuang/design-innovation/omg-future-retail-design-augmented-reality-facadespartner=homepage_newsletter, [Jan 7, 2010]

Qosmo Company together with Terada Design has created N Building, a retail low-rise whose facade is covered in QR⁷⁵ codes. When you snap a photo with your phone, that, in turn, tells you information about the shops inside--ranging from what's new, what's on sale, coupons, and even restaurant reservations. And then, things get weird: You can see the Tweets and comments of the *people inside*, thanks to Twitter retagging.

Now, individually, none of these technologies is particularly surprising (leaving aside the fact that Japan is a way ahead on the QR code thing; fairly soon.) As the Qosmo company pointed out before, the future of interaction design is not about new tech -- it's about clever applications at the low-end. This is a shining example. The only real innovation lies in having enough animation to take QR codes to a massive scale -- and the rest naturally falls out of that in a sense, once you integrate everything that is possible. What's particularly clever is that unlike most AR applications⁷⁶, passers by do not need to have any special program on their phones – they just need QR capability. Can you imagine if you could look out over a cityscape, scan the skyline for QR codes, and find out information about where you want to

⁷⁵ *Future of Retail Design*, http://en.wikipedia.org/wiki/QR_Code . A QR Code is a matrix code (or two-dimensional bar code) created by Japanese corporation Denso-Wave in 1994. The "QR" is derived from "Quick Response", as the creator intended the code to allow its contents to be decoded at high speed, [Jan 7, 2010]

⁷⁶ *Future of Retail Design*, Augmented Reality (AR) applications; http://en.wikipedia.org/wiki/Augmented_reality : Augmented reality (AR) is a term for a live direct or indirect view of a physical real-world environment whose elements are merged with (or augmented by) virtual computer-generated imagery - creating a mixed reality. The augmentation is conventionally in real-time and in semantic context with environmental elements, such as sports scores on TV during a match. With the help of advanced AR technology (e.g. adding computer vision and object recognition) the information about the surrounding real world of the user becomes interactive and digitally usable. Artificial information about the environment and the objects in it can be stored and retrieved as an information layer on top of the real world view. The term augmented reality is believed to have been coined in 1990 by Thomas Caudell, an employee of Boeing at the time. Augmented reality research explores the application of computer-generated imagery in live-video streams as a way to expand the real-world. Advanced research includes use of head-mounted displays and virtual retinal displays for visualization purposes, and construction of controlled environments containing any number of sensors and actuators. [Jan 7, 2010]

go, what you should be doing, and who is doing what? The mind boggles when you consider where this could go since the capabilities of social networks are looped into the mix -- Loopt is just the tip of the iceberg.⁷⁷

Retail Chain Channel Analysis: In retailing, the decision-making unit is the firm, however much its decisions may be conditioned by market demand, government intervention and technical considerations.⁷⁸ The firm can be a small, independent and single location retailer or a large and multi-enterprise entity. The geography of retailing that originally rests on concepts of centrality does not help us to understand the differences between the two types of firms because the foundations of centrality are not based on the market behavior of retail firms but on the range of goods. Location behavior of a retailer would be determined by the interaction of threshold and range effects associated with the products sold.

The behavior of individual, small, independent, and single-location retailers would be determined, on one hand, by the interaction of threshold and range effects associated with the products they sell. On the other hand, they would be determined by rent levels for retailing property in cities; although real-world irregularities complicate the picture. Among these irregularities are national differences in the stage of economic development, variations in urban morphology, contrasting modes of transportation or variations in densities, purchasing powers and shopping behaviors and subjective evaluations of populations. In other words, types of goods being sold together with urban rents (associated with the spatial distribution of demand and accessibility) decisively influence the location choice of small retail businesses.

⁷⁷ To see a video about future retailing, <http://vimeo.com/8468513>, [Jan 7, 2010]

⁷⁸ Roger Cox and Paul Brittain, *Retailing : an introduction* , 5th edition, (Harlow : FT Prentice Hall, 2004), pp.223-228.

Unlike those of single-location retailers, the spatial decisions of large and multiple-location retailers cannot be understood simply in terms of the products they sell (and their threshold and range effects) and urban rents. We must first look into the operations of the firm itself and its corporate environment. There are, for example, factors such as profitability, capitalization, growth, corporate organization and competing activities within the corporation together with its competition opportunities. Unlike those of the independent retailer, the location decisions of large and multiple-location retailers derive from strategic decisions about relatively advantageous corporate goals and perceptions when compared to their competitors. For example, retailers with exceptional profitability or capitalization can tackle new markets with greater confidence.

Well-financed retail subsidiaries of powerful corporations can rapidly enter a local market with no doubts about their ability to “push” out the competition, and, if necessary, to abandon the poorly located sites later. Moreover, the irregularities of the real world are pronounced in a different way in the world of large retailers. This is mostly due to competitive dynamics shifting back beyond the shop (backward links within the system of distribution such as buying groups, private labels, scale economies, and other vertical-integration related factors). Those shifting towards the customer (such as advertising campaigns, pricing policies, and variations in store image) further complicate the picture. The primary difference between small, independent, and single-location retailers and multiple-location ones lies in the scale economies that the latter group enjoys. Large retailers with multiple establishments in different locations throughout the urban system enjoy network scale economies which include both head office costs and purchasing advantages which should enable them to lower costs and

thus to be more competitive.⁷⁹ Also, they typically practice a kind of vertical integration in that they take on the responsibility of buying, storing and stocking their own goods which generate distinctive kinds of scale economies. They obviously have different sensitivities to scale economies of both horizontal and vertical integration, and distribution costs.

Among the distinctive economies of scale which large retailers with multiple establishments can derive from the horizontal integration of shops are those arising from the specialized facilities and their strong bargaining power for the acquisition of sites. With more skilled knowledge and experience in the choice of sites, more capital at their command and greater potential of paying rents, they are generally better sited than the average independent trader. Moreover, they are usually able to influence other retailers, customers, suppliers, landlords and shopping center developers because of their strong purchasing power. In summary, they do not only always pay less for the same goods than smaller retailers, but their rents are also usually lower than those of smaller retailers since rents are almost always less than proportional size. Due to important differences between them, small and large retailers are associated with different spatial imprints in cities. The central-place theory which implies hierarchies explains the world of small retailers better. However, since the location strategy of a multiple-location retailer is embedded within the marketing strategy of the subsidiary which is in turn part of the corporate strategy of the firm as a whole,⁸⁰ the large retailer is less constrained with already existing business clusters or hierarchies. In other words, whereas the small-scale retail stores satisfying basic needs are still located primarily in the residential areas and are heavily oriented towards demand in the immediate neighborhood, the large and

⁷⁹ Levy and Weitz, (2001), pp.130-139.

⁸⁰ Ogenyi Omar, *Retail Marketing*, (London: Financial Times Pitman, 1999), pp.80-88.

multiple-location retailers replacing them might choose non-integrated locations. After all, they possess adequate potential for internal linkages, which enables them to survive without others nearby. They also carry potential to influence customer attitudes through advertising campaigns, pricing policies and variations in store image, which would make the customer's perceptual image of the retailer more important than its actual physical location. More than one set of variables help us to understand the location decisions of large-scale retailers.

The factors on the demand side are only one part of the story. The invisible networks of information, financial flow and movement of goods are also critical, as well as the relative advantage of corporate goals and perceptions when compared to the competitors.⁸¹ Unlike small and independent retailers, large-scale retailers attempt to determine their own survival by adapting to changing conditions. They do this by choosing new locations in growth areas and by abandoning those that are no longer suitable. They are also able to develop new product lines or to alter the scale of their operations. For large and multiple-location retailers, site selection is a continuing process. They can "attack uncertainty" and improve the odds of survival by improving their sources of information, preparing to modify their activities, and dispersing their resources.

For small and independent retailers, one way to achieve some of the economies of scale is to come into closer association with a wholesaler. Among such forms of organization is the voluntary group whereby small and independent retailers undertake to buy from a wholesaler in return for a discount and the supporting services. Another way is to form voluntary chains which comprise two or more wholesalers each with its associated

⁸¹ Peter J. McGoldrick, *Retail Marketing*, (London: McGraw Hill, 2002), pp.329-341.

independent retailers. However, these groups or chains do not enjoy scale advantages to the same extent as the large retailers with multiple establishments.

CHAPTER FIVE

RETAIL CHANGES AND CHALLENGES

Challenges and Consolidation in the Local Retail Sector

Consolidation in the Turkish retail sector most definitely will bring several positive outcomes. First, there will be an increase in bargaining power with suppliers. Second, a more rational pricing strategy will be adopted. A higher market share for organized retailers should lead to higher prices as they increase their competitive strength over traditional retailers. Favorable demographic factors, strong growth potential with EU accession and a strong rebound in macroeconomic indicators make Turkey a potential target for international retailers who seek growth opportunities on a global basis. Considering the fragmented market structure where the top-five retailers account for only 22.5% of the market, consolidation in the sector will accelerate quickly through nationwide mergers (like the recent acquisition of Gima by Carrefour) or international acquisitions. The most important segment of the market is food retailing, which accounts for 60% of total sales. Organized retailers have a 36.5% market share in the food-retailing segment and are nowadays increasing their shares at the expense of traditional stores. The purchasing power of organized stores enables them to offer lower prices while achieving higher margins, which could cause an accelerated shift in organized retailers in 2006.

Changes in Demographic Characteristics – Transformation Phase: The main factor attracting retailers' attention to invest in the sector and to develop modern structures has been growth potential due to a large and growing population and unsaturated market conditions. The factors such as the growth of disposable income along with changes in the composition of the country's production factors, demographic characteristics, lifestyles and consumption patterns have all fostered positive expectations. Retailers have built up a wider network of store chains with the emphasis on ergonomics and parking lots. Having improved service quality, these retailers attempt to attract new customers while retaining existing ones. In order to increase their market share, large supermarkets have conducted various promotional campaigns such as initiating phone and internet purchases, deliveries and issuing membership cards. The transformation to modern-format food retailing has mainly occurred in large cities where shopping habits are rapidly changing and the market size justifies a large-scale investment.

Opportunities and Positive Outlook in the Medium-Term: The retail industry is highly susceptible to the developments on the main economic front. Changes in inflation figures and interest rates affect consumers' disposable income and, in turn, have an effect on consumer confidence. Turkish food retailers experienced this susceptibility in 2001, when the industry recessed in parallel to the contraction of GDP. However, since 2002, demand, consumer confidence and revenues have started to ameliorate. Consumer confidence has been boosted by the last year's political stability attained by the single-party government, accompanied by the commitment to fiscal prudence and the improved expectations through the EU accession. Conversely, small and independent neighborhood stores face intense pressure from newcomers – large and modern operators offer their customers a wide range of products at attractive prices in new facilities. Without modern methods, traditional operators can only

respond by offering a narrow and incomplete product line-up at prices 30% higher. Besides, they can only stay in business without modernizing by operating informally – in other words, by evading taxes and other financial obligations to the state.

The progress of traditional operators will be central to the development of the sector, since they account for almost 90% of employment. Today, their inefficiencies shackle the industry and cause to pull total sector productivity down. If traditional operators can be encouraged to modernize and be guided along the path (i.e., franchises, buying groups, specialization), they could fully participate in the ongoing rapid growth. They will also lift themselves and their employees out of today's marginal livelihoods. The upside is enormous; the Turkish retail sector could more than double its productivity by 2015 and become a primary job creation engine in a rapidly growing economy. Despite periodic setbacks, the medium-term economic outlook is positive and a number of trends and events will positively influence the retail sector. Income growth, high urbanization rates and the increasing number of women in the workforce all influence changes in tastes and preferences, which supports the development of the retail sector.

Chain Retailing: Despite the progress, chain retailing remains a largely unexplored market in Turkey, with organized retail industry that represents only a 36.5% share of the total turnover in 2004. According to AMPD figures, there are approximately three hypermarkets and 17 supermarkets per one million of the population when compared to an average of 15 hypermarkets and 150 supermarkets in EU countries. These figures show that the Turkish market still has a high level of potential. The retail sector is also relatively fragmented. At present, the top-five players hold a combined market share of under 25% of the modern grocery distribution.

A change in the retailing structure has opened new areas for branded import items. Industry sources estimate that only the top 5-10% of the population can afford imported food items.

Change in Customer Service and CRM Activities

Organized retailers have started to concentrate on CRM activities and to observe consumer behavior in order to retain their customers and create brand loyalty. Therefore, they have initiated store cards that will bring extra benefits (mostly discounts) to consumers holding the card of that store. Strategic partnerships with banks to increase the use of credit cards and, in return, to gain extra benefits or discounts for consumers, have been widely implemented by retailers.

Consumer-centralism has always been at the heart of the retail and consumer goods industry. But the changing behavior and expectations of consumers today demand constant monitoring, measuring and managing through a highly effective Customer Relationship Management (CRM) strategy. At the same time, the Internet extends the customer relationship and transforms it into a complex network community. As a consequence, retail and consumer companies must become more sophisticated in data mining, in their use of alternative sales channels and in discovering new suppliers from the ranks of start-up companies.

"Best practice" companies make every effort to continually monitor the ways in which consumer expectations are changing. They choose technology approaches that bring them closer to their customers, which in turn give them more immediate reliable feedback. However, the moment of truth comes when a client comes into contact with your company at a cash-register, on the Internet, or at the end of a telephone. At such moments, it is vitally

important that the point of contact be managed by competent people who can adequately represent your company's culture and values.

Changes in Public Relations and Corporate Governance

The recent wave of business scandals and ethical lapses have heightened the importance of scrutinizing companies in the eyes of the public, the press, and investors, which creates demand for a corporate culture of integrity-driven performance and a new corporate transparency. Management and boards now feel compelled to ensure that proper governance processes are in effect to protect corporate reputation, brand image and shareholder value. 50% of retail industry CEOs believes that there is a strong relationship among all elements of GRC (governance, risk and compliance) and that effective governance can be a value driver and a benefit, versus a cost, to their companies.

Effective corporate governance requires management and board involvement and accountability, embracing the processes, compliance and structure required to direct and manage the affairs of a corporation. Its overall goal is to ensure the financial viability of the enterprise and to enhance shareholder value. Requiring multinational operations, various financial reporting systems, complex supply chains with wholesalers, distributors and multiple types of retailers as well as multiple brand portfolios and various types of outlets, globalization provides significant rationale for management and boards to develop an effective GRC program in the retail and consumer industry.

Social Responsibility Projects of Modern Retailers

The “demanding customer” is an output of open economy and competition among retailers. There is a basic rule in economy stating that prices goes down if a number of sellers are bigger than buyers. A new motto on the top of this basic economic rule is that customers ask more in quality, if a number of sellers are bigger than buyers. This is a social change in the demands of Turkish consumers.

Migros built a school in Silopi, Urfa, for 300 students and donated more than 2 million TL to nongovernmental organizations. Metro group implements a sustainability project in Ericek, Bursa with a budget of 350,000 Euros. The company supports the farmers to plant 5,600 fruit trees and provides training on modern agriculture techniques. The fruit from the plantation in Ericek village will be sold in Metro stores. Carousel shopping mall has built a dental hospital in Kayseri.⁸²

Increasing Interest in Private-label Products

Retailers have recently been putting more emphasis on private label products in order to provide cost efficiency for the benefit of their customers. After the economic crisis in 2001, consumers have been more inclined toward private-label or non-label products as these products have a price advantage. The share of purchased private-label products comprised

⁸² “Sosyal Sorumlu Perakendeciler”, *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no:34 (January-February 2007), pp.66

almost 55% of total consumers in 2004 when compared to 39% in 1999.⁸³ Own-branded products are not only sold at higher margins, but also allow retailers to stand out from the competition. In the meantime, other own labels have built a reputation similar to those of manufacturers' brands. Given the Turkey's overall economic situation, well-managed own brands have a good chance of swiftly increasing their market shares. The growing number of hard-discount stores has also led to an increased acceptance of own-label goods among consumers. Turkey's own labels are often comparable to corresponding manufacturers' labels in terms of quality, but are sold at prices between 30% and 50% lower. On the other hand, the majority of small supermarket chains carry no own labels. It is, therefore, conceivable that they will lose some of their customers to the modern retail companies. The more natural it becomes for retailers to sell own-branded lines, the less likely price will be the only relevant distinctive feature in the competition.

Among the reasons why retailer-branded or private labeled products have recently gained a high market share are retailers' purchase of goods from manufacturing companies in greater amounts for lower prices due to their bargaining powers and their selling the products of their own brands for cheaper prices due to such factors as low level of advertising, promotion, physical distribution and packaging expenses. In short, private labeled and branded products provide opportunities for retailers to offer goods with cheaper prices to consumers due to the low production costs, inexpensive packaging, minimum advertising and low level of overall production costs.

⁸³ Engin Özgül, "Özel Marka Üretiminde Üretici Perakendeci Ve Bağımlılığının İşbirliği Süreç Ve Performansa Etkileri", (İzmir:Dokuz Eylül Üniversitesi İktisadi İdari Bilimler Fakültesi, İşletme Bölümü Yayınları, 2002), pp. 140-145.

In the case of retailers' own-label brands, all activities such as brand development, sourcing, stocking, advertisement and promotion are completely carried out by retailers. The rapid rise of the supermarket brands and their increasing amount of shelf space at supermarkets has not only led to narrowing the shelf space of manufacturer brands but also hindered excessive price increases. Thus, the retailer's control over the brand has increased. These developments have encouraged deep-discount retail stores to prefer private-labeled products.

These advantages of retail brands mentioned above (especially price and display at the point of sale, promotion, advantages in shelf number and size) force the manufacturer brands in terms of competition and decrease their market share. For instance, Philip Morris, the leader of the tobacco market in the USA, has lowered Marlboro's sale price by 40 cent in 1993 in order to compete with cheap cigarettes sold in chain stores. That discount on the prices led to a great decline on the value of company's stock in stock market. This example proves the fierce competition between retail brands and manufacturer brands.

As a result, retail-branded products represent an important opportunity for both sides to gain advantages. Manufacturers whose scope of business is sale and marketing can easily meet the costs due to the marketing activities that are done through retailers and the production of the brands that are produced under retailers' own labels.

Implementation of Foreign Retailers: Most Turkish conglomerates entered the retail market in the past decade with heightened expectations of financial income and with the aim of achieving synergies such as creating a customer database and higher prestige. Seeing this through the cold light of operational performance, most foreign retailers may have avoided penetrating into Turkey until now. Among the leading international retailers, only Carrefour, Metro, Tesco and, more recently, IKEA are present in Turkey. However, there are strong signs

indicating that more foreign retailers are turning their attention to Turkey for possible acquisitions.

The Retail industry supports several suppliers and supplier workers. Direct and indirect employment of retail sector creates opportunities for young generation. Producers, packaging industry, logistics industry, security industry, training sector, construction industry, architecture sector, mall management sector, IT sector, merchandising for shops and malls, and their families are strongly related and earn a living from the retail industry. In three years, organized retail business will create at least 200, 000 new job opportunities. For the formal economy, organized retail is a must to control tax revenues.⁸⁴

Big retailers become bigger buyers within years and gain a stronger position against suppliers. Especially small companies suffer from this equation. As the “big” asks for more discounts, the “small” will have fewer profit margins on the top of the production cost. On the other hand, this pressure on small companies makes them more competent in the global market. If they succeed to survive, they can become global suppliers for big retailers. In Turkey, Dimes is a global juice supplier for Carrefour Group, just like Şölen, a chocolate producer in Gaziantep, is a global supplier for Metro and Carrefour Group. Tadım, a local nut company, will be a global supplier for many European retailers thanks to their innovative packaging strategy in hypermarkets. As a result, modern retail creates new exporters in the global market. IKEA buys more than 600 million US dollars and the world’s number one retailer Walmart buys one billion US dollars worth of goods from Turkey each year.⁸⁵ On the upcoming decade, retailers will decide on producers because end users give immediate

⁸⁴ *Hürriyet*, 30 October 2009 Ekrem Akyiğit declaration, President of BMD

⁸⁵ *Hürriyet*, 22 October 2008, Soysal Retail Conference

response in shopping. Also, all big retailers volunteer to share their figures with their strategic suppliers. If a producer is faster, they can beat others in a few years with the help of retailers. This is a revolution from targeted production to consumer driven economy. The winner will not be the stronger, but the faster and more flexible.

The agriculture industry creates 30% of total employment but produces only 10% GDP. An average village is 15,000 square meters, which is not a sufficient scale for agriculture economy. The transition from rural into urban lifestyle has brought about several changes. New Turkish Urban Consumer asks fresh vegetables to come, if possible, right from the field to her table. Big food retailers focus on harvesting period, efficiency in land and loss in the process. They are keen about fast transportation and proper packing for consumers.

Another need in cities has created the semi-processed food market. Peeled vegetables, semi-cooked meat or fish, value-added service by food retailers have certain demands due to the lack of today's consumers' time in big cities.⁸⁶

Due to the several steps that will be taken during the journey from the field to the table of consumer, the base price for rural people is much less than organized retailers' base buying prices. Also, there is a risk for fresh food not to find buyers on time. In this case, villagers would be losers.

Turkish villagers have a great opportunity to supply fresh food to Europe and Russia with standards. Turkey's geographic position is a big advantage for villagers who have a modern point of view toward fresh food plantation. Metro group supported plantations of 50,000 square meters in Antalya with Eurogap certificate, which yielded 2.200 tons of tomatoes, 263 tons of peppers, 311 tons of eggplants, 20 tons of melons, 310 tons of pumpkins

⁸⁶ Pricewaterhouse report, from Beijing to Budapest, 2005.

and 60 tons of strawberries. Metro group has plans to export more than 250, 000 tons of vegetables and fresh fruit from Antalya to Europe, which is worth 200 million Euros. Migros have several buying offices in Mersin, Antalya, Bursa and Izmir. This win-win case is a very good example of Turkish retail revolution from villagers to end users.⁸⁷

Today, the Turkish retail market, which is very similar to the European market of the 1980s, is controlled 50% by organized retailers. In Europe, this ratio which was 70% in the 1990s and 80% in the twenty first century is around 90% today.

Retail-Powered Suppliers

Modern food hypermarkets sell more than 50,000 SKUs. This is an excellent opportunity for producers who have difficulty in finding channels for distribution. Several advantages offered by modern retailers are volume purchases that give extra production efficiency, opportunity to position some products in a global network, extra demand from suppliers and opportunity to provide training support about what they ask, creation of new private-label products, control on quality standards of small companies that do not have extra staff meeting the standards, price pressure on suppliers that makes some suppliers more competent.

A US study⁸⁸ has shown that prices were cut by 3% for short term and 12% after one year. In terms of employment, there was a +100 effect for new employment in the city, and a -70 effect for unemployment due to poor competition from traditional retailers, which results in

⁸⁷ Hakan Ergin, General Manager of Metro Cash and Carry, personal interview, held during the meeting Soysal Retail Conference, 21-22 October 2008.

⁸⁸ Charles Fishman, *Dünya'nın En Büyük Şirketinin Öyküsü Wal-Mart Etkisi*, trans. Rüya Yazır (İstanbul: Martı Yayıncılık, 2007), pp. 85-95.

+30 new net employments. Similarly, in small Turkish cities, prices go down by 5-15% when national food retailers open a shop,⁸⁹ which is a significant advantage for lower income group.

Consumer Perspective for Modern Retailers: A study⁹⁰ conducted in Istanbul about consumer beliefs and attitudes has indicated that 80% of consumers prefer super-hyper or discount markets for their FMCG (Fast Moving Consumer Goods) needs. Similarly, 80% prefers shopping malls for non-food needs. 62% likes to walk for shopping. Furthermore, 73% is against a change in the law for the re-location of big retailers and shopping malls outside of city centers. In Istanbul, most consumers would like to and have to do shopping on the weekends, so 50% are against malls and outlets that are closed on Sundays like in France and Germany. 59% believe that the regulation for price competition will not provide benefits to the consumer. To sum up, the Turkish consumer is a strong conformist about shopping and prefers modern retail outlets.

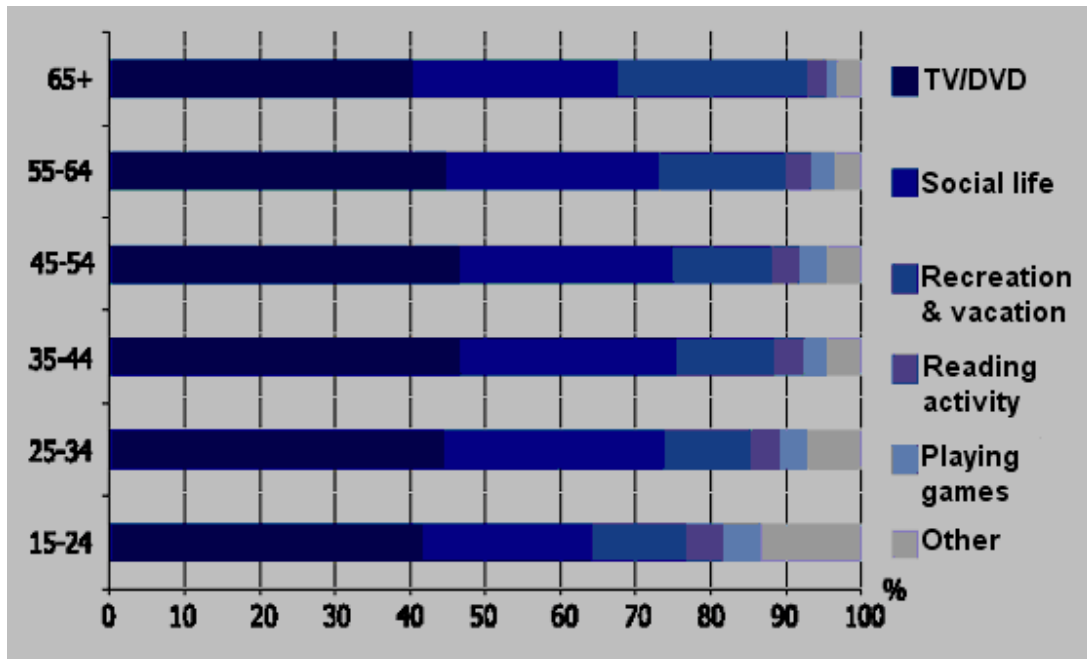
Consumers clearly indicate that they want to buy more sustainable goods. 58% buy fewer sustainable products than they would like to. The greatest growth in intent is seen in non-food categories such as clothing and home wares. Justin King, CEO, Sainsbury's said that if one looks widely across organic Fairtrade and higher husbandry meat, then the premium is still there and therefore, the consumer has to genuinely believe that there is a real benefit for the animal or for the farmer depending on if they are going to pay that price premium.⁹¹

⁸⁹ Capital Magazine, Retail Research, *HTP*, June 2008.

⁹⁰ AMPD, Consumer Research, *Yönelim Consulting*, September 2006.

⁹¹ Pricewaterhouse Coopers, Sustainability Report, Analysis of UK consumers, *PWC*, 2008.

Table 25: The distribution of time spent on leisurely activities according to age.



Source:TUIK, 2008

Table 26: Leisure Activity Type by Age & Sex

Activity type	Age group		
	16-24		
	Total	Male	Female
Social life	22.5	19.8	25.3
Entertainment	2.1	2.6	1.6
Recreation and vacation	12.7	13.5	11.8
Physical training	3.8	5.9	1.5
Hunting, fishing etc.	0.2	0.4	0.1
Sports	...	0.1	...
Arts	0.5	0.3	0.7
Hobbies	3.2	4.2	2.1
Playing games	5.1	8.4	1.5
Reading activity	4.8	3.6	6.2
TV/DVD	41.7	38.7	44.9
Radio/music	3.4	2.6	4.2
Total	100.0	100.0	100.0

Source:TUIK, 2008

The characteristics of shopping behavior vary between Istanbul and Anatolian consumers.⁹²

Istanbul buyers decide more independently whereas Anatolian buyers make decisions within the family.

The main shift in retail business is from food to non-food business. This is due to the increase in Turkish consumer's disposable income and demand for new products that can make their life easier. Also, after the year of 2006, a sharp decrease in interest rates and credit rates changed Turkish consumer's focus on new car and new family house purchases.

⁹² Maxence Liagre, Executive Vice president of Krea Real Estate Company, interview held during Shopping Malls Investors Assosiation Real Estate Conference, İstanbul, June 2009.

Competition becomes increasingly fiercer as giant retailers augment their growth and the number of markets they enter. As a result, decline in prices increases purchasing power of consumers at unprecedented rate.

Another development that positively influences consumers is expansion of retail stores in many other regions of the world. Thus, hyper and supermarkets have become more inclined to increase the share of products that carry their own brands. This development will seriously change the balance of power between retailers and branded manufacturers, and might impel producers to reshape their strategies as well.

First, non-financial Risks: Global retailers are in a very close relationship with end users. Therefore, they have to pay attention to how they are perceived by the public opinion in order to protect their brand. Shareholders and other activist groups examine with increasingly greater care how companies affect the environment with their decisions, how they treat their employees, and other elements of 'corporate social responsibility.' For retailers, it is of vital importance to be a good global citizen. The strongest retailers and consumer products companies need to show awareness about social responsibilities and contribute to society in positive ways. Otherwise, they may face with severe reactions, negative political repercussions and changes in regulations.

Second, International Economy: Major retailers are also vulnerable in the face of uncertainties in the global economy because they buy and sell goods all around the world. Such factors as uncertainty in exchange rates, potential restrictions against trade and fluctuations in oil prices occupy a particularly significant place in the agenda of retailers and suppliers.

Third, Global Supply Chain: Global purchasing and globalization of operations lead to the emergence of more complex and more fragmented supply chains. To reach a balance between service level and cost remains to be an issue of vital importance for most retailers. When considered together with other factors in the supply chain, increasing complexity exposes all participants to a greater number of risks.

Fourth, Security: From the perspective of retailers, security has a great number of dimensions. Turning buildings into safe places and protecting the lives of employees and customers against any terrible attacks come first. Also, the security of provisions in all sectors but primarily in food chains needs to be ensured. Secondly, additional capacity needs to be created and protected in the fields of information, supply chain, logistics and management. Sufficient additional capacity is vital for enterprises to continue their activities after a possible attack. All the activities of a company will possibly cease unless development plans related to these scenarios are taken into consideration. Finally, terrorist threat requires all important decisions to be taken in the light of this threat.

Fifth, Brand Management: The numbers of retailers which offer their own 'special' brands to the market are on the increase. This requires taking more responsibilities in traditional brand building activities such as monitoring of trends, creating and protecting change and brand image in products. Thus, retailers take on the risks of brand and stock management which were under the sole responsibility of suppliers until now. Financial risks, brand reputation risks and portfolio management risks can be considered among the major brand management risks.

Sixth, Talent Management: As retailers grow, they need more and more talented people in order to make plans related to goods and manage the information, supply chain and stores. However, at the same time, demographic statistics in several big markets make it difficult to meet such demands. The decrease in the number of young adults is a bad sign in terms of finding and retaining the talented. The supply of qualified personnel in emerging markets is still inadequate. As a result, retaining the talent becomes increasingly difficult while the costs of qualified staff increase. This is one of the biggest risks for the growing retail organizations and especially for those in the emerging markets.

Seventh, New Media: Technology has radically changed the view of the media. Retailers that reach their customers through traditional media such as television, radio, newspaper and magazines so far have to adapt to the new media such as Internet, increasingly stronger mobile phones and computer games in order to be successful within the dispersed outlook of today's media. Retailers come face to face with the risk of losing control of marketing messages while mass marketing and mass communication continue to lose blood. However, there are also important opportunities with which these new media provide retailers. Retailers are today able to convey their messages to consumers in a more personal and efficient manner.

Competition will have positive reflections on consumers and the value of companies in retail market will go into a continuous upward trend. Stated in the report, global trends such as the one that discount stores and retailers focus more attention on their own-brand products on the shelves can be expected to gain strong ground in Turkey.

CHAPTER SIX

THE STRATEGIC ROLE OF RETAIL IN THE ECONOMY

Motivated Consumption Expenditures

New definitions emerged with the development of modern retail. On the days called special occasion economies or on the days considered as being important all over the world or only in our country, shopping crowds evidently increase. It should be noted that this is promoted by organized retailers and AVM management. In addition to promotion campaigns, discount campaigns and catalog advertising activities organized by retailers, activities in retail points (Shadow plays, backgammon tournaments, live music performances, Santa Claus animations, etc.) target to inform consumers and to encourage them to buy more. Some of these special days that create economic mobility can be listed as follows are New Year, Mother's Day, Father's Day, St. Valentine's Day, Teacher's Day, Ramadan, Holy Nights, Feast Following Ramadan, Feast of Sacrifice and Anniversary Dates.

On the other hand, the symbolic meaning and the image of objects, tourist places and shopping centers has become more important than their practical uses in the postmodern era. In the past, Gima in Kızılay Square of Ankara or Akmerkez when it was first established was a place for people to meet and to socialize.

If there is a radical break between postmodern theory and modern theory, it is the disappearance of working society. There is neither life-long causes nor their values any more.

Therefore, unless popular shopping malls and retailers progress in the right direction in the future, they will lose their customers at the same time as their high popularity in today's world vanishes. Society's value system is no longer based on working but on consumption.⁹³

Besides, the importance of today, the present and leisure-time activities have increased. Being a tourist has almost become a definitive characteristic of being modern. The lazy and tourists are both players and heroes of modern cities. The basic parameters of modern culture are visuality, seeing, and pleasure-seeking and personal satisfaction.

The best examples of this process are Disneyland as the kingdom of dreams, Nike Town The West Edmonton Mall as the store and the shopping center, Las Vegas and Dubai as the city. Those represent the peak of visual consumerism, acting, entertainment, experience and hedonism at varying degrees. Nike Town seems to focus more on acting. The expression that Nike Town store uses to define its customers clearly explains what acting means: "Our store is built like a theater. Customers are like the audience who participates in the process of production."⁹⁴

Shopping centers has taken the place of a church that is in the center of traditional society and of a factory which symbolizes modern/working society. The fact that many shopping centers are built on the abandoned construction areas of old-city factories and bus garages that represent the working society manifests the trends of new urban formation in the clearest way. In this case, Cevahir Shopping Mall, the biggest shopping center in Istanbul, is a perfect indicator of the change process.

⁹³ Barry Davies and Philippa Ward, *Managing Retail Consumption*, (West Sussex: John Wiley, 2002), pp. 90-95.

⁹⁴ Personal Notes. *Soysal Retail Conference*, İstanbul: 21-22 October 2009.

Defining the sociology of consumption in the context of new urban sociology is a new perspective in explaining the process of change. In this sense, it is important to draw attention to the fact that new urban social movements go through a transformation process in which they move away from being labor movements and move toward being consumer activities. From this perspective, the fields of interests in new urban sociology and in the sociology of consumption are discussed as the sub-disciplines that can be substituted by each other. From another perspective, it can be seen that the strategies of Istinye Park, Akmerkez and other similar shopping malls address postmodern consumers or tourists and upper-income groups while the strategies of Carrefour, Migros and BIM are based on the principle and the practice of cheapness as well as the mass. Albeit in different directions, both tend to be consumer-oriented. This is because the consumerist side of people comes to the fore while such aspects as productivity and labor lost their significance in consumer society.

The sale discourse is remarkable in Turkish society. This is related to the existing economic system in the society. In the context of the economic system, we are faced with the global economy at one end and subsistence and barter economy at the other end. Subsistence and barter economy extend from rural area to urban one. Besides, there is a dimension of the issue about the disorganized and informal aspects of retail sector.

In areas with high agricultural potential, it is seen that a considerable part of food needs is met through informal economy. Not only in rural but also in large urban areas, the existence of a network of informal economy that directly goes from manufacturer to the end consumer should not be overlooked. The best example to be given in this regard is the case of street vendors and mainly, milk vendors. It is possible to see different vendors in city streets depending on the season.

The most attractive aspect of these products that are not included in the organized retail network is cheapness. In this context, the first level of competition is not between corner stores and supermarkets but between this informal sector and discount markets. In this respect, it is worthy of attention that the price of private-label products should be a little higher than products of the informal sector.

The case of BIM, which is the leading one in the sector of discount supermarkets, should be discussed in this regard. BIM particularly plays a distinctive role in the fact that ‘Dost’ is the leader of the sector. It is meaningful that the maximum growth in the retail sector is seen in the discount stores in Turkey. In this context, the most important problem is the low level of purchasing power. The reason why consumers prefer these markets is the cheapness of basic food products. In this respect, the competition in the sector will be based on the concept of discount market in the future as in the past. The best indicator to be mentioned in this regard is the fact that markets, supermarkets and hypermarkets take great leaps in the discount competition in such a manner to follow each other.

Another dimension of the competition among discount markets is street markets that constitute an important pillar of the traditional retail market. It can be said that regional players are more aware of this issue. Many local vendors set up their discounts and discount days depending on the street market of his/her region. In some parts, reduction campaigns in producer prices are organized for the categories of meat and herbs during one day or two days of the week. Those who adapt to the region much better directly take the days of street markets into more consideration. For instance, if the street market is set up on Tuesdays, then ‘the prices in discount market rock on Tuesday.’⁹⁵

⁹⁵ Personal Notes. *Soysal Retail Conference*, 2009.

On the basis of regional markets' adjustment to the region lies their consideration of traditional buying habits. As a result, they gain profits; register what is off the record and pioneer in changing these habits by taking the traditional buying habits into account. However, even though they show such kind of consideration, they add new elements to these habits in the context of customer satisfaction. When compared to national retailers, regional/local retailers know their customers better and adapt to the concerns their customers while purchasing things, to their traditional purchasing habits and manners. In this context, they can sometimes vary their services and use two different strategies in the same region depending on the demands of two different customer groups. From this point of view, nationals have more standardized strategies whereas regional's have both standards similar to nationals and regional strategies that are peculiar to almost each one of the markets. In a sense, they mostly provide customer oriented product and service opportunities.

On the other hand, there can be seen a significant difference between the regional's/locals rising from bottom towards top and nationals trying to expand from top to bottom in terms of selling strategies. Both have their own superiorities when compared to each other. Nationals have the advantage of economic capital as opposed to the advantage of knowledge in the hands of regionals. Local groups have further information about consumer's buying styles; habits and culture, because they come from within that culture.

On the sales and advertising brochures available in two hypermarkets in Ankara between 31 October - 14 November 2007, it is announced that: "bags of free shopping in Carrefoursa." On the other hand, in both markets overlapping and differing sale strategies are implemented. For instance, in Batikent Carrefoursa, the emphasis on cheapness lies in the

essence of its strategy and visuality through such expressions as “Welcome to Ankara’s cheapest hypermarket, Carrefoursa,” “the cheapest of all” and “it is suitable to your budget.” Furthermore, it attempts to consolidate the power of its expressions by asserting that ‘if you find the same product you bought in Carrefoursa for cheaper prices within the boundaries of the district, give us a call and we will pay you the double of the difference.’⁹⁶

We can attribute this discourse of cheapness to the fact the a new period has begun in the technology sector together with the “Price Revolution”⁹⁷ discourse shaped by Media Markt in a sense. Through the case of Media Markt, the already existing stress on cheapness has been intensified and turned into a discourse type of price revolution. It can be said that Teknosa is mostly affected by this new era in technology. It reflected this onto its windows with a visual ad saying that “the best prices in the city are here.” This can be read as the transfer of the discourse and the practices from technology retailing to food retailing. However, when it is considered at length, it can be seen that sale discourses has already been in Carrefoursa even before Media Markt. The most obvious indicator of this is the “We guarantee the lowest price” rhetoric of Carrefoursa and other explanations about the philosophy of their company. On the other hand, through the case of Media Markt, the stress on cheapness has been intensified and the discourse has turned into a type of price revolution. The use of slogans such as "I'm not stupid enough to buy without looking at Media Market" or “I do not get cheated because I purchase by the same price as Hans and Natasha” are the signs of revolution in the retail sector.

⁹⁶ Güliz Mugan, (2009). “Perception and experience of incivility by urban youth: A field survey in Ankara”, (Unpublished Ph.D. Thesis, Ankara: Bilkent University, 2009), pp. 19-36.

⁹⁷ Nilüfer Gözütok, ”Perakende: Devleri Etkileyen 2010 Planı”, *Capital Aylık İş ve Ekonomi Dergisi*, (November 2007), pp.112-120

Shopping practices do not suffice to create a comprehensive and effective consumption pattern. Most of the social activities such as eating and drinking, entertainment, art activities, leisure-time activities are put into the concept of selling products. Of course, these are commercial activities and they are the main subject of purchasing. However, they do not have to be so. In other words, a bunch of people can entertain, participate in artistic or sports activities without doing any commercial transactions. One dimension of the commercialization of these activities is linked to transformation of urban areas into private properties. On the other hand, new urban spaces that are built by private or public companies offer the opportunity to do these activities in a more comfortable way. Shopping malls that bring together most of these activities become the centers of social activities in many aspects. These closed places that gather all commercial activities at one point do not increase their appeal through these activities. To the contrary, they turn into the spaces where people massed inside. Being part of the mass is not appealing for individuals at all. Because being in the mass means being among strangers. However, it is one of the basic characteristics of modern societies. Being somebody in a mass is, in fact, is a terrible thing. Therefore, fashion has emerged in modern societies in order to meet the needs of being noticed and feeling different from others. As a result, being and feeling different are important consideration for modern era as well as post modern era as a reaction against homogeneity and being part of the mass.

The visual quality and the value of a shopping center in terms of symbolic consumption are not directly related to purchasing, but it has rather to do with going to shopping centers and doing shopping. Here, purchasing is of secondary importance. Purchasing is the second function of a shopping center concept. The focus of spatial structure is not sales but strategies and activities to fascinate customers. Customer satisfaction,

strategies and activities planned to fascinate customers bring additional expenditures to firms. Customer-oriented approach seems to be costlier for firms but it is more impressive than the traditional understanding and the outcomes are more efficient.

Shopping centers are the places where natural and social conditions are controlled. In terms of controlling the natural conditions, they are far from the hot summer and cold winter. In terms of controlling the social conditions, security at the entrance and inside provides protection. In this context, in Kanyon, the style gives the feeling of being in the streets in a closed space. Therefore, it can be said that Kanyon's style is in the midway between streets and shopping malls in the real sense since the natural climate conditions are not controlled. On the other hand, the point that makes Kanyon different from a real street is the security inside the mall. In this respect, the shopping center creates a sense of outside shopping due to the open top. Furthermore, it gives one the real sense of being outside. One can experience this by feeling the touch of natural climate on the skin and by looking at the rising skyscrapers on both sides.

It is observed that the two shopping centers one of which is in Istanbul and another of which is in Ankara have recently become street legends. Although both shopping centers join this new street legend, the ways of participation are different from each other. One of them is "*Café Sokağı*" in Cepa Shopping Center in Ankara and the other is "*Markalar Sokağı* or '*Alışveriş Caddesi*'" in İstinye Park in Istanbul. At the same time, Panora Shopping Center in Ankara attempts to get closer to the concept of street legends by placing street lamps in the halls and in the food courts and by using such statements in the brochures as decoration streets, sport streets, children streets etc.

It can be said that “*Markalar Sokağı*” in Istinye Park Shopping Center has a style similar to the style in Kanyon. The difference is one dimension of this Markalar Sokağı shopping center in Istinye Park, which is the opportunity to make a car tour. As for the similarity, natural climatic conditions dominate in both of them. In fact, the presence of “*Markalar Sokağı*” with a ‘free car entrance’ shows another dimension of subject, which is about the problems experienced not by consumers but by customers in shopping centers.

In this way, it is stressed that customers started to move away from shopping centers and street shops. It is also stated that boutiques became “in” while shopping center became outmoded. Another dimension is the transfer of visibility, atmosphere and sale practices of traditional markets to hypermarkets and shopping centers. In this new trend, the street-market style firstly seen in hypermarkets has transformed and begun to be used in the shopping center concept of Istinye Park. Thus, ‘Istinye Market’ has emerged. Improvements can be seen in Istinye Market in many aspects.

Shop window decoration of Istinye Grocery, historical wall paintings covering the upper part of the market, traditional structure of the market add visibility and impressiveness to the place. “Istinye Market” offers its customers simulations based on visibility and a mix of exotic tastes and scents in terms of food and drink places, which turns this experience into one far beyond purchasing goods.

In parallel, Istinye Park’s General Manager Hakan Kurt’s statement announcing that “we will be the center of shopping tourism”⁹⁸ seems to be the sign of a new trend. Apart from the viability of the target, the statement signals that shopping centers of the future will have a

⁹⁸ *Hürriyet*, “İstinye Park: Alışveriş turizmi başlatacağız”, 22.09.2007

new understanding together with new concepts and trends. In this respect, the statement itself is more important.

This statement is a positive development because it has been pointed out, perhaps for the first time, that there is a parallelism and a connection between consumer behavior and the behavior of tourists, shopping centers and touristic places. Secondly, in addition to addressing local customers, there is another dimension such as consideration of the customers from the Gulf States. It is a new dimension even if it is not sufficient.

The Discourse of Price Revolution Based on Promotion/Sale

What is the price revolution? Did Media Markt really create a price revolution? Price revolution is that prices fall and millions of people who were not/could not be the buyers of specific products until that day can now afford to purchase those. The most striking aspect of this phenomenon is that middle and lower class people who do not/can not purchase the product take into an immediate action. In this case, it can be seen that when the public intervene, consumers can be very powerful. This leads to empty warehouses and a re-start in the production in a fast and frantic manner. Products that can never be found in the houses of middle and lower class people are quickly brought home. The upper classes obtain all these products quickly but it is the first time for the lower middle and lower classes to obtain products. This case results in a revolutionary impact to make a change in the production, sales and consumption.

Credit Cards and Tax Collection

A research on tax and VAT in Turkish retail market has shown that modern retailers almost always provide customers with a receipt. Modern retailers all accept credit cards, which is a certain benefit for the consumer. In traditional retailers, use of credit cards is limited due to the reluctance of the shopper to provide a receipt. In Turkey, there are several unique credit card brands most of which are selected as the most innovative financial payment forms for consumers in Europe. Bonus Card and World Card are the leaders in terms of the market share. Also, these two cards have almost 100% shares in the minds of Turkish customers. Advantage, Maximum, Axess, Fish, Wings, Shop and Miles, Flexi, Adios, CardFinans and Asya Card are the other examples that can be given in this regard.

Table 27: Credit Cards and Tax Collection

	Always	When customer asked	Never
Traditional Retailers	%55	%34,5	%11,5
Modern retailers	%97	%3	-
Open market retailer (Pazarcılar)	%28	%57	%15

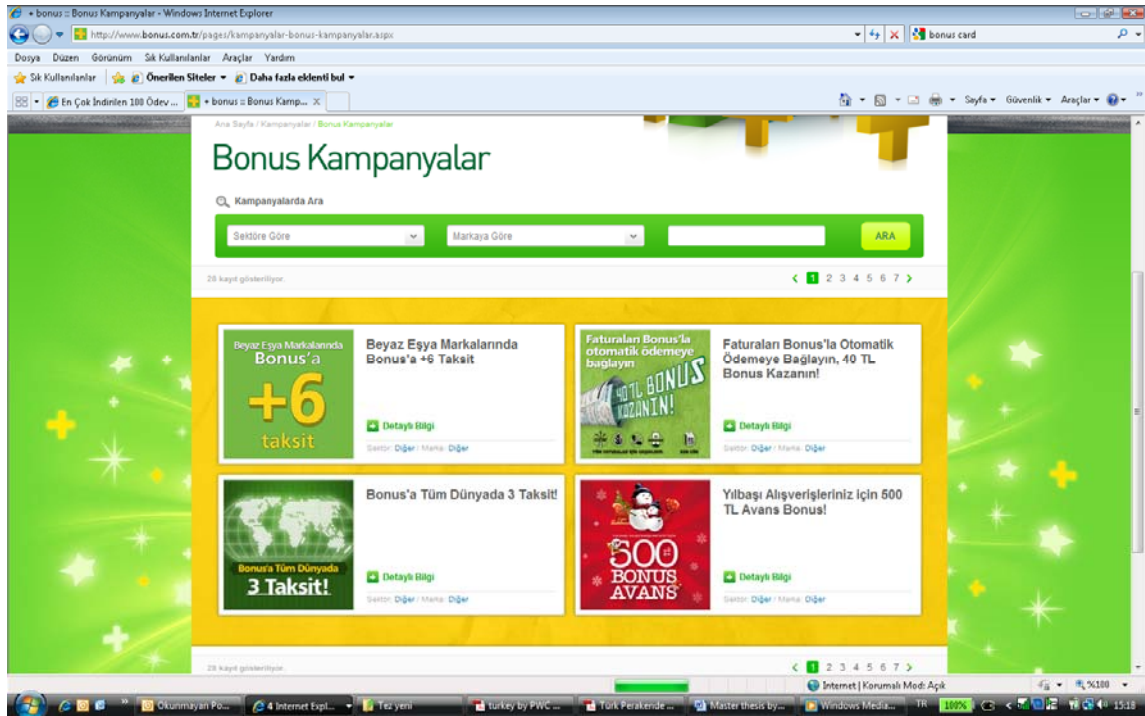
Source: AMPD research in 2005

Innovative card payment examples are;

1. Pay with installments with no interest in many months
2. Buy today and start paying 3 months later.

3. Buy today and we give you 5 extra installments.
4. Buy today and we give you a rebate of %5-25.
5. Give us a promise to spend a specific amount of money each month and we give your rebate in advance.
6. Purchase 100 TL four times and we give you a rebate of 40 TL

Figures 7: Credit Card Campaign



Figures 8: Credit Card Campaign



Pictures are from the web site of www.bonus.com.tr

Figures 9: Credit Card Campaign



Picture is from the web site of www.cardfinans.com.tr

Table 28: Number of Credit Cards in Use

Number of Credit Cards in Use							
	2002	2003	2004	2005	2006	2007	2008
Visa	7.947.302	9.572.460	13.202.147	15.989.986	17.800.385	20.878.744	24.332.198
Mastercard	7.718.049	10.255.667	13.450.664	13.963.095	14.623.148	16.416.829	18.824.985
Total	15.667.353	19.830.130	26.654.815	29.955.086	32.425.539	37.297.580	43.159.191

Source: BKM, 2009

Table 29: Number of ATM Cards in Use

Number of ATM Cards in Use							
	2002	2003	2004	2005	2006	2007	2008
Total	35.057.308	39.563.457	43.084.994	48.243.369	53.464.057	55.510.092	60.551.484

Source: BKM, 2009

Table 30: Net Money Export & Import Position

Net Money Export and Import Position (million USDs)							
	2002	2003	2004	2005	2006	2007	2008
Money spent in Turkey by international visitors	1.261	1.373	1.664	2.077	1.935	2.845	3.463
Money spent in abroad by Turks	543	726	948	1.177	1.443	1.823	2.217
Net Money position	718	647	715	900	492	1.022	1.246

Source: BKM, 2009

Table 31: Credit Cards Transaction Figures

Credit Cards Transaction Figures (in million)							
	2.002	2.003	2.004	2.005	2.006	2.007	2.008
Shopping	594	787	1.080	1.241	1.274	1.370	1.606
Cash advance	39	43	54	59	60	74	92
Total	633	830	1.134	1.300	1.334	1.444	1.698

Source: BKM, 2009

Table 32: Credit Cards Expenditure in TL

Credit Card Expenditure in TL							
	2.002	2.003	2.004	2.005	2.006	2.007	2.008
Shopping	21.942	35.672	58.509	77.418	98.779	128.018	165.897
Cash Advance	2.537	3.743	6.118	7.864	9.624	13.450	19.096
Total	24.479	39.415	64.627	85.281	108.403	141.468	184.993

Source: BKM, 2009

Table 33: Credit Cards Seasonality

Credit Cards Seasonality								
	Number of transaction				Expenditure in million TL			
	Shopping	Cash Advance	Total	%	Shopping	Cash Advance	Total	%
1. quarter	367.074.318	21.347.395	388.421.713	23%	35.769	4.154	39.923	22%
2. quarter	407.278.571	22.649.973	429.928.544	26%	41.308	4.575	45.883	25%
3. quarter	419.854.030	22.993.858	442.847.888	26%	44.170	4.791	48.961	27%
4. quarter	395.998.827	23.863.849	419.862.676	25%	41.955	5.395	47.350	26%
2008 Total	1.590.205.746	90.855.075	1.681.060.821	100%	163.203	18.914	182.117	100%
1. quarter	398.048.774	23.452.326	421.501.100	23%	40.443	5.015	45.457	23%
2. quarter	436.548.788	23.283.661	459.832.449	25%	45.899	4.746	50.646	26%
3. quarter	452.601.178	21.727.492	474.328.670	26%	46.917	4.657	51.574	26%
4. quarter*	448.197.668	21.241.328	469.438.996	26%	46.150	4.705	50.855	25%
2009 Total	1.735.396.408	89.704.807	1.825.101.215	100%	179.410	19.122	198.532	100%

*Estimation

**Source: BKM

The seasonality of credit card use is on the top table. All quarters seem similar, but during the summer, expenditures increase while they decrease in January-February. Ramadan affects food expenditure in Turkey. So, the third quarter is higher than others. Also, touristic expenditures increase the volume of the summer season.

Today, use of credit cards is more secure. Chip and pin application launched in Turkey and most of users have their pins. There was a TV and newspaper campaign for awareness of Chip&Pin in 2007. Consumers use their disposable income by cash or by Turkish style credit cards. Turkish Credit Cards are unique in the World that gives consumers an opportunity to buy a product by installments. In that case, people multiply their shopping power in the short run. If there is immediate need for shopping like the one during the marriage period, cards would be the best invention that has ever been made for consumers. Most Turkish citizens have a debt more than their income of 4-6 months. This looks sustainable, but if a consumer has a debt more than one year, big family problems are at the knock. So, governments try to regulate credit card limits by law. Today, regulation gives some play areas for consumers who have bad debt, but this would not be a final solution. A big problem for shopping is to lose customers.



Figures 10*: BKM Campaign Logo

*Picture from www.bkm.com.tr

According to a research,⁹⁹ 76.6% of modern retail shopping is done by credit cards versus 9.1% in traditional retail outlets. In bazaars, this ratio is only 1.8%. Formal economy strongly needs credit cards usage to ensure proper taxation.

Turkish Organized Retail Sector

Turkey is the 10th largest retail market in the world, and the 7th in Europe.¹⁰⁰ The market is set to double in size further into the Anatolian heartland within five years.

A global volatility has caused a certain slowdown in Turkey, which is reflected in turnover, and this means that retailers need to be more creative and to look at efficiency and cutting costs, says Nuşin Oral who is the Advisory Board President of AMPD.

Table 34: Growth in Retail Sales by Volume (%)

	2006	2007	2008	2009	2010	2011
Turkey	3	3.4	-1.2	-5	-0.2	2.4

Source: Economic Intelligence Unit

*After 2009 is an estimate

Hakan Kodal, the president of Association of Shopping Centers Investors stated that our expectations for the year of 2011 and beyond are robust. The turnover increased in the shopping centers for the last seven years means a market growth. According to the head of

⁹⁹ Emine Koban, Zerrin Fırat and Emel Selimoğlu, 2006, *Perakende Sektöründe Kayıtlı ve Kayıtdışı Faaliyetlerinin Bursa Özelinde Karşılaştırmalı Analizi*, (İstanbul: AMPD Yayınları, 2006), pp. 22-45.

¹⁰⁰ AMPD Dergisi, "Perakende Devleri Krizi Nasıl Aştı?", *Arasta, Alışveriş Merkezleri ve Perakencileri Derneği Dergisi*, no. 46, (July 2009), pp. 20-26

retail Cushman Wakefield's, Turkey is the largest pipeline of new shopping centers in Europe with over 2 million m² due to opening by the end of 2010.¹⁰¹

In fact, Turkey has already surpassed many European Countries in terms of outlet centers investments. Turkey ranks second in Europe for a total number of outlet centers right after the UK with 19 outlet centers equating to 382,781 m² GLA. The share of outlet centers in the total retail area increased from 9,86% by the end of 2008, to 14,43% at the end of 2009.¹⁰²

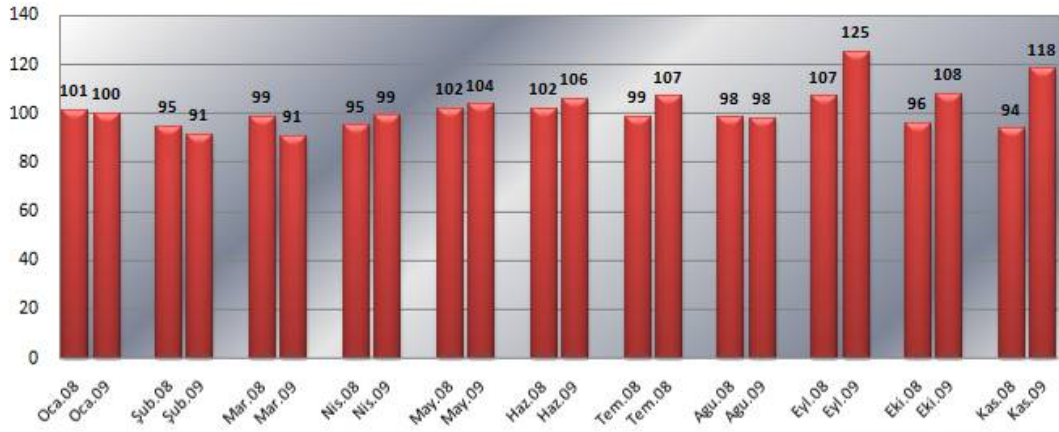
During 2008, the cost of leases in shopping centers in Istanbul varied between US 100-250/m² for small- and medium-sized shops (150 m² and below) and US \$ 50-350/m² for food courts depending on shop mix and location related opportunities. Most of the shopping centers in Turkey have either decreased the rent by 30-50% or accepted a fixed rate of exchange according to the Survey.

Shopping Centers Index: The Association of Shopping Center Investors (AYD) founded by the biggest players of Turkish organized retail sector in November 2008. Introduced by AYD, Turkey's first shopping centers index that represents an optimistic outlook of the Turkish retail market includes 15 Shopping Centers in Istanbul and 20 in Anatolian cities, which represents one third of total sector with total GLA of 1.3 million m². According to index from March 2008 to March 2009, GLA grew by 1 million m² by reaching 4.8 million m². The numbers of visitors increased in the same period. The expected number for 2010 is one billion visitors for those thirty-five shopping malls.

¹⁰¹ Colliers International. Survey for Shopping Centers in Turkey, İstanbul: *Colliers International*, November 2008, pp. 19-32.

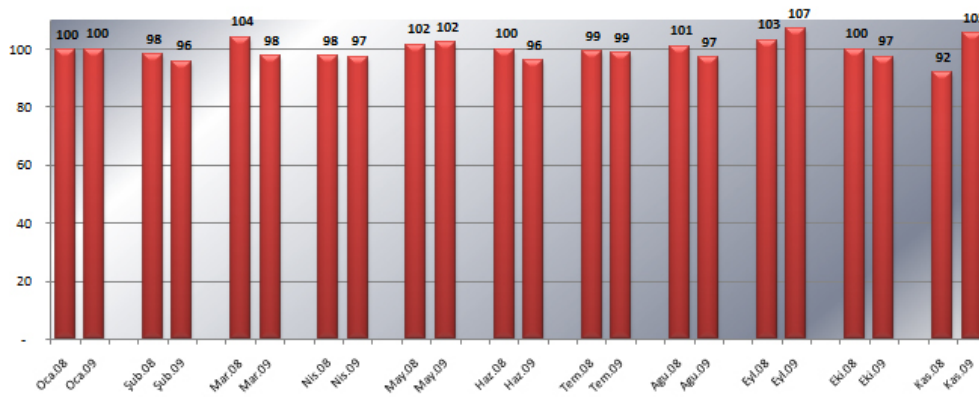
¹⁰² Jones Long La Salle. *Turkey Snapshot Q1 2009 Survey*, İstanbul: Jones Long Research Team, 2009, p. 32

Figures 11: Turnover Index ¹⁰³



In the last quarter, there is a significant increase for shopping mall turnovers, which means small recovery for retail. The mood of people is very important for retail turnover: If people see that there are crowds in shopping malls, they could spend more. It is like a cycle.

Figures 12: Visitor's Index ¹⁰⁴



Visitor index is also parallel with turnover index. In the last quarter there is an increase in the number of visitors at shopping malls. After the 2008 economic crises, people did not give up visiting malls but they did not buy more than the one in 2008.

¹⁰³ AYD 2009 Real Estate Yearbook, "Shopping Malls Investors Assosiation figures", İstanbul: AYD Yayınları, 2009, pp. 25-43.

¹⁰⁴ AYD 2009 Real Estate Yearbook, pp. 25-43.

Table 35: Izmit Real Shopping Mall Visitors in 2009

Izmit Real Shopping Mall Visitors in 2009					
	Visitors	Min by week	Max by week	Index	
January	340.505	51.704	78.689	113%	
February	313.392	60.276	82.745	104%	
March	337.967	74.073	90.777	112%	
April	344.214	62.253	85.148	114%	
May	355.454	76.195	87.388	118%	Mother's Day
June	318.884	69.912	81.683	106%	
July	300.763	66.680	68.665	100%	
August	312.708	64.488	74.123	104%	
September	391.365	73.850	101.004	130%	Ramadan
October	344.348	68.570	87.747	114%	
November	321.772	70.704	74.095	107%	
December	337.099	71.971	78.408	112%	

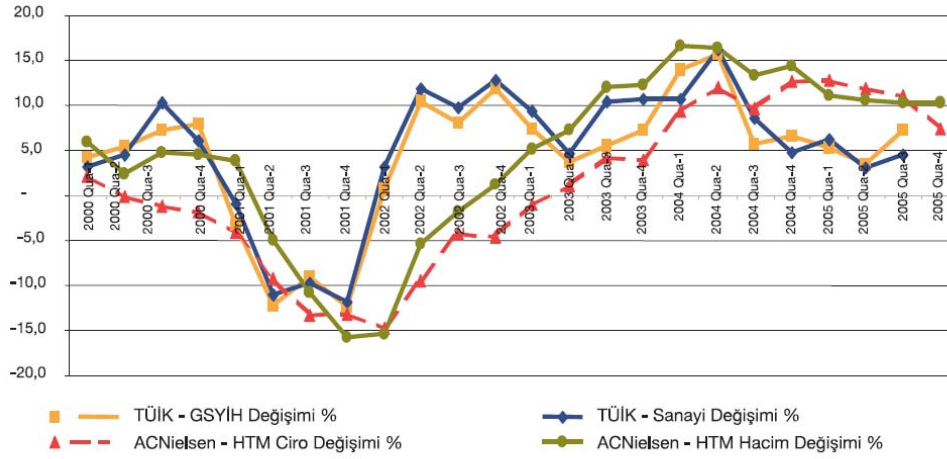
Source: Metro Real Estate Company, the investor of Real Shopping Mall Izmit

Consumer Behavior at Economic Crisis Times

Economic crisis affects consumer behavior by shifting from leading brands to private label products. Before 2004, only 39% of total customers of hypermarkets preferred private labels, but in 2006, this rate has risen to 55%. Private labels which provide a much better gross margin multiplier for hypermarkets, represent 7.5% of total hypermarket volume. Leading brands have their suggested price levels and offer limited mark-ups for the store. Private label

products that are generally 30%-50% cheaper than main brands have reasonable quality level and also create more profit to stores.

Table 36: Economic Crises' Effect on GDP and FMCG Consumer Index



Source: A.C. Nielsen, 2006

In the future, if private labels have more shelf space in the market, price differences between stores will be less and consumers can purchase products at a cheaper price.

At the end November 2008 and beginning of 2009, consumers have positively reached markdowns and campaigns were organized by retail sector players

Table 37: Plastic Cards Statistics in TL

Plastic Cards Statistics				
	Credit Card		Cash Advance	
	Number of transactions	Total Volume in million TL	Number of transactions	Total Volume in million TL
2002	590.026.239	21.193	39.166.815	2.488
2003	782.245.190	34.656	42.366.845	3.671
2004	1.073.366.954	75.977	53.633.515	6.015
2005	1.233.676.835	75.977	57.949.606	7.718
2006	1.265.050.460	96.937	58.484.006	9.398
2007	1.358.082.601	125.828	72.856.668	13.273
2008	1.590.205.746	163.203	90.855.075	18.914
2009**	1.585.396.408	163.910	82.704.807	17.522
2009***	1.600.896.408	183.910	97.704.807	19.522

Source: BKM

**only 11 months real data

***with December forecast

Table 38: Plastic Cards Statistics in %

Plastic Cards Statistics				
	Credit Card		Cash Advance	
	Transactions change	Total Volume change	Transactions change	Total Volume change
2002	100%	100%	100%	100%
2003	133%	164%	108%	148%
2004	182%	358%	137%	242%
2005	209%	358%	148%	310%
2006	214%	457%	149%	378%
2007	230%	594%	186%	533%
2008	270%	770%	232%	760%
2009**	269%	773%	211%	704%
2009***	271%	868%	249%	785%

Source: BKM

**only 11 months

***with December forecast

Table 39: Plastic Cards Statistics in Number of Transactions

Plastic Cards Statistics				
	Credit Card		Cash Advance	
	Number of transactions growth	Total Volume growth	Number of transactions growth	Total Volume growth
2002	N/A	N/A	N/A	N/A
2003	133%	164%	108%	148%
2004	137%	219%	127%	164%
2005	115%	100%	108%	128%
2006	103%	128%	101%	122%
2007	107%	130%	125%	141%
2008	117%	130%	125%	143%
2009**	100%	100%	91%	93%
2009***	101%	113%	108%	103%

Source: BKM, 2009

**only 11 months

***with December estimate

In the last years, the most significant development has been the increase in credit card usage habits. After the crisis in 2001, the value of the money taking the place of Turkish consumer credit book has embraced the credit card. On the one side, there was a rapid increase for credit card usage patterns, and serious jumps in the amount spent. In 2004, after the economic crisis, the number of transactions continued to increase while the amount of consumer spending was controlled and expenditures were down. The brakes on the part of consumers showed in such a ways as making savings on their retail spending to cover their budget deficit in similar numbers of use. The fact that they increasingly began to spend more per transaction is the biggest reason for this installment of the shopping cards. This is where the return is a change

taking place. According to the data at a rate of 99.7%, AMPD record that represents economy in the use of credit cards to encourage organized retailers.

Table 40: Plastic Cards Statistics in Expenditure per Transaction

Plastic Cards Statistics		
	Credit Card	Cash Advance
	Expenditure per transaction in TL	Expenditure per transaction in TL
2002	35,92	63,54
2003	44,30	86,65
2004	70,78	112,16
2005	61,59	133,18
2006	76,63	160,69
2007	92,65	182,18
2008	102,63	208,18
2009**	103,39	211,87
2009***	114,88	199,81

Source: BKM, 2009

**only 11 months

***with December estimate

Rapidly increasing number of transactions and spending are a benefit for the state. More consumption tax is collected; the more socially secured people have been employed. Except for the year of 2004, the average rate of growth in the credit card market is 30%. An interesting point concerning the 2004 crisis is that some consumers used credit cards to withdraw cash for financing themselves. But after 2004, consumers avoided the same behavior

in the 2008 global crisis and tried to capture control. This is a new consumer profile for Turkey: "educated consumer." Economy and new retail made the customer educated. Learning curve for Turkish customer is upwards.

Investment by retailers after global economic problems in 2009 was also aggressive. For instance, Migros had a target to open 400 new stores on the top of 1288 stores where as Carrefour's plans were about 80 new Diasa. British retailer Tesco's Turkish Chain Kipa has announced their next five-year plans for 100 new stores by USD 1.5 billion with the turnover target of 5 billion after those new store operations on their website. Migros is in the first 250 retailers in the world where as Walmart comes first with US 344.9 billion dollars, Carrefour second with US 97.8 billion dollars and Home Depot the third with US 90.8 billion dollars.¹⁰⁵

Ekrem Akyiğit, President of BMD declared that in the next three years, more than 100 new shopping mall constructions will be completed with 10,000 new stores.¹⁰⁶ This is an opportunity for retail to double digit growth in Turkey.

In 2010, newcomers will be in the market like H&M, Swedish Street Fashion retailer. The market in Turkey is not assumed to be a saturated market like most of European countries and to have a big potential in the upcoming years.

Turkish consumers are not optimistic about the amount of spending in the year of 2010 and they do not expect it to be more than the one in 2009.¹⁰⁷ But price promotions and sales campaigns could persuade consumer to buy more through attractive presentations like the ones

¹⁰⁵ Deloitte, Global Companies in Retail, *Deloitte Research*, 2008, p. 94.

¹⁰⁶ AMPD Dergileri, "Perakende Yarıyıl Nasıl Geçti?", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 44 (September-October 2008), pp.12-15.

¹⁰⁷ AMPD Dergileri, "Kriz Sonrası Stratejileri", *Arasta, Alışveriş Merkezleri ve Perakendecileri Derneği Dergisi*, no. 46 (July 2009), pp. 15-19.

in 2009. For durable goods, people would like to be waiting until they catch the best prices or VAT opportunities.

Retail is the number one sector by 13% of total new employment vacancies. The second is textile, third IT for vacancies. For a demand, retail comes first while banking the second and food the third.¹⁰⁸

The outlook for retail and consumer products sector in emerging markets .A report was produced in cooperation with the Economist Intelligence Unit and provides an overview of how the downturn has affected six retail and consumer-products sub-sectors in emerging markets and their outlook for the medium term. The sectors include food and general retail, fashion and apparel, fast-food restaurants, fast-moving consumer goods, luxury goods and consumer durables and electronics. Some of the report's findings include that worldwide retail sales are pegged to go from a decline of 2.9% in 2009 to a slight increase of 1,4% in 2010 and a further increase of 2,5% in 2011: good news. FMCG brands gain strength in Asia, and the trend there and in Latin America is to penetrate deeper and to reach lower-income consumers. This segment faces considerable pressure from retailers' push to private-label brands.Asian retail sales will be less affected by the global financial crisis. It is the most exciting growth region for apparel retailers and growth in the food and beverage sector will be sluggish in 2009 but rebound in 2010. Sales of luxury goods have tumbled in CEE and Russia and, with the exception of TV and computers, demand for electric appliances and household audio and video are generally depressed. On a more positive note, Russia and Turkey are on the center in terms of international restaurant chains in the CEE region. In Latin America, shoppers trade

¹⁰⁸ *Habertürk, Kariyer eki*, "Haftanın en çok aranan işleri, January 2010

down and look for bargains; some leading brands suffer. The market for luxury goods is expected to continue expanding but at a slower pace.

CHAPTER SEVEN

CONCLUSION

Consumers want to act and buy in a more sustainable way, but are restricted by three key barriers – high price; confusion and lack of trust; and availability of alternatives. The consumer dimension offers both opportunity and risk. Today's consumers know and care more about what they buy, how it is made, what it is made from, how far it travels and how it is packaged. The way consumers gather and share information also has changed; they are empowered and linked as never before by the Internet. Information globally spreads in an instant. The consequences of being identified as a company operating unethically or in an environmentally unfriendly manner can be damaging and might have long-term effects. What is equally important for retail business and businesses producing consumer goods are the operational, financial and regulatory impacts of sustainability issues.

These leave tangible effects upon every aspect of the business model from the availability and the price of raw materials to the types of products on the shelf and beyond. Those organizations which are the first and the fastest to act build sustainable solutions that create value. These leaders are starting to change the rules of the game. The risks of being left behind are getting too major to be ignored.

This paper can be a pioneering effort in developing an understanding of the recent transformation of retail in Turkey. I have laid the necessary groundwork on a more detailed analysis of the increasing concentration of retailing and its location consequences. The preliminary evidence shows that the recent concentration in the industry has to do with the

emergence and in-migration of both domestic and foreign large firms and that the restructuring of the industry is already impinging upon the retail landscapes of the large cities of the country.

Retailing is an inherently geographical phenomenon, and market demand rules the location dynamics of retailers, which are largely controlled by accessibility, the interaction of threshold and range effects associated with the products they sell, cluster dynamics and consumer attitudes and perceptions. However, retail landscapes can be understood better when scale economies, agglomeration and retail organizations are also taken into consideration. In this paper, we have discussed how the newly-emerging large and multiple location retailers of Turkey have already demonstrated different spatial behaviors from those small, independent, and single-location retailers whom they have begun to replace. I have also explored the possibility that the geography of large-scale retailing might be quite different from that of small independent retailers. This is because, in retailing industry, the decision-making unit is the firm, no matter how much its decisions may be conditioned by market demand, and also because scale economies, agglomeration, and retail organizations all have different meanings for small and large retailers. These two different kinds of retailers operate with different production functions and in different sensitivities to scale economies and distribution costs and this leads to different retail landscapes.

Turkey is certainly not alone with regard to the structural changes in its retail industry and their spatial consequences. For example, there are similarities between the Turkish experience and that of some Southern European (such as Spain, Portugal and Greece) and Eastern European (such as Hungary and Poland) countries where the transformation of retailing has also been considered to be in its beginning stage.

The shopping mall as a postmodern site meets the changing shopping and consumption requirements of urban citizens in Turkey. The development of shopping malls turns out to be well-timed for Turkish urban citizens who search for modernity through new identity components in consumption patterns. As an example of the benefits gained from this development more than any others, working women indicating the process of feminization of the flamer can be mentioned. However, these sites simultaneously produce a new arena of negotiation and conflict as well by creating new forms of exclusion -- particularly for the urban poor. Although malls appear to be more open to everyone and democratic than the streets for the time being, the potential for segregation is implicit in their private characters.

If retail revolution is based on a shopping mall phenomenon, this is the consequence of urban people who get bored or stressed out due to the gloomy grayness of cities. Bored people start to visit malls that are similar to the environments of casinos with lighting and entertainment options inside where you can see many other people coming to get rid of their personal problems. Also, cluster change is easier by visiting a Premium mall like Istinye Park. People try to forget their stress by shopping. Value retaining is also so important given the emergence of many similar shops next to each other. The remaining value is more important than price if your service level is perfect and you are keen about your customer. Consumers would like to shop for a good value at a reasonable price difference.

In the past year, two particularly interesting trends have emerged. These begin to give us a glimpse of the "new normal" of consumption:
First, the flight to deep discounts is over; the movement to valued brands is here. As the shock and the awe of last year's financial crisis have ebbed, consumers have opened their wallets

wider and more often in the second half of 2009 by buying bigger-ticket items like cars as well as iphones, kitchen wares, movie tickets, holidays and even some luxury goods.

Going further, consumers today turn their eyes to brands that are worthy of their trust (think Apple or Hyundai or McDonalds or Koton or Mango). Trust is especially important right now when so many organizations seem to have dropped the responsibility ball and when consumer attitudes dramatically shift. In the mid-1940s, such companies as Arçelik offered clear, succinct brand promises and then lived up to these promises for each and every customer over and over again. These investments paid great dividends in terms of customer loyalty over the following decades.

Second, consumers rely on the Internet to help them define value as well as actually purchase goods and services. Not only holiday expenditures was up this year when compared to 2008, but consumers' enhanced Internet use revolved more around the purpose of understanding brands and product attributes before purchase. We can already see savvy retailers responding to this shift by deploying Twitter and other social networking channels to keep consumers informed. Here again, we can see the parallelism to the late 1940s and the early 1950s when television began to transform marketing and consumer behavior, but in this case the change is quite different.

That is because of the emergence of probably the newest aspect of consumer internet usage what I like to call the "medieval village of consumption." In preindustrial times, a village was an all-purpose community, serving as a closely knit, self sufficient focus of production, consumption, social interchange, and emotional and spiritual support. This changed with the coming of industrialization in the late 18th century when people left the countryside for new opportunities in cities where the experience of consumption was much

more fragmented. The Internet now enables us to rediscover that communal aspect of consumption. We are moving beyond deliberately participating in social networking resources, consumer-feedback and rating sites, fashion blogs, and other online locations where we look for others to ask for guidance, information, and at times, self definition about what to buy and why. The online medieval village has the power to revolutionize key aspects of buying and spending (and marketing!) in the ways no one could have predicted even as recently as 18 months ago.

So despite the immediacy of the internet, the "new normal" actually means that consumers are abandoning the "next new thing" mentality that powered many of the expenditures for the past 20 years in favor of more enduring priorities. We are now using tools at our disposal to save more but also to discern which companies and brands are worthy of our loyalty, and establishing notions of value distinct from those that prevailed for the past decade. After losing so much ground so quickly to the forces of global capital markets, households now seek to "take back the right" of their own financial futures.

Another important trend has been the increase in consumption fuelled by declining inflation and by increased purchasing power. Demand for durable goods, especially cars and white goods, has surged due to the decreasing interest rates on consumer loans and credit cards.

This means that households will search not only the price and the attributes of product or service, but also, in many cases, the larger story behind: where the offer comes from, what kind of company has created it, how that company treats its employees. It is simply not enough to be the best race horse on the track anymore. In the year of 2010, how an individual or an organization shows up in between races matters even more.

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APPENDIX
EXTRA TABLES

Table I: Turkey Population

	2001	2003	2005	2006	2015*
Population	68,6	70,7	72,1	73	82,6

*UN estimation

Source:TUIK, 2006

Table II: Age Profile in Turkey

Age	2000	2003	2004	2015*
0-14	30,0	29,2	28,8	25,8
15-64	64,7	65,2	65,5	68,0
65 and up	5,4	5,6	5,7	6,2

* UN estimation

Source:TUIK, 2005

Table III: Urban/Rural Distribution

By %	2000	2004	2005	2015*
Urban	57,3	61,3	61,8	71,9
Rural	42,7	38,3	38,2	28,1

* UN estimation

Source:TUIK, 2006

Table IV: Total Retail Sales

	2002	2003	2004
Total Sales in mill	73.250	76.700	95.200
Growth Rate(%)	21	5	25

Source:AMPD, 2005

Table V: Shopping Centers Locations and Their Total GLA Estimation for the End of 2010

Cities	Number of Malls	GLA in m2
Adana	6	332.100
Afyon	2	23.200
Aksaray	2	33.500
Ankara	28	946.005
Antalya	12	278.849
Aydın	7	114.000
Balıkesir	2	18.585
Bursa	7	270.841
Çanakkale	1	12.000
Denizli	5	150.482
Diyarbakır	4	108.020
Edirne	1	27.000
Elazığ	2	20.861
Erzincan	1	12.600
Erzurum	2	46.000
Eskişehir	2	79.890
Gaziantep	6	179.708
Hatay	1	40.000
Isparta	1	12.000
İstanbul	122	3.937.008
İzmir	12	271.187
Karaman	1	7.912
Konya	4	122.054
Kahramanmaraş	2	113.000
Kayseri	6	175.152
Kocaeli	6	113.857
Kütahya	1	50.000
Mersin	4	110.736
Malatya	3	95.685
Manisa	2	64.000
Muğla	8	64.315
Nevşehir	1	25.000
Ordu	1	3.414
Sakarya	3	100.100
Samsun	3	91.452
Urfa	2	62.000
Tekirdağ	5	110.888
Tokat	1	24.000
Trabzon	3	74.500
Uşak	1	4.500
van	2	22.500
Zonguldak	3	45.000
Total	288	8.393.811

Table VI: Shopping Malls by Cities at April 2008 by GYODER

Name	City	Location	Opening Date	GLA in m2
M1 TEPE AVM	ADANA	Zincirlibağlar	2000	60.753
GALLERIA	ADANA	Fuzuli Caddesi	1994	30.718
CARREFOURSA AVM	ADANA	100. Yıl Mahallesi	1998	17.539
ADA AVM	ADAPAZARI	Esenler	2007	23.500
ZEYLAND	AFYON		2008	7.200
OPTIMUM OUTLET CENTER	ANKARA	Eryaman	1994	51.314
MILLENIUM	ANKARA	Batıkent	2005	15.500
ANKAMALL AVM	ANKARA	Akköprü	1999	106.480
BİLKENT CENTER	ANKARA	Bilkent	1998	47.350
ARMADA	ANKARA	Söğütözü	2002	32.000
KARUM İŞ AVM	ANKARA	Kavaklıdere	1991	23.500
CARREFOURSA AVM	ANKARA	Batıkent	2001	15.769
ARCADIUM	ANKARA	Ümitköy	2003	15.000
MESA PLAZA AVM	ANKARA	Çayyolu	1999	14.000
PLANET	ANKARA	Etimesgut	2005	12.000
ATAKULE AVM	ANKARA	Çankaya	1989	10.543
GALLERIA AVM	ANKARA	Ümitköy	1995	7.771
FTZ ALIŞVERİŞ MERKEZİ	ANKARA	Keçiören	2003	7.000
PLAZA	ANKARA		2005	6.500
DOLPHIN	ANKARA	Eryaman	2006	3.000
CEPA	ANKARA	Eskişehir Yolu	2007	70.335
PANORA	ANKARA	Oran Yolu	2007	60.000
A CITY OUTLET AVM	ANKARA		2008	22.000
ANTARES	ANKARA	Etilik Kasalar	2007	112.100
MINASERA	ANKARA	Çayyolu	2008	10.978
KC GÖKSU AVM	ANKARA	Eryaman	2006	35.365
DEEPO OUTLET CENTER AVM	ANTALYA	Havalimanı Karşısı	2004	18.000
MIGROS AVM	ANTALYA	100.Yıl Bulvarı	2001	33.024
WHITEWORLD	ANTALYA	Lara	2005	18.000
LAURA AVM	ANTALYA	Lara	2004	10.065
TESCO KİPA	ANTALYA	Ahatli	2006	9.300
G-MALL	ANTALYA		2004	4.960
DOĞUŞ 2000	ANTALYA	Haşim İşcan Mah	2004	4.500
MAKRO CENTER	ANTALYA		2005	4.000
AFRA AVM	AKSARAY		2002	8.500
EGEPORT	AYDIN	Kuşadası	2004	4.500
TESCO KİPA	AYDIN	Kuşadası	2006	15.000
TESCO KİPA	AYDIN	Kuşadası	2007	15.500
YAYLADA AVM	BALIKESİR	Bursa Yolu	2007	15.000
MOLIDA AVM	BALIKESİR	Altınoluk	2006	3.585
XL MALL AS MERKEZ	BURSA		2001	34.600
CARREFOURSA AVM	BURSA	Nilüfer	2001	33.946
ZAFER PLAZA AVM YAŞAM	BURSA		1999	20.850
REAL AVM	BURSA		2000	3.008
KORUPARK AVM EĞLENCE	BURSA	Mudanya Yolu	2007	74.580
TESCO KİPA	ÇANAKKLE	İzmir Yolu Çıkışı	2006	12.000
EGS PARK AVM EĞLENCE	DENİZLİ	Gümüşler	1998	23.000
MARKETIX	DENİZLİ	Akkale	2005	12.750
FORUM ÇAMLIK	DENİZLİ	Demokrasi Meydanı	2008	32.000
TERASPARK	DENİZLİ	Yenişehir	2007	47.500

Name	City	Location	Openning Date	GLA in m2
MEGA CENTER AVM	DIYARBAKIR	Urfa Yolu Emek	2002	14.520
DIYAR GALERIA	DIYARBAKIR		1999	13.500
AKGÜN CENTER	ELAZIĞ	Bahçelievler	2004	8.861
ERMERKEZ	ERZİNCAN		2003	12.600
ESPAK	ESKİŞEHİR	Eskibağlar Mah	2007	44.000
NEO AVM	ESKİŞEHİR	Tepebaşı	2007	35.890
M1 TEPE AVM	GAZİANTEP		1999	51.708
MIGROS AVM	GAZİANTEP	Şahinbey	2002	8.000
ŞİREHAN AVM	GAZİANTEP	İsmetpaşa Mah	2008	12.400
UĞUR PLAZA OUTLET CENTER	GAZİANTEP		2008	12.000
OLIVIUM OUTLET CENTER	İSTANBUL	Zeytinburnu	2000	33.560
COLONY OUTLET	İSTANBUL	Sefaköy	2005	7.000
KADIR HAS ÇOCUK DÜNYASI	İSTANBUL	Bahçelievler	2000	17.500
1000 a	İSTANBUL		2003	8.500
ADDRESS İSTANBUL	İSTANBUL	Şişli	2005	5.800
STARS ÇOCUK DÜNYASI	İSTANBUL		2005	5.000
MAYADROM	İSTANBUL	Akatlar	1998	2.976
CEVAHİR AVM	İSTANBUL	Şişli	2005	117.972
CARREFOURSA AVM	İSTANBUL	Ümraniye	2000	60.630
TEPE NAUTILUS	İSTANBUL	Acıbadem	2002	51.776
CARREFOURSA AVM	İSTANBUL	İçerenköy	1996	47.250
MAXI SHOPPING CITY	İSTANBUL	Silivri	1998	45.000
GALLERIA AVM	İSTANBUL	Ataköy	1988	42.974
M1 TEPE AVM	İSTANBUL	Kartal	2000	41.000
PROFİLO AVM	İSTANBUL	Mecidiyeköy	1998	40.800
KANYON	İSTANBUL	Levent	2006	37.500
AKMERKEZ	İSTANBUL	Levent	1993	34.600
MIGROS AVM	İSTANBUL	Beylikdüzü	1997	33.000
METROCITY AVM	İSTANBUL	Levent	2003	32.638
CAPİTOL AVM EĞLENCE	İSTANBUL	Altunizade	1993	31.000
CARREFOURSA AVM	İSTANBUL	Maltepe	2005	30.500
CARREFOURSA AVM	İSTANBUL	Bayrampaşa	2003	25.030
CAROUSEL AVM	İSTANBUL	Bakırköy	1995	24.400
BEYLİCIUM AVM	İSTANBUL	Beylikdüzü	2006	20.000
CARREFOURSA AVM	İSTANBUL	Haramidere	2001	17.831
MKM MUSTAFA KEMAL MERKEZİ	İSTANBUL	Akatlar	2005	15.000
MAXI CITY	İSTANBUL	Çengelköy	2003	13.500
FLYINN AVM	İSTANBUL	Florya	2003	12.508
TOWN CENTER	İSTANBUL	Bakırköy	2003	12.000
ATRIUM AVM	İSTANBUL	Ataköy	1989	11.232
ATIRUS AVM	İSTANBUL	B.Çekmece	2005	11.000
MAXI CENTER	İSTANBUL	İstinye	2003	11.000
AQUARIUM	İSTANBUL	Bayrampaşa	2005	10.234
PARADISE AVM	İSTANBUL	Gürpınar	2005	9.838
BAŞAK AVM	İSTANBUL		2005	8.724
MESA STUDIO PLAZA AVM	İSTANBUL	Kemerburgaz	2003	6.240
SUNFLOWER	İSTANBUL		2003	6.000
G-MALL KÜLTÜR SANAT AVM	İSTANBUL	Dolmabaçe	2003	4.228
KULE ÇARŞI	İSTANBUL	Levent	2000	3.720
ÖMÜR PLAZA	İSTANBUL	Bahçelievler	2002	4.000

Name	City	Location	Opening Date	GLA in m2
SINASOS	İSTANBUL		2003	2.500
PRESTIGE MALL	İSTANBUL		2007	11.000
KALE CENTER	İSTANBUL	Güngören	2007	26.094
İSTİNYE PARK	İSTANBUL	İstinye	2007	87.000
MEYDAN AVM	İSTANBUL	Ümraniye	2007	70.000
CAPACITY	İSTANBUL	Bakırköy	2007	41.229
CITY'S	İSTANBUL	Nişantaşı	2008	23.000
DOĞUŞ POWER CENTER	İSTANBUL	Maslak	2006	42.000
DEPOZİT	İSTANBUL	İkitelli	2008	72.000
METROPORT	İSTANBUL	Bahçelievler	2008	18.000
ASYAPARK	İSTANBUL	Dudullu	2007	14.500
ASTORIA	İSTANBUL	Esentepe	2008	25.000
MASS PLAZA	İSTANBUL	Gaziosmanpaşa	1997	14.500
HAYATPARK	İSTANBUL	Güneşli	2008	12.000
AYMERKEZ	İSTANBUL	B.Çekmece	2002	23.600
KOZA PLAZA	İSTANBUL		2006	4.688
FOX CITY AVM (DSILVA)	İSTANBUL	Beylikdüzü	2006	12.000
İSTANBUL OUTLET PARK	İSTANBUL	B.Çekmece	2006	56.000
KEMERMALL	İSTANBUL	Kemerburgaz	2007	5.000
PARK BORNOVA OUTLET	İZMİR	Bornova	2004	11.000
CARREFOURSA AVM	İZMİR	Karşıyaka	2001	37.695
KAM-ÇİĞLİ KİPA AVM	İZMİR	Çiğli	1999	29.539
EGEPARK-MAVİŞEHİR MODA VE AVM	İZMİR	Mavişehir	1999	22.000
AGORA AVM	İZMİR	Balçova	2002	13.500
KONAK PIER	İZMİR	Konak	2004	13.500
PALMIYE AVM	İZMİR	Balçova	2003	10.053
ORKİDE AVM VE EĞLENCE MERKEZİ	İZMİR	Alsancak	2004	10.000
BALÇOVA TESCO KİPA	İZMİR	Balçova	2001	42.000
FORUM BORNOVA	İZMİR	Bornova	2006	67.900
SELWAY OUTLET PARK	İZMİR	Balçova	2006	6.000
AFRA AVM	KARAMAN		2001	7.912
KAYSERİ PARK	KAYSERİ	Melikgazi	2006	25.152
İPEKSARAY	KAYSERİ	Sivas Bulvarı	2006	12.000
ALMER	KAYSERİ		1999	7.500
KASSERIA	KAYSERİ		2004	4.000
OUTLET CENTER	KOCAELİ		1997	28.777
CARREFOURSA AVM	KOCAELİ		2000	10.937
DOLPHIN CENTER	KOCAELİ	Körfez Mahallesi	2004	6.500
REAL AVM	KOCAELİ		2000	3.578
N CITY	KOCAELİ		2006	12.065
TRUVA OUTLET VE EĞLENCE MRK	KONYA		2002	20.608
M1 TEPE AVM	KONYA		2003	47.200
KULESİTE	KONYA	Nalçacı Caddesi	2004	45.246
AFRA AVM	KONYA		1996	9.000
AFRA AVM	MALATYA		1999	11.251
CARREFOURSA AVM	MERSİN		2003	12.236
FORUM MERSİN	MERSİN		2007	71.500
MARINAVİSTA	MERSİN	Çamlıbel	2007	12.000
MİLTA BODRUM MARİNA	MUĞLA	Bodrum	1999	2.000
OASIS AVM VE KÜLTÜR MERKEZİ	MUĞLA	Bodrum	1998	24.000

Name	City	Location	Opening Date	GLA in m2
KARACAN POINT	MUĞLA	Marmaris	2004	14.000
PORT BODRUM YALIKAVAK MARINA	MUĞLA	Bodrum	2005	5.143
MALL MARINE	MUĞLA	Marmaris	2001	3.172
HIPODROM	MUĞLA	Marmaris	2003	6.000
TURGUTREIS PORT	MUĞLA	Bodrum	2005	4.500
NETCEL MARINA	MUĞLA	Marmaris	2000	5.500
MIGROS AVM	ORDU		2004	3.414
AFRA AVM	SAMSUN		2006	14.452
YEŞİLYURT AVM	SAMSUN		2007	15.000
AVANTAJ FABRIKA MAĞAZALARI ÇAR	TEKİRDAĞ		1997	10.750
ORION AVM	TEKİRDAĞ	Çorlu	1999	16.538
MIRAPARK	TRABZON	Yıldızlı	2005	5.500
EDDA OUTLET	UŞAK		2006	4.500
ROYAL	VAN		2004	2.500
EREYLİN	ZONGULDAK	Karadeniz Ereğlisi	2007	13.000

Table VII: Shopping Malls Investment Estimation: (April 2008, GYODER Report)

Name	City	Location	Opening Date	GLA in m2
NEO CITY	ADAPAZARI		2009/09	55.200
PARK SHOP OUTLET CENTER	ADAPAZARI		2008/02	21.400
SOYAK/TAHINCIOĞLU	ADANA		2009	140.000
SOYAK/TAHINCIOĞLU	ADANA		2010	25.000
ANCORA	ADANA		2010	58.000
VARAN	AFYON		2009	16.000
AKSARAY AVM TARGET	AKSARAY		2008	25.000
GALLERIA	ANKARA	Eryaman	2008	10.000
KENTPARK	ANKARA		2008/03	68.000
FORUM ETLİK	ANKARA		2008	80.000
MALTEPE PROJESİ	ANKARA		2009	25.000
ZİRVEKENT (365)	ANKARA	Çankaya	2008/04	28.000
ÜSTÜN DEKOCITY AVM	ANKARA	Ümitköy	2008	6.500
TULIP	ANKARA		2011	
GORDION AVM	ANKARA	Çayyolu	2009/02	50.000
FORUM ANTALYA	ANTALYA		2009/01	110.000
SHEMALL TARGET	ANTALYA	Lara	2008/05	17.000
EDEN COURT	ANTALYA	Eski Otogar	2009	30.000
MURATPAŞA	ANTALYA		2009	20.000
ATAYKENT	AYDIN		2009	18.000
TARGET PROJE	AYDIN		2009	16.000
SÖKE ADAPARK	AYDIN		2009	15.000
FORUM AYDIN	AYDIN		2008/08	30.000
KENT MEYDANI AVM	BURSA		2008	23.857
ANATOLIUM AVM	BURSA	Osmangazi	2010/01	80.000
SÜMERBANK PROJESİ	DENİZLİ		2009/10	35.232
TARGET	DIYARBAKIR		2008	25.000
FORUM DIYARBAKIR	DIYARBAKIR	Elaçlığ Yolu	2009/03	55.000
EDİRNE AVM	EDİRNE		2010/01	27.000

Table VII: Shopping Malls Investment Estimation: (April 2008, GYODER Report)

Name	City	Location	Opening Date	GLA in m2
MIS AVM	ELAZIĞ		2008	12.000
TARGET	ERZURUM		2009	15.000
MEYDAN AVM	ERZURUM	Dere Mah	2009/Q2	31.000
SHOPPING MALL SANKO CITY	GAZIANTEP		2010	55.000
FORUM GAZIANTEP	GAZIANTEP		2009/Q2	40.000
SOYAK TAHINCIOĞLU AVM	HATAY		2009/Q1	40.000
BELEDIYE	ISPARTA		2009	12.000
GARDEN TOWERS	İSTANBUL	Esentepe	2010	54.000
FORUM TEM	İSTANBUL	Gaziosmanpaşa	2009/Q2	72.600
DEEPO II	İSTANBUL	Haramidere	2009	80.000
PALLADIUM	İSTANBUL	Kozyatağı	2008/10	36.713
WORLD ATLANTIS	İSTANBUL	Kurtköy	2008/09	22.000
MECİDİYEKÖY PROJE	İSTANBUL	Esentepe	2009	47.618
ORIENTAL LOUNGE	İSTANBUL	Piyalepaşa	2010	58.000
ARMONİ PARK OUTLET CENTER	İSTANBUL	Sefaköy	2008/05	22.000
KILIA AVM	İSTANBUL	Şile	2009	12.000
OLIVUM II	İSTANBUL	Ümraniye	2009	33.500
ÇİFTÇİLER	İSTANBUL	Zincirlikuyu	2011	65.000
MİLENYUM	İSTANBUL	Kurtköy	2010	11.000
SKYPORT RESIDENCE	İSTANBUL	Beylikdüzü	2008/Q4	7.500
VERDE MOLINO	İSTANBUL	Bahçeşehir	2008/09	25.000
EKİNOKS	İSTANBUL	Beylikdüzü	2008/Q2	7.443
OPTIMUM FASHION	İSTANBUL	Kozyatağı	2008	40.000
MARMARA PARK AVM	İSTANBUL	Beylikdüzü	2010/Q1	100.000
MOHİNİ ÇOCUK AİLE YAŞAM MRK	İSTANBUL	Etiler	2009/09	4.900
SURYAPI	İSTANBUL	Bayrampaşa	2010	70.000
VIAPORT	İSTANBUL	Kurtköy	2008/08	40.000
MARRYMALL	İSTANBUL	Ataköy	2008/05	14.599
AKKOZA	İSTANBUL	Esenyurt	2010/11	70.000
SONDURAK İNDİRİM MERKEZİ	İSTANBUL	Güneşli	2008/10	16.000
SAPPHIRE	İSTANBUL	Levent	2009	30.875
LEVENT MALL	İSTANBUL	Levent	2009	8.000
DIAMOND OF İSTANBUL	İSTANBUL	Maslak	2009	35.000
FORUM MERTER	İSTANBUL	Merter	2010	113.354
M1 MEYDAN	İSTANBUL	Merter	2009	64.000
CARREFOUR 2.FAZ	İSTANBUL	Maltepe	2009	20.000
KUYUMÇUKENT BAZAAR	İSTANBUL	Yenibosna	2008	53.452
TAT TOWERS	İSTANBUL	Zincirlikuyu	2009	10.000
FORUM İSTANBUL	İSTANBUL	Bayrampaşa	2009	163.000
NARMANLI HAN PROJESİ	İSTANBUL	Beyoğlu	2010	3.640
AIRPORT	İSTANBUL	Çobançeşme	2008	32.000
ATAKÖY KONAKLARI AVM	İSTANBUL	Ataköy	2010	35.000
KKG PROJESİ	İSTANBUL	Avcılar	2008	28.500
CARREFOUR AVM	İSTANBUL	Şirinevler	2011	
PARKWAY	İSTANBUL	Bahçeşehir	2008	6.898
ŞEHİR-BAZAAR	İSTANBUL		2008	13.500
İSTANBUL TAKSİT CENTER	İSTANBUL	Beylikdüzü	2008/5	55.000
PERLAVİSTA	İSTANBUL		2008	32.000
MARKA CITY	İSTANBUL	Beylikdüzü	2008/05	18.000
DEMİRÖREN	İSTANBUL	Beyoğlu	2009	12.000

Table VII: Shopping Malls Investment Estimation: (April 2008, GYODER Report)

Name	City	Location	Openning Date	GLA in m2
TAT 2000	İSTANBUL	Etiler	2011	10.000
212 İSTANBUL	İSTANBUL	İkitelli	2009/05	68.000
TULIP İSPARTAKULE	İSTANBUL	Bahçeşehir	2010	62.000
ALISAMIYEN PROJESİ	İSTANBUL	Mecidiyeköy	2011	70.000
3.CADDE AVM	İSTANBUL	Bahçeşehir	2011	8.000
ANCORA	İSTANBUL	Göztepe	2011 Q2	105.000
ÖZDİLEK AVM	İSTANBUL	Levent	2010	35.000
HARMONY PARK	İSTANBUL	Beylikdüzü	2008	10.842
WORLD ATLAS	İSTANBUL		2008	18.650
FASHION CENTER	İSTANBUL	Kozyatağı	2008	32.000
FATİH KÜLTÜR VE TİCARET MRK	İSTANBUL	Fatih	2008	19.756
BAĞCILAR AVM	İSTANBUL	Bağcılar	2009	44.996
MYWORLD AVM	İSTANBUL	Ataşehir	2010	30.000
IDEALİSTKENT AVM	İSTANBUL	Çekmeköy	2010	25.000
VAR MALL	İSTANBUL		2009/06	20.000
ACIBADEM PROJE	İSTANBUL	Acıbadem	2010/Q1	65.000
NEO AVM	İSTANBUL	Pendik	2008/12	30.000
NEO AVM	İSTANBUL	Bahçeşehir	2009/05	65.000
GINZA AVM	İSTANBUL	Beylikdüzü	2010	45.000
KELEŞ AVM	İSTANBUL	Bahçelievler	2011	109.000
MAHMUTBEY AVM	İSTANBUL	Mahmutbey	2011	200.000
AKKOM/EROĞLU AVM	İSTANBUL	Merter/Vakko	2009/Q4	42.000
BUYAKA	İSTANBUL	Ümraniye	2010	106.000
UPHILL COURT AVM	İSTANBUL	Ataşehir	2009	7.000
BEYLİKDÜZÜ AVM	İSTANBUL	Beylikdüzü	2009/Q3	60.000
LANDMARKK TOWER	İSTANBUL	Levent	2010	36.000
PENDİKPARK OUTLET CENTER	İSTANBUL	Pendik	2008/09	10.000
ESPRI OUTLET CENTER	İSTANBUL	Esenler	2008/03	12.000
ÇİĞLİ AVM KÜLTÜR MERKEZİ	İZMİR	Çiğli	2008/12	8.000
ANCORA	K.MARAŞ		2010/Q2	55.000
TARGET	K.MARAŞ		2009	58.000
KAYSERİ ŞEKER FABRİKASI	KAYSERİ		2010	60.000
FORUM KAYSERİ	KAYSERİ	Eski Şehir Stadı	2010/Q2	66.500
İZMİT PARK AVM	KOCAELİ	Yahya Kaptan	2009/Q4	52.000
TORUNLAR KORUPARK	KÜTAHYA	Şeker Fabrikası	2009	50.000
REGMA AVM	MERSİN	Tarsus	2008/09	15.000
MALATYA PROJESİ	MALATYA		2008/09	34.434
CORIO/ACTEUM	MALATYA		2010	50.000
REDEVCO I – SÜMERBANK	MANİSA		2009/Q4	54.000
REDEVCO II – DOWNTOWN	MANİSA		2009/Q4	10.000
FORUM KAPADOKYA	NEVŞEHİR	Kayseri Yolu	2009/Q1	25.000
ANCORA	SAMSUN		2009/11	62.000
AURISPARK TARGET	ŞANLIURFA		2008/08	17.000
ANCORA	ŞANLIURFA		2010/Q1	45.000
ÇORLUPARK	TEKİRDAĞ	Çorlu	2009/06	45.000
TEKİRA	TEKİRDAĞ		2009	30.600
DREAM CENTER	TEKİRDAĞ	Çerkezköy	2008	8.000
ANCORA	TOKAT		2010/Q1	24.000
FORUM TRABZON	TRABZON		2008/04	45.000
CEVAHİR OUTLET	TRABZON	Yomra	2009/03	24.000
TATVAN AVM	VAN	Tatvan	2009	20.000
TESCO KIPA	ZONGULDAK		2008	12.000
DEMİRPARK	ZONGULDAK		2008/Q4	20.000

Table VIII: List of High Schools that have Retail or Marketing Section

List of High Schools that have retail or marketing section			
SIRA NO	City	Name of the school	Contact
1	Adana	Ceyhan Tic.Mes.Lisesi	0322 613 27 36
2	Adana	Seyhan Fatih Tic.Mes.Lisesi	0322 361 32 20
3	Adiyaman	Merkez Tic.Mes.Lisesi	0416 214 79 99
4	Adiyaman	Gerger Çok Prog. Lise	0416 431 20 13
5	Aksaray	Aksaray Tic.Mes.Lisesi	0382 217 41 20
6	Amasya	Merkez Tic.Mes.Lisesi	0358 218 43 08
7	Amasya	Merzifon Tic.Mes.Lisesi	0358 513 13 32
8	Amasya	Suluova Tic. Mes. Lisesi	0358 417 24 38
9	Ankara	Ankara Tic.Mes.Lisesi	0312 312 45 16
10	Ankara	Keçiören Aydınlikevler Tic.Mes.Lisesi	0312 317 35 27
11	Ankara	Keçiören Yamantürk Tic.Mes.Lisesi	0312 378 51 61
12	Ankara	Yenimahalle Tic.Mes.Lisesi	0312 315 80 70
13	Ankara	Çankaya Ayrancı Tic. Mes. Lisesi	0312 426 02 34
14	Ankara	Sincan İMKB Tic.Mes.Lisesi	0312 263 86 83
15	Ankara	Batıkent Ş.Evliyagil Tic.Mes.Lisesi	0312 278 33 80
16	Ankara	Etimesgut Tic.Mes.Lisesi	0312 244 63 57
17	Ankara	Etimesgut And.Tic.Mes.Lisesi	0312 244 63 57

18	Ankara	Beypazarı Tic.Mes.Lisesi	0312 763 26 03
19	Ankara	Polatlı Tic.Mes.Lisesi	0312 623 24 40
20	Antalya	Merkez Tic.Mes.Lisesi	0242 238 55 24
21	Antalya	Muratpaşa Ticaret Borsası TML	0242 323 90 00
22	Antalya	Muratpaşa Ticaret Borsası And.TML	0242 323 90 00
23	Antalya	Kepez Hızır Reis Tic.Mes.Lisesi	0 242 326 73 21
24	Antalya	Kepez Ayten Çağırın Tic.Mes.Lisesi	0 242 326 73 21
25	Antalya	Serik Hasan Güçlü Tic.Mes.Lisesi	0242 722 78 82
26	Antalya	Manavgat İMKB Tic.Mes.Lisesi	0242 746 03 27
27	Antalya	Manavgat İMKB And. Tic.Mes.Lisesi	0242 746 03 27
28	Aydın	Söke Tic.Mes.Lisesi	0256 518 19 42
29	Balıkesir	Merkez Tic.Mes.Lisesi	0266 241 12 71
30	Balıkesir	Merkez And. Tic.Mes.Lisesi	0266 241 12 71
31	Balıkesir	Bandırma Tic.Mes.Lisesi	0266 715 48 38
32	Balıkesir	Edremit R.Molvalıoğlu Tic.Mes.Lisesi	0266 373 15 06
33	Balıkesir	Ayvalık Tic.Mes.Lisesi	0266 331 58 40
34	Balıkesir	Manyas A.Hunca Çok Prog. Lise	0266 825 80 21
35	Balıkesir	Kepsut Çok Prog. Lise	0 266 576 12 81
36	Balıkesir	Dursunbey Çok Prog. Lise	0266 662 10 20
37	Balıkesir	Gönen Mirciler Tic.Mes.Lisesi	0266 762 59 90

38	Bartın	Merkez Tic.Mes.Lisesi	0378 227 17 28
39	Bartın	Ulus Abdipaşa Çok Prog. Lise	0378 426 47 71
40	Bingöl	Merkez Tic.Mes.Lisesi	0426 213 23 84
41	Bursa	M.Kemal Paşa Tic.Mes.Lisesi	0224 613 24 69
42	Bursa	Nilüfer İslam Uyar Tic.Mes.Lisesi	0224 441 74 50
43	Bursa	Osmangazi Tic.Mes.Lisesi	0224 221 10 06
44	Bursa	Ergin Ağaç Tic.Mes.Lisesi	0224 250 59 69
45	Bursa	Ergin Ağaç And.Tic.Mes.Lisesi	0224 250 59 69
46	Çanakkale	Merkez M.Akif Ersoy Tic.Mes.Lisesi	0286 217 12 63
47	Çanakkale	Merkez M.Akif Ersoy And.Tic.Mes.Lisesi	0286 217 12 63
48	Çanakkale	Biga Hamdibey Tic.Mes.Lisesi	0286 316 10 35
49	Çankırı	Merkez Tic.Mes.Lisesi	0376 213 12 66
50	Çankırı	Merkez And. Tic.Mes.Lisesi	0376 213 12 66
51	Çorum	Merkez Tic.Mes.Lisesi	0364 213 23 94
52	Denizli	Merkez Tic.Mes.Lisesi	0258 241 05 73
53	Denizli	Merkez And. Tic.Mes.Lisesi	0258 241 05 73
54	Denizli	Acıpayam Tic.Mes.Lisesi	0258 518 11 54
55	Denizli	Kale E.Özsoy Çok Prog. Lise	0258 671 33 45
56	Diyarbakır	Merkez Tic.Mes.Lisesi	0412 228 61 16
57	Düzce	Akçakoca Tic.Mes.Lisesi	0380 611 45 63

58	Düzce	Akçakoca And.Tic.Mes.Lisesi	0380 611 45 63
59	Erzurum	Merkez Tic.Mes.Lisesi	0442 214 09 63
60	Erzurum	Merkez And. Tic.Mes.Lisesi	0442 214 09 63
61	Erzurum	Palandöken Nafizbey Tic.Mes.Lisesi	0442 342 19 65
62	Eskişehir	Merkez Tic.Mes.Lisesi	0222 230 68 44
63	Gaziantep	Nizip Tic.Mes.Lisesi	0342 517 27 93
64	Giresun	Bulancak Tic.Mes.Lisesi	0454 318 20 64
65	Giresun	Bulancak And. Tic.Mes.Lisesi	0454 318 20 64
66	Giresun	Şebinkarahisar And.Tic.Mes.Lisesi	0454 711 4663
67	Isparta	Isparta Tic.Mes.Lisesi	0246 218 13 59
68	İstanbul	Fatih Atatürk Çağdaş Yaşam Çok Prog. Lise	0212 530 25 75
69	İstanbul	Fatih Alpaslan Tic.Mes.Lisesi	0212 525 01 65
70	İstanbul	Beyoğlu Kabataş Tic.Mes.Lisesi	0212 243 45 07
71	İstanbul	Bayrampaşa Tic.Mes.Lisesi	0212 578 58 17
72	İstanbul	Bayrampaşa And.Tic.Mes.Lisesi	0212 578 58 17
73	İstanbul	Başakşehir K.Çekmece Tic.Mes.Lisesi	0212 687 00 53
74	İstanbul	Bahçelievler Türkiye Gazetesi Tic.Mes.Lisesi	0212 503 03 33
75	İstanbul	Şişli A.Evran Tic.Mes.Lisesi	0212 288 67 48
76	İstanbul	Avcılar S.Zorlu Tic.Mes.Lisesi	0212 695 94 97
77	İstanbul	Bağcılar Tic.Mes.Lisesi	0212 656 68 70

78	İstanbul	Bağcılar Yunus Emre Tic.Mes.Lisesi	0212 433 90 68
79	İstanbul	Beşiktaş M.Büyükhanlı Tic.Mes.Lisesi	0212 265 21 20
80	İstanbul	Bahçelievler Tic.Mes.Lisesi	0212 642 80 94
81	İstanbul	Beyoğlu Taksim Tic.Mes.Lisesi	0212 293 44 54
82	İstanbul	K.Çekmece Z.M.Dalgıç Tic.Mes.Lisesi	0212 540 82 00
83	İstanbul	B.Çekmece Kumburgaz M.Erçağ Tic.Mes.Lis.	0212 884 10 80
84	İstanbul	Çatalca Kestanelik Çok Prog. Lise	0212 794 23 01
85	İstanbul	Çatalca Ticaret Odası Çok Prog. Lise	0 212 789 1013
86	İstanbul	Esenyurt A.Kul Çok Prog. Lise	0212 690 93 68
87	İstanbul	Sarıyer M.Şam Tic.Mes.Lisesi	0212 271 11 11
88	İstanbul	Kadıköy Tic.Mes.Lisesi	0216 566 92 67
89	İstanbul	Ataşehir D.Sabancı Tic.Mes.Lisesi	0216 572 29 62
90	İstanbul	Ataşehir D.Sabancı And. Tic.Mes.Lisesi	0216 572 29 62
91	İstanbul	Üsküdar Tic.Mes.Lisesi	0216 334 58 40
92	İstanbul	Ataşehir R.Bayraktar Tic.Mes.Lisesi	0212 315 58 85
93	İstanbul	Ataşehir R.Bayraktar And.Tic.Mes.Lisesi	0212 315 58 85
94	İstanbul	Ataşehir Esatpaşa Tic.Mes.Lisesi	0216 472 77 78
95	İstanbul	Ümraniye Tic.Mes.Lisesi	0216 632 28 91
96	İstanbul	Sultanbeyli T. Fevzioglu Tic.Mes.Lisesi	0216 592 13 98
97	İstanbul	Kartal Tic.Mes.Lisesi	0216 353 85 72

98	İstanbul	Kartal Vali Erol Çakır Tic.Mes.Lisesi	0216 475 90 12
99	İstanbul	Pendik Tic.Mes.Lisesi	0216 491 06 46
100	İzmir	İzmir Tic.Mes.Lisesi	0232 483 06 07
101	İzmir	Buca Tic.Mes.Lisesi	0232 420 08 17
102	İzmir	Karşıyaka Gümüşpala Tic.Mes.Lisesi	0232 363 39 38
103	İzmir	Torbali Tic.Mes.Lisesi	0232 856 26 11
104	İzmir	Narlidere R.Önel Tic.Mes.Lisesi	0232 238 81 38
105	İzmir	Narlidere R.Önel And.Tic.Mes.Lisesi	0232 238 81 38
106	İzmir	Bornova Altay Tic.Mes.Lisesi	0232 343 44 93
107	İzmir	Tire Tic.Mes.Lisesi	0232 512 18 45
108	Kahramanmaraş	Merkez Tic.Mes.Lisesi	0344 223 54 77
109	Kahramanmaraş	Elbistan Tic.Mes.Lisesi	0344 413 18 60
110	Karaman	Karaman Tic.Mes.Lisesi	0338 213 15 89
111	Kastamonu	Kastamonu Tic.Mes.Lisesi	0366 214 64 98
112	Kırşehir	Kaman Tic.Mes.Lisesi	0386 712 25 58
113	Kocaeli	Kartepe Suadiye Yıldız Tekstil Tic.Mes.Lis.	0262 352 33 73
114	Kocaeli	Kartepe Suadiye Yıldız Tekstil And. Tic.ML	0262 352 33 73
115	Koceli	Kocaeli İzmit Tic.Mes.Lisesi	0262 311 64 70
116	Konya	Meram Tic.Mes.Lisesi	0332 322 83 35
117	Konya	Selçuklu M.H.İbrahim Hekimoğlu Tic.Mes.Lisesi	0332 582 17 60

118	Kütahya	Merkez Tic.Mes.Lis.	0274 223 62 78
119	Kütahya	Gediz Tic.Mes.Lisesi	0274 412 40 96
120	Malatya	Merkez Tic.Mes.Lisesi	0422 321 13 43
121	Manisa	Merkez Tic.Mes.Lisesi	0236 231 15 82
122	Manisa	Turgutlu Tic.Mes.Lisesi	0236 313 10 09
123	Manisa	Salihli Tic.Mes.Lisesi	0236 714 15 07
124	Manisa	Demirci Tic.Mes.Lisesi	0236 816 33 19
125	Mersin	Mersin Tic.Mes.Lisesi	0324 336 40 96
126	Mersin	Tarsus K.Ekenler Tic.Mes.Lisesi	0324 613 54 85
127	Muş	Merkez Tic.Mes.Lisesi	0436 216 10 97
128	Nevşehir	Merkez Tic.Mes.Lisesi	0384 213 13 99
129	Ordu	Merkez Tic.Mes.Lisesi	0452 223 16 59
130	Osmaniye	Merkez Tic.Mes.Lisesi	0328 825 68 72
131	Osmaniye	Merkez And.Tic.Mes.Lisesi	0328 825 68 72
132	Rize	Merkez Tic.Mes.Lisesi	0464 226 09 20
133	Sakarya	Adapazarı Prof.Dr.T.Çiller Tic.Mes.Lisesi	0264 277 37 68
134	Sakarya	Adapazarı And.Tic.Mes.Lisesi	0264 277 37 68
135	Samsun	Merkez Tic.Mes.Lisesi	0362 233 00 00
136	Samsun	Merkez And.Tic.Mes.Lisesi	0362 233 00 00
137	Sinop	Merkez Tic.Mes.Lisesi	0368 261 19 16

138	Sivas	Merkez Tic.Mes.Lisesi	0346 221 22 60
139	Şanlıurfa	Birecik Tic.Mes.Lisesi	0414 652 40 60
140	Tekirdağ	Merkez Tic.Mes.Lisesi	0282 261 20 69
141	Tekirdağ	Çorlu Tic.Mes.Lisesi	0282 651 30 27
142	Tokat	Zile Tic.Mes.Lisesi	0356 317 15 99
143	Tokat	Niksar Tic.Mes.Lisesi	0356 528 00 35
144	Trabzon	Beşkdüzü Tic. Mes. Lisesi	0462 871 32 02
145	Trabzon	Maçka Tic. Mes. Lisesi	0462 512 11 71
146	Trabzon	Sürmene And. Tic. Mes. Lisesi	0462 746 18 27
147	Van	Merkez And. Tic.Mes.Lisesi	0432 212 14 75
148	Van	Erçiş İMKB Tic.Mes.Lisesi	0432 354 36 35
149	Yozgat	Merkez Tic.Mes.Lisesi	0354 212 27 53
150	Zonguldak	Merkez Tic.Mes.Lisesi	0372 252 21 68

EXTRA FIGURES



Figures 13: Malls are popular Places for Shoppers to Meet and Eat.



Figures 14: A General View of Istinye Park Food Court.