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# Strategic alliances in a town centre: Stakeholder's perceptions of property owner's role.

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**Abstract:** In order for town centres to manage increased competition in retailing, co-operation between stakeholders in a strategic alliance has become more important. A typical set of stakeholders in a strategic alliance for strengthening retailing are retailers, local authorities and property owners. The roles of retailers and local authorities are well researched. However, the role of property owners is not. The aim of this paper seeks to unfold the role of property owners in a strategic alliance. This is a case study of a medium-sized town in which semi-structured interviews with different stakeholders were conducted. In the chosen town there is a TCM alliance co-operation at work. The above mentioned stakeholders are possible members in an alliance. The case studied shows a fragmented property owner market with no dominant property owner, as it is in many medium-sized towns. Our study shows that many stakeholders look at the role of property owners as crucial for town centre development. However, property owners do not see that they can significantly contribute to or benefit from the development. The main reasons for this opinion are that they consider themselves as not having enough resources or the capability to influence the town development.

**Keywords:** retail, TCM alliance, increased competition, town centre development, Sweden.

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# 1 INTRODUCTION

Globalisations technological and demographic changes, along with increased consumers mobility, are some of the explanations for the out-of-town/edge-of-town establishment which occurred during the late 20<sup>th</sup> century (cf. Riviezzo, 2009; Otsuka & Reeve, 2007; Warnaby et al, 1998; Whyatt, 2004). This in turn has led to greater competition for traditional retailers established in town centres (Tomalin & Pal, 1994; Phillips & Swaffin-Smith, 2004; Choe et al, 1997). The implication is a bigger challenge in managing town centres in order to stay attractive and competitive (Tomalin & Pal, 1994; Phillips & Swaffin-Smith, 2004). However, concerns have been raised about the vitality and viability of a town centre (de Nisco et al. 2008) leading to the need for strategic and proactive co-operation from all stakeholders (Riviezzo et al, 2009; Tomalin & Pal, 1994, Phillips & Swaffin-Smith, 2004; Forsberg, 1998). In the US, Business Improvement Districts have grown forward since the 1980's (Spridell, 1980; Warnaby et al, 1998; Baldock, 1989, Wells, 1991; Healey & Baker, 1994, Whyatt, 2004) while in Europe the most common strategic co-operation approach is Town Centre Management (TCM) (Warnaby, 1998; de Nisco et al. 2008; Coco-Stefaniak et al. 2009). Both approaches build on collaboration between different stakeholders to create development strategies which aim to make a town centre more attractive (Tomalin & Pal, 1994) or, as in the case of the US, improve specific districts.

Both public and private stakeholders need to be involved in a co-operation to be able to prevent, or manage, the new retail business environment (Forsberg, 1998) Town centre stakeholders are retailers, civic societies, local authorities, and property owners (cf. Medway et al. 2000; Warnaby et al, 1998; Whyatt, 2004; Tomalin & Pal, 1998; Warnaby, 1998; de Nisco et al. 2008). All stakeholders have different kinds of business foci, and therefore, stakeholders face different problems. As a result, stakeholders are bound to have different interests (de Nisco et al. 2008). The complexity of this type of strategic alliance is that it holds inherent co-operation problems as every stakeholder tries to maximize its utility (Forsberg et al, 1999). This is not surprising since the private stakeholder has the goal of doing business, hence survive, and the public sector has an interest in that town centres offer the public what it wants (Dawson 2001). The most common stakeholders of focus in previous research has been the retailers or the public sectors (cf. Warnaby et al. 2005; de Nisco et al. 2008). However, a stakeholder perspective is not one of the common perspectives used when researching town centre management (Peel, 2003). Except the first explorative contributions to this research area, most papers has been focused on specific TCM schemes or one attribute of a scheme (i.e. marketing, retailers' involvement and measuring indicators). Later papers have had a focus on a long-term strategic development to highlight the importance of an on-going process (cf. Hogg et al. 2001; Stubbs et al. 2002). According to de Nisco et al. (2008) the

research focus has resulted in a lack of knowledge about specific stakeholder involvement and contribution. Furthermore, Dawson (2001) state that researchers still have some work to do in order to understand relationships within a town centre. At the same time de Nisco et al. (2008) argue that research has still been unable to separate the importance of different stakeholders in these kinds of strategic alliances (de Nisco et al. 2008).

Property owners is a stakeholder group that previous research on town centre management in Europe has touched upon but not strongly emphasized. Instead, most focus, so far, has been on a property owner's role as a stakeholder and with what the owner can contribute (cf. Forsberg et al, 1999; Sandahl & Lindh, 1995). The conclusion from previous research is that property owners have a minor role in a strategic alliance and that they are not as cooperative as other stakeholders (de Nisco et al. 2008). This is contradictory, since it is found that retail siting (Forsberg, 1998) and property constructions (Dawson, 2001) are important for retail development and in the hands of the property owner. Furthermore, managing properties are often closely related to retailing core business, as retailing is one of the largest investments markets for property owners (Gibson & Barkham, 2001). In addition, property owners often have contractual agreements with tenants (de Nisco, 2008), and property owners should, therefore, be directly affected by the success of their tenants, in this case usually retailers. Property owners have a mutual dependency with the tenants over time. However, by looking at the problem from a stakeholder perspective, the perception regarding roles and purposes can be researched (Peel, 2003). Because of these opposing views of property owners as a stakeholder, the purpose of this paper seeks to unfold the perceptions of the property owners' role in a strategic alliance.

This study is a case study based on one town. The case studied shows a fragmented property owner market with no dominant property owner, as it is in many medium-sized towns. In the town, a TCM organisation was established around 15 years ago due to increased competition. The data is gathered through semi-structured interviews with retailers, local authorities, the TCM manager, and property owners. This study contributes to present knowledge with an extended understanding of what the property owners perceived role could be in a TCM alliance. The results show that many stakeholders regard property owners' role as crucial for town centre development. However, property owners do not see that they significantly can contribute to or benefit from the development. The main reasons for this opinion are that they consider themselves not having enough resources or the capability to influence town development.

The structure of the paper is as follows: in section 2 the theoretical background is presented and discussed. In section 3 the research methodology is described. In section 4 some results are presented and analysed. Section 5 consists of a concluding discussion.

## 2 THEORETICAL BACKGROUND

### **Strategic alliances in town centres**

One way of dealing with competitive pressure is to work towards building customer loyalty, increase consumer retention and repeated visits to a town centre. This cannot be driven by one stakeholder alone; instead it is the total offering of a town centre that creates its competitive advantage. This is done through a partnership network, or also called strategic alliances. A strategic alliance can help an organization build competitive strengths and strategies (Mowery, Oxley & Silverman, 1996). According to Teece and Pisano (1994:545) the "...collaboration and partnerships can be vehicles for new organizational learning, helping firms to recognize dysfunctional routines, and preventing strategic blindspots".

Strategic alliances are often formed when a vulnerable strategic position exist. This occurs for example when there are many competitors (Eisenhardt & Schoonhoven, 1996). Strategic alliances are usually voluntary. Value creation is created as a result of resource integration of a strategic alliance (Das & Teng, 2000). Through co-operation, each organization can draw from the strengths of other members and at the same time spread the cost and risk of an action to increase the market power (Mowery et al., 1996; Eisenhardt & Schoonhoven, 1996; Das & Teng, 2000). Even if a strategic need can create a strategic alliance, certain social opportunities for an organization and the characteristics of an organization are needed to be able to create a strategic alliance. (Eisenhardt & Schoonhoven, 1996). Research has shown that contract-based alliances, in comparison to, for instance joint ventures, seem to be less effective as strategic alliances. It has also been shown that if the structure and content of the alliance is built through independent contracts the efficiency of the strategic alliance increase (Mowery et al., 1996). It is also evident that there is a tendency that organizations seek alliances rather than avoid them in uncertain situations. It is also evident that strategic alliances require all participants to have a number of resources to contribute to the alliance (Eisenhardt & Schoonhoven, 1996).

As a practical response to changing retail competition, increased uncertainty, and complexity of urban revitalization during the last 25 years, town centre management (TCM) was developed in many European countries (Coca-Stefaniak

et al. 2009; Tomalin & Pal, 1994) with the intention of managing the negative impact of the retail development in the town centres (Riviezzo et al. 2009). TCM includes area based marketing and place marketing, inter-regional partnerships, etc (Coca-Stefaniak et al. 2009; Otsuka & Reeve, 2007).

The goal for many local actors in European countries has been to increase the competitiveness of the town centre or to concentrate the location of retail stores in the town centre. It has been organised and managed through either public-led or private-led alliances (Coco-Stefaniak et al. 2009). As a defence strategy, TCM has become an important tool in managing increased competition in retailing, as well as fight for consumer spending and inward investments (Medway et al. 2000). According to the literature, the core of TCM is to improve the shopping environment, and to increase the service level through close co-operation between different stakeholders (Spridell 1980, Baldock 1989, Otsuka & Reeve, 2007) in order to meet the different customer needs (Whyatt, 2004). The definition of TCM has expanded to include more stakeholders over time. For instance Wells (1991) included conflicts that originate from partnerships/co-operations. In the late 20<sup>th</sup> century Warnaby et al. (1998) expanded the definition further. Their definition is widely used by researchers, according to Coco-Stefaniak et al. (2009):

*“Town centre management is the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interests within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary sectors.”* (Warnaby et al. 1998)

This new definition reflects the balance of power between different stakeholders since public, private, and voluntary stakeholders need to be involved. This power is determined by the resources that the individual stakeholder can bring to the partnership. Power can derive from political influence and commitment, as well as financial resources (Warnaby et al. 1998).

### **The stakeholders in town centre management**

A town centre is often an area in which a large variety of interests co exists. It is therefore not surprisingly that research has shown that there is a large variety of potentially stakeholders in the development process of a town centre management concept (Table 1). A stakeholder partnership is in general fragile and trade-offs between interests might create conflicts. It is about creating a win-win culture to minimize resentment from any stakeholder (Whyatt, 2004; Forsberg, 1999). One important question is the funding of a TCM organization. Funding a strategic alliance is one part of the available resources for strategic work (Warnaby et al. 1998). Funding is often based on either

mandatory fees, which could be related to the size of the businesses, or a system which is based on the concept that achieved benefits should at least equalize the financial contribution. (Paddison, 2003)

Table 1: Possible different categories of stakeholders in a town centre management organisation. Source: The figure is a development of the Sectorial classification of TCM stakeholders according to the ATCM in Medway et al (2000) and de Nisco et al. (2008)

Town Centre Management (TCM)					
Public sector		Private sectors		Voluntary sectors	
Primary	Secondary	Primary	Secondary	Primary	Secondary
- Local authorities - Tourist agencies - Leisure centres	- Police - Public transport - Emergency services - Training and Enterprise Councils - Schools, colleges and universities	- Retailers - Shopping centres - Bank/building societies - Chambers of commerce - Property owners - Restaurants and café - Pubs and nightclubs - Leisure facilities - Hotels	- Transport operators - Managing/estate agents - Solicitors and other professionals		- Civic societies - Conservation groups - Disabled groups - Resident groups

A common challenge for a TCM organization is to get all stakeholders fund the strategic alliance. Hence, there might be a problem with free-riders in a town centre: stakeholders who benefit from, for example, marketing campaigns but do not contribute to them (Coco-Stefaniak et al. 2009).

Stakeholders tend to be involved if the payoff is greater than the payoff achieved if they worked alone (Eisenhardt & Schoonhoven, 1996). In addition, Paddison (2003) conclude that a stakeholder who funds a strategic alliance receives no economic advantage in comparison to free-riders. According to Whyatt (2004) for a strategic alliance like the TCM to work, it is important that all stakeholders have an understanding and knowledge about the competitive pressure and resources available.

In their recent work, de Nisco et al (2008)<sup>4</sup> reviewed a large part of the literature focusing on TCM. From that review, it is clear that all stakeholders do not contribute equally to development. Stakeholders are divided into primary and

<sup>4</sup> If no other source is given, stakeholder information is referenced solely from de Nisco et al (2008) from now on.

secondary stakeholders. A primary stakeholder is a key stakeholder, often has contractual relationships with the organisation, and acts for the organisation in enabling resources. A primary stakeholder can also be one who, by its input, is important for its function, but has no financial resources. In addition Riviezzo et al. (2009) pointed out that a dominant stakeholder group, such as retailers might control which customer needs are satisfied as well as determine what is measured and evaluated in a TCM organisation. With different stakeholders' values, it might be difficult to get everyone working in the same direction (Riviezzo et al. 2009). Consensus between primary stakeholders is needed to enable strategic work in TCM. A secondary stakeholder can influence or become influenced by the TCM organisation without having any direct transaction with it. Secondary stakeholders might share the same values or problems as the TCM organisation

From Forsberg et al.'s (1999) study, it becomes evident that property owners do not regard co-operating with other stakeholders as important and that they choose not to cooperate because of personal principles. In conclusion, previous literature makes it difficult to identify property owners as a primary or secondary stakeholder. However, property owners have a functional linkage to other stakeholders rather than the TCM alliance. The question remains whether or not a property owner is a key stakeholder in the TCM organisation. The "stake" (de Nisco, 2008) of the property owner is still relatively little problematized and researched.

### **Property owner as a stakeholder in a strategic alliance**

So far the literature on TCM stakeholders has mostly problematized the wide range of different stakeholders. The literature's focus has been on retailers rather than researching all of the different stakeholder groups in depth. (de Nisco, 2008) To problematize the role of the property owners, we start with presenting a list of possible property owners in a town centre environment:

- International real-estate companies
- National real estate companies
- Local real estate companies
- Publicly owned real estate companies
- Private housing companies
- Public owned housing companies
- Housing cooperatives
- Private organisation
- Private persons

Clearly, property owners are not a homogenous group of stakeholders. Among these property owners the aim of their businesses might differ. Among private organisations we find retail companies that own their own properties<sup>5</sup>. Further, the size (turnover, people hired and so on) of the property owners might vary substantially. However, regardless of size, ownership of, or aim of business, all property owners face the issue of investment, and because of differences between property owners prioritize investments differently. Market knowledge and abilities also differ between property owners.

In general, a property owner has a relationship with the TCM alliance, and it is this relationship which determines the type of stakeholder of the property owners. In relation to de Nisco et al. (2008) a property owner has a link to the TCM organizations that is essential for the other organizations survival. Here, property owners provide resources necessary for the creation of a product/service (e.g. floor-space). Dawson (2001) argues that from the retailers' point of view the property sector influences the retailers' operations in relation to efficient floor-space and over-capacity issues, as well as store formats and new store constructs. According to Jones (2009) property owners tend to treat retail facilities as of major important investment objects. For instance in the UK, it is shown that about 50 per cent of the real estate investments in the beginning of the 21<sup>st</sup> century is in properties designed for retailing. It is also obvious that major changes have taken place in the type of shopping facilities receiving investments go to. There is a change in which retail format the property owners invest namely from traditional retail shops to shopping centres and retail warehouses. In addition, Sandahl and Lindh (1995) argued that financial benefits from co-operations could be linked to property owners because the success of the town centre should affect the value on the property.

Lindholm and Leväinen (2006) studied corporate real estate management. Decisions by property owners are based on improved profitability by cutting cost in some way (space efficiency, cost reduction, capital minimization) rather than seeing added value which increase the revenues. The decisions of property owners should be connected to a retailer's core business, but this is however uncommon. Furthermore, Forsberg (1998) argued that retail siting is controlled by the property owner and the retailer. According to Lindholm and Leväinen (2006), there are two ways in which shareholder value can increase: revenue growth, and productivity through different strategies (increasing the value of assets, promoting marketing and sales, increase innovation, increasing employee satisfaction, increasing productivity, increasing flexibility, and reducing costs). As an example, a property owner can decide to provide an environment and space that support sales for a retailer. The property owner then provides resources to help the retailer's core business.

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<sup>5</sup> Cf. Gibson and Barkham (2001) which covers the issue of retail corporations as real estate owners as this will not be covered within our paper.

However, Lindholm and Leväinen (2006) discussed the problem from the perspective of a more organized real estate organization, leaving out the issue of small, local real estates with (often) less resources. In addition, Medway et al. (2000) pointed out that a decrease in a town centres attractiveness might lead to rent losses as other businesses move or close down. Property owners have to protect their in-town freehold property portfolio.

### 3 RESEARCH METHODOLOGY

This study is conducted as a case study. The case chosen is Borlänge. Borlänge has a typical situation when it comes to stakeholder composition and competition for retailers in the town centre. Since 1996, the stakeholders have also founded a strategic TCM alliance. Due to this, in our opinion, Borlänge is well suited to study the role of property owners in developing retail in a town centre.

More precisely, we study the perceptions that different stakeholders in the strategic alliance have on the role of property owners. To provide a holistic picture of the perceived role of property owners in a town centre development, interviews were conducted with a TCM manager (1 respondent), property owners (8 respondents), local retailers (15 respondents) and a manager of trade and industrial development (1 respondent). The retailers and property owners represented small, local organizations, as well as large national organizations. The interviews focused on open questions regarding the property owner's benefit from a strategic alliance, the property owner's contribution and participation in a strategic alliance, and the property owner's role in the issue of increased competition.

The data is collected through semi-structured interviews which vary in length, for example deeper interviews with property owners and managers and shorter interviews with local retailers. All interviews were conducted in person at a respondent's work place or via telephone. The interviews was recorded and transcribed by the authors. Information from the interviews were interpreted into the following conceptual themes: benefits from being in a TCM alliance, the property owner's contribution in a TCM alliance, and the property owner's role in an environment with increased competition.

### 4 RESULTS

To provide an understanding of the case studied, a contextual description of the town centre is presented and explained in relation to the stakeholder's perceptions. The different stakeholder perceptions are divided into the following: benefits

from being in a TCM alliance, the property owner's contribution in a TCM alliance, and the property owner's role in an environment with increased competition

### The town centre environment in Borlänge

Borlänge is located approximately 210 km north west of Sweden's largest city, Stockholm. The town is centrally located in the county of Dalecarlia. Dalecarlia has about 276 000 inhabitants of which about 18 per cent live in Borlänge. The population has slowly increased in Borlänge the last 20 years.

Borlänge is the region's largest town and commercial centre. About 24 per cent of the region's retail activity takes place in the city. The major part of shopping in Borlänge has historically taken place in its town centre (Figure 1). However, over the last 20 years competition, especially from an indoor shopping mall closely located in an edge-of-town shopping area, has been fierce (Figure 1). Currently the large indoor shopping mall has about 85 stores and it attracts around 5 annually. The major part of the shopping of durable goods in Borlänge takes place at the mall which is dominated by large retail chains. The shopping mall is managed by one real estate company specializing in managing shopping malls. This company manages malls in other cities as well.

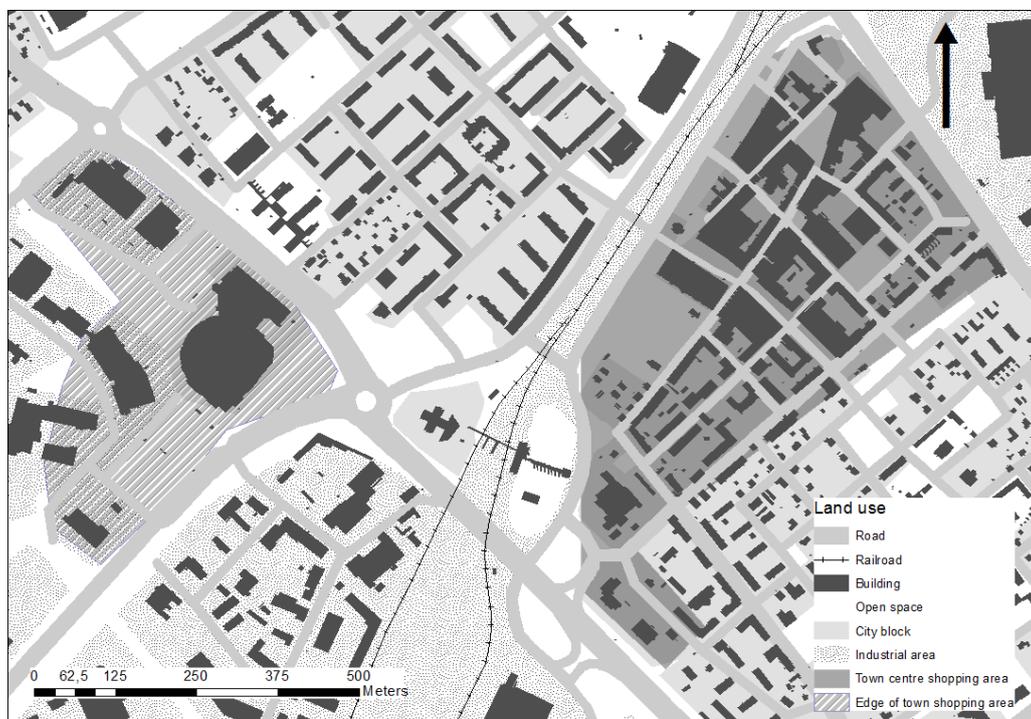


Figure1. Land use in the centre of the city of Borlänge.

The stakeholder structures differ significantly between the town centre and the edge-of-town shopping areas. Although the town centre consists of approximately an equal amount of retailers and restaurants (Table 2) as the edge-of-town shopping area, the preconditions differ: few retailers in the town centre belong to a large retail chain while most retailers in the edge-of-town shopping mall do. In conclusion, town centre businesses differ more in comparison to the edge of town shopping area (Table 2).

Table 2. Number of businesses and contributors to the strategic alliance in Borlänge

Type of actor	All	Members in the TCM organization	Not members in the TCM organization
Retailers	69	48	21
Bank/building soc.	10	5	5
Restaurants, Cafes	38	13	25
Pubs and nightclubs	4	0	4
Hotels	5	4	1
Gasoline station	1	0	1
Haircare/hairdresser	19	6	13
Health and beauty	19	10	9
Culture	5	3	2
Travel and leisure	7	5	2
Sport and training	3	1	2
<b>Total</b>	<b>180</b>	<b>95</b>	<b>85</b>

Property owners themselves are a heterogeneous group. This is illustrated in figure 2 illustrating the property owner structure in the town centre. Property owners are divided into different categories<sup>6</sup>.

<sup>6</sup> To divide the property owners into the categories large and small we have used the standard European small and medium enterprise definition (European Commission, 2003/361/EC). In this study large companies are all those organisations with turnovers over 10 million € while minor/small companies are those with less than 10 million €.



Figure 2. Different categories of property owners in Borlänge town centre. The numbers are organisation specific for each category and therefore indicate ownership of a certain organisation of a certain estate.

The collaring indicates to which category a property owner belongs. In addition, numbers in figure 2 indicate a certain organization owning that property. At most there are 10 organizations owning properties in a category (private businesses owning their own properties). Figure 2 shows that there are over 40 different property owners in the town centre. The largest single property owner controls less than 15 per cent of the surface in the town centre shopping area. The largest property owner's estates (5 estates) are scattered over the central parts of the town centre. In addition some of these estates have strategic locations in the area although there are other strategic locations for properties that are owned by other property owners. The property owners also differ in the amount of properties they own. Some own one property while others are part of larger commercial real estate companies owning properties in several different cities in Sweden. The property owner's aim of business and competencies also vary significantly: some are private people, others are housing companies, and others are commercial real estate companies. The streets and the squares are owned and managed by the local public authority which also has a few properties in the town centre's outer parts.

As a response to increased competition from the edge-of-town shopping mall, the stakeholders in the city centre joined forces in 1996 by creating a strategic alliance according to the TCM concept, and which was led by the local authorities.

Stakeholders such as local authorities, retailers, and property owners were asked to participate in the alliance, currently led by a Town Centre manager. In 2010, the strategic alliance had 95 members. Most of the members are from the retailing and service industry (see table 2). According to the TCM manager, property owners are not members of the strategic alliance.

The competition level within the retailing industry in Borlänge, as well as in the surrounding region, is going to further increase in the future. A major retailer has decided to open up new premises in the city by autumn 2013. These premises will be close to the indoor shopping mall. This will add about 60 000 m<sup>2</sup> retail surface and it is estimated that the visiting numbers will increase by 3 million. Due to this development, the competitive situation is going to change for the retailers. Future structural changes within the retailing sector of Dalecarlia could be expected there by, emphasising the importance of the TCM organisation in the future.

### **Property owners benefits from being in a TCM alliance**

#### *TCM manager point of view*

Basic arguments for property owners joining a TCM alliance are increases in the value of the properties, and revenue increases from tenant rentals through working towards a strong vision for the town centre. To be able to create these increases, a property owner needs to have a good relationship with the tenants and the municipality's establishment coordinator. In addition, property owners need to know the right retail mix for their properties, as well for the town centre in general. The retail mix is what provides cash flow to the tenants so that they can pay rents to the property owners.

Property owners are in general not seen as easy stakeholders to cooperate or to get in contact with. However, once the property owners work in the same direction there is strength in the co-operation and developments within the town centre are then possible. Property owners need to realise the type of benefits they have from each other as well as know how they can benefit from each other. Despite the need to co-operate, property owners seldom participate in meetings where mutual interests are discussed, even though it can be seen as their responsibility.

One problem is that many national property owners leave the caretaking of properties to a local representative, and this might have a negative influence on the development of the town centre. It is quite common that a national property owner has no or limited interest in local development; they do not see the importance of its own properties, or do not

have proper knowledge about the local property market. However, it is a trend that national property owners sell their properties in smaller towns. This opens up the property market for local stakeholders to buy and invest in the local market.

Another problem is that property owners do not adjust to themselves the local market development, which they need to do. To adjust to the local market development, property owners need to see retailers as business partners rather than just tenants who pay rent.

#### *Local authorities point of view*

Local authorities stress the importance that all stakeholders should know the town's future development, not just property owners. Therefore a clear and strong vision is necessary. The perception is similar to the one brought forward by the TCM manager namely the; possibility for increased property values and revenues, inactive property owners, problems with different types of property owners, etc. However, the local authorities add that property owners become involved in the alliance when local development does not fit their own agendas.

#### *Retailers' point of view*

A TCM alliance could be a good facilitator to push property owners to develop and maintain their properties in accordance to retailer business needs.

#### *Property owners point of view*

Property owners are positive to co-operation platforms and are usually members in TCM. However, they are not really active members. The reasons for this are twofold; first not enough time to be as engaged as they would like or second that they need to focus on their own properties and business. Property owners point out that they have communication with each other outside the TCM alliance when their properties are built together. This kind of co-operation is seen as positive since it can help them in the future.

One reason for not being active in the TCM alliance is that property owners do not see the benefit of co-operating if there is a large property owner active on the local market. A good description of the attitude of small property owners is "The strongest player is the biggest and it does not matter if all small property owners start to cooperate, the giant will always win". However, property owners with properties in several closely located towns realize that there is need to

establish a regional development strategy and to see it as one large retail region rather than small local shopping areas.

### *Concluding analysis*

All respondents have the perception that property owners benefit from being in a TCM alliance. However, views on the type of benefits vary. According to local authorities and TCM manager do property owners have strong financial benefits in a strategic alliance, while retailers see the benefit of facilitating maintenance levels for the property owners. However, it becomes evident that when the local property market is fragmented, the small property owners have a problem in seeing how they can benefit from co-operation if there is a “giant” on the market.

### **Property owner’s contribution in a TCM alliance**

#### *TCM manager point of view*

Property owners are seen as the most important contributors towards increasing the attractiveness of a town centre. Property owners are therefore crucial towards establishing the right environment, atmosphere, and good retailers. Contribution is seen as doing maintenance of their buildings and modernizing them to current standards. Property owners need to agree on different kinds of mutual investments to create a cohesive picture if properties are built together. This means that a property owner needs to be willing to invest or re-invest in owned properties to get them more efficient in order to be able to maximize the number of tenants. It is also important to take into consideration the niche of the town centre (e.g. small family driven retailers with a high service level, evening economy, etc.).

Property owners are usually willing to rebuild properties if there is interest from a possible tenant. However, this attitude can be a problem. The retailer can lose interest in the suggested properties if they are worn out. This is an attitude that the property owners need to change in order to increase the attractiveness of a town centre. Further, property owners could, by adding more residential apartments to the mix, help contribute towards increasing the amount of people who spend time in the town centre. However, it is hard to get property owners to build or rebuild their properties mainly because the total cost of building is too high.

Property owners are not seen as co-operative or communicative as they could be. However, property owners might not need to be active participants in the TCM work, but they need to have an understanding and knowledge about how to develop town centres and communicate this to tenants. Another problem is that property ownership in more than one town centre often creates a tendency to focus on one of the town centres in which they have properties.

### *Local authorities point of view*

The perception of what property owners contribute, and problems surrounding contribution is the same for local authorities as it is for the TCM manager: maintenance and investments are necessary contributions, the levels of co-operation and communication are unsatisfactory, a property owner's property portfolio can influence investment decisions, etc.

### *Retailers' point of view*

The contractual agreement with the property owner is the key issue for retailers. Retailers are responsible for negotiating the terms and condition themselves. This is an area where the property owners need to be more understanding in relation to the individual retailer. Such an understanding from the property owner could, for instance, lead to an adjustment of the store layout to adapt it to the retailer's concept while the property owners take care of the common facilities. When retailers are met with this kind of understanding, retailers tends to be more satisfied with the situation and their property owners.

In addition, property owners should try to offer individual terms and conditions rather than a general deal with all retailers. However, this means that the property owner has to have local interest. It is common that national property owners do not have any interest in local development, but this is needed because property owners play an important role in local development. Further to understand the local retailer, property owners need a better understanding of the principle of their best long term profits are made through co-operation with retailers rather than the usual buy-sell situation.

Some retailers express the importance of a broader contextual view from property owners. The property owner can contribute by keeping stores occupied and by keeping current tenants thereby ensuring the right mix of retailers. This means that the property owners themselves have to realize how they contribute to the retailers business as well as how they are affected by for example marketing activities.

### *Property owners point of view*

Property owners consider themselves too small and not having enough important resources to be able to contribute in co-operation with the TCM alliance.

### *Concluding analysis*

All stakeholders, except property owners, see many different things that property owners can contribute with in a TCM alliance but from different perspectives. Note that the local authorities and TCM manager stress the property owner as the most important stakeholder in creating a good city centre environment while retailers stress the importance of a property owner individually adjusting to single retailers. As a matter of fact the retailers' focus in the interviews lies in the single relation between the retailer and a property owner and then the TCM organisation.

### **Property owner's role in a environment with increased competition**

#### *TCM manager point of view*

The establishment of giant retailers should increase investments from the property owners. This will create higher pressure on suitable premises since the area around a giant retailer will not be capable to house everyone. It is therefore important for town centres to be ready before a giant retailer opens. In addition, it is important to also develop and to be a part of a regional strategy concerning retailing.

#### *Local authorities point of view*

It is important to see the whole region as a single area and thereby create a more holistic regional strategic view regarding retailing and development. In terms of increased competition, local authorities and TCM managers have the same perception on the effects that might occur.

#### *Retailer's point of view*

No perceptions revealed

#### *Property owners point of view*

The property owners' perception of increased competition is positive because of an increase in the number of people visiting the area. However due to this, some problems can arise. The main reason for concern is that it can lead to the town centre retailers moving and, as a result, create empty properties. This in turn will decrease the amount of customers visiting the town centre. According to some property owners this is already happening, even if the evening economy increases at the time. This increase is partly seen as problematic since the town centre holds many apartments where

private tenants do not appreciate this development. On the contrary, property owners positive to such establishments argue in opposition to those who sees it as a problem. Only the public owned residential property owner saw the need to act proactively when these situations occur. The reason to act proactively is the money to be made for those who invest. On the opposite side, privately owned commercial property owners stress the opinion that it is up to local institutions to drive and organize all strategic activities. A privately owned commercial property owner has the option of exiting the local market. Property owners do think it is important to create a niche for a town centre to cope with the increasing competition.

### *Concluding analysis*

With the exception of the retailers, all stakeholders see property owners as important when the competition level increases in the area. In addition, it is evident that it forces stakeholders to think from a regional perspective rather than a local perspective. However note that several property owners do not see the importance of working proactively as opposed to reactively.

## 5 CONCLUDING DISCUSSION

We started this paper stating that previous research regarding the role of the property owner in a strategic alliance was lacking, and therefore we sought to unfold the perceptions of a property owner's role in a strategic alliance. This case study is based on a town where empirical data is gathered through semi-structured interviews with retailers, local authorities, a TCM manager, and property owners. This study contributes to the present knowledge with an extended understanding of what the property owners' perceived role could be in a TCM alliance. The results show that many stakeholders look at the property owner's role as crucial for town centre development. However, property owners do not see that they significantly can contribute to or benefit from the development. The main reasons for this opinion are that they consider themselves as not having enough resources or the capability to influence town development.

All stakeholders, except the property owners, see the importance of having a strategic alliance established in a town centre to facilitate development through building on each other resources. In relation to a TCM alliance, property owners consider themselves as being too small and therefore lacking power or resources to influence any important development. Usually property owners solely co-operate with the "neighbouring" property. This is problematic because development in the retail sector such as that described by Jones (2009) describes typically needs a larger piece of land

than a standard shop does. The development of these formats is therefore more dependent on gaining access to larger amount of properties in the town centres, which can be difficult if the local property market in a town centre is fragmented between many owners.

Even though all stakeholders have the necessary knowledge regarding increased competitive pressure, the property owners, in particular, do not see what resources are available. This is important for the TCM alliance to be able to work strategically according to Whyatt (2004). In addition, most property owners tend to work reactively, rather than proactively, which means that actions are taken after change has occurred. From a TCM alliance perspective this is problematic since the main idea is to work proactive covering any strategic gaps.

According to de Nisco et al (2008) it is unclear as to whether property owners are to regarded as a primary stakeholder or not. However, our study shows that property owners are seen as the key stakeholder in managing the work of the TCM alliance or the retailers own businesses. Property owners are even stated as the most important stakeholder to create, for instance, a good city centre environment. However a problem is that the property owners do not seem to have the knowledge or the understanding necessary to work proactively. For example, they do not see their own contribution or benefits. In addition, they are considered as hard stakeholders to manage in that they are not co-operative or communicative as they should be. It is notable that the property owners see co-operation as something important, contradicting the result by Forsberg et al. (1999), but they do not see the meaning of being active stakeholders.

Future research regarding the role of property owners can be further developed especially in relation to the property owners themselves. It is interesting that they do not see their own strengths and abilities, no matter the size or necessary resources that they hold. Another aspect of the TCM context is the fore mentioned and possible free-riding problem. What type of stakeholders can be classified as free-riders? Can one have different views on what a free-rider is (rather than just financial motives)? In addition, we see it as important that more case studies are conducted where the property owner is at focus to be able to and in a more solid way problematize the issues raised in our study, namely that many property owners lack knowledge about themselves as an important stakeholder in a competitive environment.

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