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An Innovative Model for the Success of Commercial Complexes: the case of Parsis Commercial Complex

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Abstract

In recent years, the construction of commercial complexes has been increasingly grown across the country. However, only some of them have been successful to accommodate a large number of visitors while others are constantly changing the commercial units' use. Meanwhile the lack of demand for commercial units in the form of multi-purpose complexes as well as recent general recession in the country's economy has deteriorated this situation. Therefore, the main problem of this research is to provide a model for the success of the commercial complexes based on the local approach. Grounded theory method has been used in order to theorize and identify the dimensions of the model. Then the qualitative proposed model is tested and implemented in a commercial complex in Tehran. The model dimensions and their relationships are confirmed based on exploratory and confirmatory factor analysis and structural equation modeling.

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Introduction

First, it is necessary to achieve a single definition of commercial complexes. According to what occurred in the past century and now is occurring in the world, the shopping center or mall is an adaptation of market in the twentieth century, which has a history. The shopping center is a collection of retail shops; the service sectors and a place for parking which all are designed, built and run by the management of the company (Pentecost & Andrews, 2013; Ahmed et al, 2007). Shopping centers can have a restaurant, bank, theater, professional offices, service stations and other firms as well in addition to all mentioned before (Rahman et al, 2016). Construction of a commercial complex building, with its all the costs, difficulties and problems is considered as the initial step in the process of creation of a multifunctional complex (Kim, 2002).

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What distinguishes a complex from other types of buildings is not the beauty and majesty of the building and the number of different possibilities, but it is the success rate of complex in the minds of specific and general consumers and audience (Cai & Shannon, 2012). In addition, terms like "good location", "to be known" and so on are considered among the most important factors of a commercial complex success in gaining the customers' satisfaction (Bozdoğan, 2015). In recent years, we have witnessed more and more commercial complexes across the country. However, in spite of the growing number of these complexes, only some could accommodate a large number of visitors, while others, are constantly changing and evolving businesses. The demand shortage for commercial units along with economic recession in recent years has deteriorated the situation. Examples are observed in European and Asian countries. For example, in Turkey the competition of these commercial complexes was so much that some of commercial complexes doomed to failure and were forced to change their business to a hospital or school (Erkip et al, 2015, Erkip, 2003). In Iran, the situation is not much different. Accordingly, the focus of this article is to find out what are the successful dimensions of the shopping malls in the country and what the influential factors are. This research is focused on the key success factors of commercial complexes and offers the indicators and the success factors for this kind of complexes. Studies in this area show that, another factor is involved in the management and proper utilization of commercial complexes in addition to the manufacturer, sellers, investors, buyers and customers, (Kamel et al, 2013). Issues like studying the pattern of success of business complexes, is among the issues that have attracted little scientific attention, but in practice, have an undeniable role for commercial complexes. In general, commercial complexes should benefit both the owners and the customers (Anderson et al, 2003). Thus, the success and prosperity of complexes is one of the most important factors in this type of projects and therefore the goal of this paper is to determine success factors of commercial complexes. The success of these commercial complexes greatly is affected by local conditions and culture of the country. Therefore, this study aims at providing a model for the success of commercial complexes considering the unique characteristics of Iran. Accordingly, we have tried to interview the experts in this filed especially those who have successful experience in the construction, commissioning and operation of commercial complexes in the country, not necessarily theorists. Because the main purpose of this research is theorizing and modeling the success of the commercial complexes, grounded theory approach is used for providing basic model. Then exploratory and confirmatory factor analysis and structural equation modeling are used to test the proposed model.

Literature Review & Theoretical Background

From 1961 to date, Iran has started to build commercial complexes for almost half a century and has experienced several approaches. Iran had previously only limited and small commercial spaces, which were named “passage”. However**,** it was not enough and we are now in the period of construction of malls and Megamalls.

From the theoretical viewpoint, it should be noted that in recent years, more studies have been conducted in the field of commercial complexes from multiple dimensions. These studies can be divided into three groups: descriptive, correlation and comparative studies. Descriptive studies have focused only on describing and evaluating the current situation of malls. In addition, this group of studies,

focus on the characteristics and attitudes of customers, risks, obstacles and challenges in construction and operation of commercial complexes. Although these studies explain the commercial complexes, but have no attempt to clarify the relationship between different factors affecting the success of these complexes. Kuruvilla and Ganguli (2008) in the research related to India assessed the country's most important complexes, malls, and identified appropriate complexes for different customer segments.

Chebatet et al (2014) describes the Pulse complex in Canada to express its features. Wilhelm & Mottner (2005) examined the youth shopping preferences of commercial complexes. Such studies examine limited factors in a particular country or field, and are not interoperable with other countries. However, they allow a deeper understanding for the more general studies in the field under consideration.

Relationship studies investigate how various factors influence the customers' decision of selecting a particular complex and consequently, the commercial complex success. The major difference between these studies and descriptive ones is that this group of studies, tries to clarify the causal relationships using mathematical or statistical modeling and analysis. Studying customer attitudes toward the commercial complexes (Swaminathan & Vani, 2008), commercial complexes potentials (Tripathi & Sidddiqui, 2008) and the purchase behavior of customers in shopping malls (Singh & Sahay, 2012; Jackson et al, 2011) are among researches that have been done in this area.

In comparative studies which we can the features of commercial complexes are compared in one country or different countries. For example Singh and Bose (2008) have compared successful commercial complexes in various countries. Hu and Jasper (2004) have compared the purchasing behavior of men and women in commercial complexes.

However, it should be mentioned that no research offers a model that investigates and identifies the success factors of commercial centers. Therefore, this research could contribute to the development of knowledge in this area. Most research in the field were focused on the sale of business units, marketing subtleties and financing. Studying the success factors of commercial complexes is essential and yet can be considered as a very new and novel concept. Accordingly, in this study, these factors are addressed with the aim to help the builders, operators and sellers of commercial complexes to make relevant decisions.

Research Method to Provide Qualitative Model: Grounded Theory

The grounded theory approach is a qualitative research method that aims to create theory. The theory is rooted in the concept based data and is generated through the systematic collection and analysis of data. Procedures of the grounded theory are designed to develop a coherent set of concepts that provide a complete theoretical explanation of social phenomena(in this study, this phenomenon is the model of success of commercial complexes) (Corbin & Strauss, 1998). Procedures for data collection include review of public documents, videos, newspapers, letters, and books.. Therefore, the systematic approach of theorizing is applied in three steps: open coding, axial and selective coding.The conceptual model of these coding is as follows:

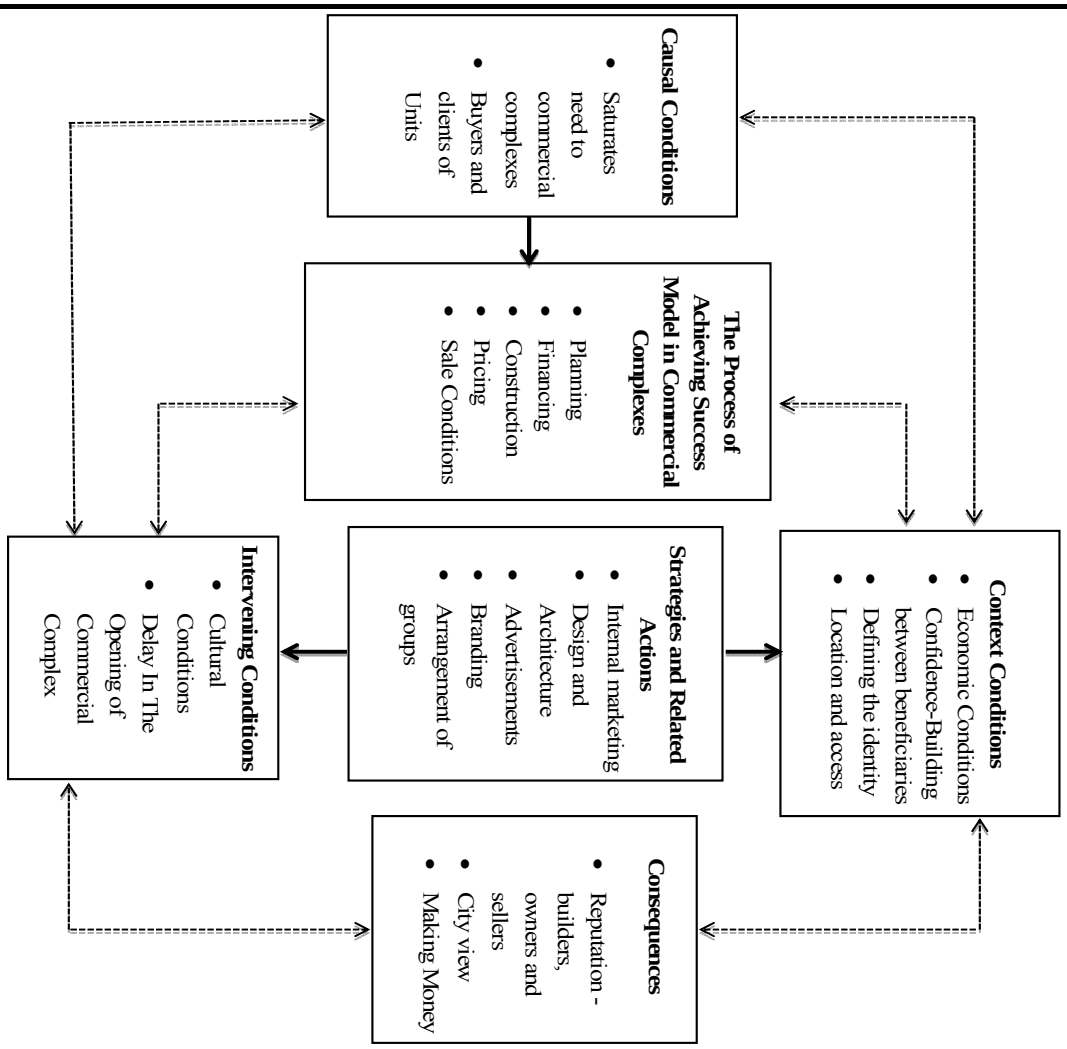


Figure1: Paradigmatic Model of Success for Commercial Complexes

The conceptual model derived from the grounded theory is tested and implemented at Parsis commercial complex. A questionnaire is used in order to collect data for the analysis. According to the infinity of the population, Cochran formula is used to determine the sample size and 386 questionnaires were distributed to the sample. The questionnaire consisted of 20 questions. Sources of the questions are presented in the table below.

Table1. sources of the questions

Variable	Number of Questions in the Questionnaire	Quantity	Sources
Saturates need to commercial complexes	1-3	3	Zhang et al (2016) & interviews
Buyers and clients of Units	4-6	3	Singh & Prashar (2014) & interviews
Success Model in Commercial Complexes	7-11	5	Shim & Santos (2014), Chebat & Maicon (2003), El Hedhli et al (2013) & interviews
Reputation -builders, owners and sellers	12-14	3	interviews
City view	15-17	3	Kusumowidagdo et al (2016), Singh & Prashar (2014) & interviews
Making Money	18-20	3	interviews

Table 2. KMO& Bartlett Test Questions Relating to the Causal Terms of The Model

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.972
Bartlett's Test of Sphericity	**Chi-Square Approx.**	2.500E4
	Df	1653
	Sig.	0.000

Table 3. Communalities for 6 variable problem

	Initial	**Extraction**
SN 1	1.000	0.622
SN 2	1.000	0.667
SN 3	1.000	0.681
BC1	1.000	0.671
BC2	1.000	0.669
BC3	1.000	0.645

In this section, exploratory factor analysis is used to identify the latent variables and confirmatory factor analysis is used to test the significance of these relationships and the model goodness of fit. In order to investigate the relationships between the variables, structural equation model is used.

In order to reduce variables and consider them as a latent variable, the obtained loading factors must be greater than 0.3 and in this study they are greater than 0.5 and thus, are considered. At this step, all questions related to the causal terms of the model are entered to the first exploratory factor analysis process and the results are as follows.

According to the KMO (greater than 0.7) and the significance number of Bartlett test (less than 0.5) it can be said that data is appropriate to perform factor analysis.

Initial Solution table indicates fitting of the majority of the questions into the process of factor analysis because the ratio of questions Solution is greater than 0.5. Then the question that has less covariance ratio will be removed and the analysis will be performed again until, the Solution ratio of remaining questions is greater than 0.5.

Table 4. Explained variance

Component	**Initial Eigenvalues**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	9.378	46.888	46.888	9.378	46.888	46.888	4.376	21.881	21.881
2	1.397	6.984	62.596	1.397	6.984	62.596	3.984	19.918	62.596
3	1.745	8.724	55.612						
4	.780	3.900	66.496						
5	.757	3.783	70.279						
6	.617	3.085	73.364						
Extraction Method: Principal Component Analysis.									

The total explained variance table shows that the remaining questions are related to two factors and these two factors explain 62.59 % of the variance of the causal factors that indicate the acceptable validity of the questions in this field. To measure the constructive factors 6 questions are considered in total. The results of exploratory factor analysis using SPSS software is shown in the table below. Generally as expected 6 remaining items after removing were classified in two dimensions. In the exploratory factor analysis using SPSS, the size of sampling adequacy (KMO) and the result of Bartlett's significance test of the sample, is 0.972 and 0.000 respectively. These two factors explain 62.59 percent of the total variance, so, it can be concluded that the data is suitable for factor analysis. Rotated factor matrix shows high correlation between items and associated factors and low correlation with the other factors. The factor matrix is presented as follows and indicates the association of the questions with the factor loadings.

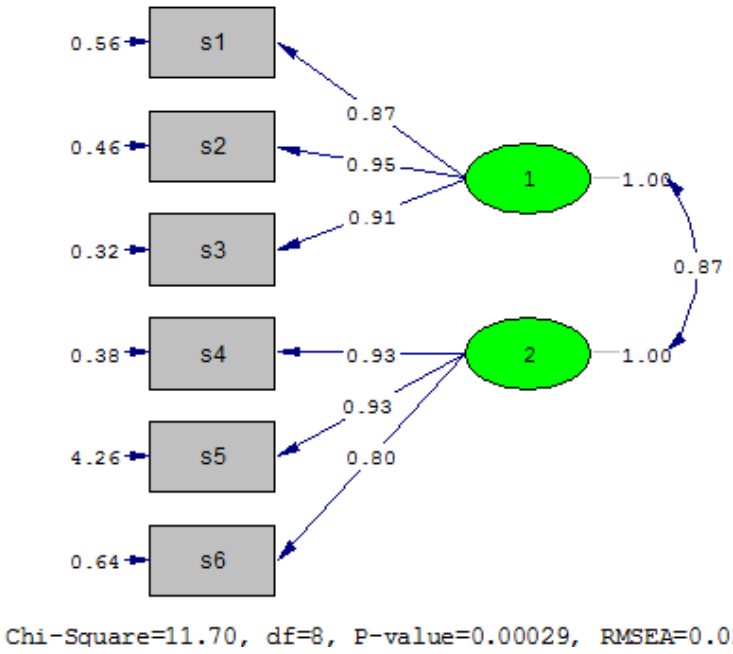
Exactly the same procedure is used for the questions related to the core process of the model and its results. Therefore we do not repeat them in this section.

Confirmatory Factor Analysis of the Variables

The results of confirmatory factor analysis of the research variables by LISREL software are provided below.

Table 5. Rotated factor matrix

	SN	BC
SN 1	0.143	0.235
SN 2	0.154	0.247
SN 3	0.184	0.294
BC1	0.294	0.317
BC2	0.295	0.214
BC3	0.395	0.215
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		



Chi-Square=11.70, df=8, P-value=0.00029, RMSEA=0.027

Figure 2. First-Order Factor Analysis of Causal Variables in Standard Estimation

The goodness of fit model indicates good fit of the measurement model of the corresponding variable. The model loading factors indicate the impact of each variable in the standard estimation form. In other words, the loading factor shows the correlation of each observed variable (questionnaire question) with the latent variable. According to the above figure, we can see factor loading of each research question. For example, the factor loading of the first question in the dimension of need saturation for commercial complexes is (0.87). In other words, 44% of need saturation for commercial complexes is explained by this factor. 56 percent is error rate (amount of variance which is not explainable by the first question, it is clear that lower error rate means higher determination coefficient and higher correlation coefficient between the question and the corresponding factor). The determination coefficient amount is a number between 0 and 1 so that if it is closer to 1, the variance determination will increase. Exactly the same method is applied for mediating variables and the dependent variable of the model, which are ignored in this section.

The Main Research Hypotheses Test by Path Analysis

One of the most powerful and the most appropriate analysis methods in behavioral science research is the multivariate analysis, because the nature of such research is multivariate and those cannot be conducted through bivariate methods (each time only one independent variable is considered with a dependent variable). In this research the structural equation model and in particular the path analysis is used to confirm or reject the hypotheses. Path analysis (structural model) is a technique that shows the relationships between variables simultaneously. The purpose of the analysis is to identify causality (effect) between the variables of conceptual model.

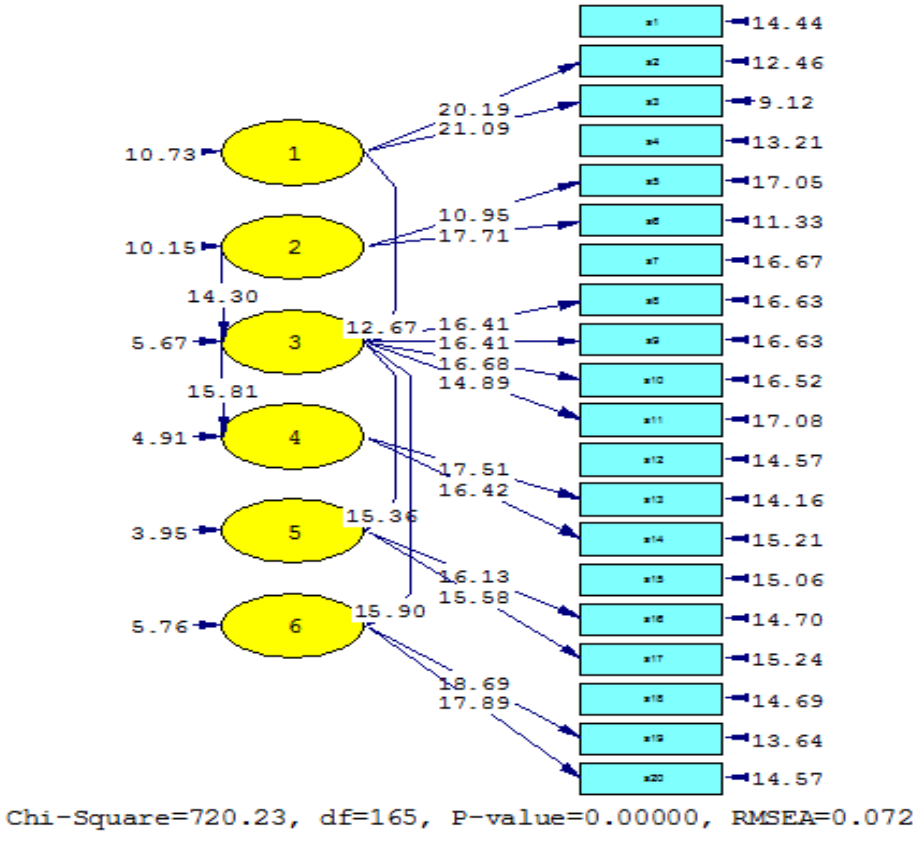


Figure 3. Research Structural Model After Software Proposed Reforms

Structural model in standard estimation form showed a positive (0.50) and significant (12.67) impact of Saturates Need to Commercial Complexes on Success Model in Commercial Complexes. Buyers and clients of Units also have a positive (0.75) and significant (14.30) impact on the Success Model in Commercial Complexes. The Success Model in Commercial Complexes has a positive (0.91) and significant (15.81) impact on Reputation -builders, owners and sellers. The Success Model in Commercial Complexes has a positive (0.92) and significant (15.36) impact on City view and finally have a positive (0.90) and significant (15.90) impact on Making Money. Among all the causal variables, Buyers and clients of Units have the greatest impact on the Success Model in Commercial Complexes.

Discussion and Conclusion

In this section, the success model of commercial complexes will be discussed according to the findings and conclusions of the study. In addition, strategies to increase the likelihood of success of the commercial complexes are provided according to the results. First of all, it is important to say that the results and recommendations should be considered along with the research limitations. In addition to what is expressed in this research, there is a need to confirm complementary research for practical use in some cases. 6 out of 82 derived concepts are considered into 2 categories in terms of causal factors. Accordingly, the causal conditions affecting the success model of commercial complexes are as follows: Saturates need to commercial complexes and Buyers and clients of Units. 21 out of 82 concepts in 5 categories are included in coding process: Planning, Financing, Construction, Pricing and Sale Conditions. At the coding step, 16 concepts in 4 categories were identified as Context conditions: Economic Conditions, Confidence-Building between beneficiaries, Identity definition and Location and access. Intervening conditions were identified in 8 concepts and 2 categories: Cultural Conditions and Delay in the Opening of Commercial Complex. At the coding step 24 concepts in 5 categories are identified as strategies and related actions: Internal marketing, Design and Architecture, Advertisements, Branding and Arrangement of groups. In the coding step, 7 concepts in 3 categories are identified as the Consequences and each consists of different codes: Reputation -builders, owners and sellers, City view and Making Money.

This research can be considered innovative in terms of both its concept and the research methodology. Most articles in this area focused only on the sale of business units, the intricacies of marketing and financing, while in this study, we examined the factors affecting the success of commercial complexes with the aim to help manufacturers, operators and vendors of commercial complexes to make relevant decisions based on these factors. The following concepts are specific to our situation and have been proposed based on our local conditions: the country, cultural and religious principles, Iranian and Islamic architecture, barriers to investment, reduction in customers' purchasing power, increasing the bargaining power and so on.

Research Limitations

1. Like most researches based on grounded theory, the findings have been achieved relying on views and experiences of quite limited people. This weakness may limit the theoretical generalization of findings.
2. In experts' idea, results from grounded theory can be generalized only to theoretical propositions (analytical) and it cannot be generalized to the

whole society (statistical). This research generalizes a set of special results to some wider theories not to wider conditions and situations. So the results face significant limitations for statistical generalization.

3. Like many internal researches, unfortunately it also lacks opinion and feedback of real specialists.

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