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Interpreting the spatial preferences of retail firms in the post-1980 period: case of Izmir, Turkey*

Introduction

The world, at present, is in a process of continuous change and probably the most striking aspect of this change has been the creation of a new set of relations referred to as globalisation. The major novelty brought about by this process, in which the position of cities in global order has undergone a drastic change due to the internationalisation of capital, has been the emergence of new interaction and communication types that go far beyond the nation-state borders. The improvements in information and communication technologies, the liberalisation of markets, increased mobility of capital and the breakdown of barriers have created new production systems that are more flexible, less hierarchical and less dependent on traditional production factors for their location. These changes prevailing in economic, social, cultural and political spheres have brought about a significant restructuring process for cities, which have become components of competition at global scale.

Depending on the political and economic transformation of capitalism during the twentieth century, drastic changes have been witnessed in production and consumption patterns as well as in similar spheres. It is possible to see the traces of this change, observed in conceptual and spatial dimensions, within the context of the change in shopping habits of the consumers and new retail provision. This is also reflected both by the macro forms of cities and the new functions undertaken by the city centres. Similarly, the rapid change experienced in Turkish cities, due to the new locational preferences of the retail sector, should also be

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scrutinized within the context of political and economic processes realized in global and national scales.

Since the late 1980s, the retail sector in Turkey has gone through major changes, which are related to the dynamics operating at the national and international levels. With the abolition of the model of import substitution for industrialisation in parallel to the decisions taken in January 24, 1980 and with the adoption of a new economic policy, priorities of which have been oriented towards enabling the operability of free market forces, radical transformations have taken place in trade sector and significant changes have been witnessed in the organisation of wholesale and retail trade as well as in their spatial distribution. The entry of international retailers into Turkish retailing sector has certainly been an outcome of the global internationalisation of retailing beginning from the 1980s, when political and economic barriers between countries were either lowered or removed throughout the world. As a consequence of this process, significant developments have been witnessed in the retail pattern of Izmir, as being one of the largest cities of Turkey. Before focusing on the characteristics of the spatial preferences of retail firms in the settlement, it will be useful to give brief information on the political and economic formations in global and national scales that underlie the changes in trade sector.

Global and National Scale Forces Underlying the Changes in Turkish Retail Trade Sector

The changes that have taken place in the spatial and organisational structure of retail trade sector in Turkey can not be considered independent of the continuing dynamics in national and global scales. In this sense, the growth dynamics of retail trade sector in Izmir city in the post-1980 period should in fact be scrutinized as the sectoral reflection of political and economic formations that have taken place in national and global scales. For this reason, changes in Turkish retail trade sector will be discussed with reference to political and economic background in both global and national contexts.

Political and Economic Background: Global Context

The emerging stagnancy period of the 1970s following the economic revival period that continued until the mid-1960s and the different effects of the crisis experienced in the developed and developing countries have caused the differentiation of policies that aimed at overcoming the crisis. During the restructuring process of capitalism in global scale, the world has faced a significant change and transformation in power relations. The two decades following the world economic crisis that began from the late 1960s and became severe by the early 1970s have been a period for most of the countries during when restructuring and socio-political adaptation processes were experienced.

The collapse of Fordist production system during the crisis in 1973 has necessitated a radical change in the principles of accumulation regime and led the emergence of a new one described as more *flexible*. One of the major characteristics of post-Fordism, which has arisen as the new accumulation regime that is based on different relations of labour and capitalism, has been the acceleration of the speed of commercial, technological and organisational innovations to a great extent. This new accumulation regime, which has the ability to respond the varied consumer demands in a flexible way via utilising the new production technologies and organisation types, brought about increased choices for the individuals.

In parallel to changes emerged in production processes, the meaning and function of consumption have been subject to changes as well. The increased turnover of production was not sufficient for enabling the operability of the system. In this point, the realisation of necessary organisations has gained priority in *communicative level* specifically with the advertisement and similar activities that enable the rapid consumption of the produced good by the consumers and also in *spatial level* with the arrangements that provide the basis for the development of new consumption spaces. The space itself has inevitably commercialised in an atmosphere dominated with this new accumulation regime that is dependent upon flexible labour processes and markets, high geographical fluidity of capitalism in international scale and rapid changes in consumption pattern, and gained a vital significance in terms of the processes of capital accumulation. Central and local governments have undertaken a more responsible manner during this process. Central government prepared the required economic conditions in attracting the global capital within its borders for the national interest, while local governments oriented towards achieving new spatial arrangements for surviving in such an imposed competitive environment.

The transformations emerged in consumption processes have significant outcomes for the urban space as the relationship between consumption and urban form has always been bilateral and both of them have also been affected by the innovations in production processes as well as the changes in related institutions and legal arrangements. It is possible to talk about a change that is based on social and economic improvements continuing in global scale in urban areas where the centrality has been felt the most. The traces of this change have become evident in retail trade sector in conceptual dimension as being a significant component of urban economy and also in the development of new consumption spaces in spatial dimension. Developments continuing in social and political life such as the technological improvements, the changing role of women in society, income per capita, consumer spending, the increase in the use of credit cards and in car ownership and so on have brought about not only the structural change of the retail trade sector but also the differentiation of its spatial distribution within the city.

Within the past two decades urban decentralisation, advanced transportation links, changes in production and consumption patterns and new forms of retail provision have begun to threaten the position of town centres that hold a spatial

monopoly in terms of retail trade. Modernisation of commercial activity and the improvements in consumer preferences have caused the emergence of a wide spread of retail trade formats and led a number of reorganisations that enable the rise of new consumption spaces. During this process, mono-centric cities have been replaced by polycentric ones and the traditional city centres have in one sense been evacuated. Shopping centres have been one of the outstanding issues during this evacuation process (Sengül, 2002). Mega-scaled “new” retail opportunities in the form of shopping centres and hypermarkets have turned out to be a major component of urban systems and caused significant developments in spatial organisation. These uses have rebuilt an image for the city, formed a focus within the city and served not only for shopping but also recreative purposes of consumers. In other words, the way the new consumption spaces adapted in different localities as being a component of urban environment has resulted in the emergence of new urban forms and the reshaping of the old ones.

New problematic areas brought about with these developments have caused the retail sector become a main issue of planning in most of the western countries and also in Turkey. Policies concerning the transformation faced in retail trade sector in economically developed countries display several differences; however the basic emphasis has been on the fact that an appropriate location for the retail trade sector is a significant prerequisite for the healthy and sustainable development of community and particularly for the sustainable urban development. A sustainable retail trade structure is encouraged that sets the balance between the new retail developments and the vitality and variety of city centre. In those countries, where there is an increasing limitation for the retail development in out-of-town centre locations, the reaction of large scaled retail firms has naturally been in moving towards new market areas where the mentioned limitations are relatively less.

Political and Economic Background: National Context

The year 1980 is widely considered as a significant breaking point in Turkey in terms of the adopted new economic policy with its basic priorities and approaches aiming to provide an operational structure to free market conditions and its spatial reflections. Therefore it will be useful to scrutinize the national context with reference to pre-1980 and post-1980 periods in understanding the emerging trends in retail pattern of cities.

In the pre-1980 period, Turkey relied on a development strategy based on import-substituting industrialisation, under which the semi-controlled mixed economy showed little responsiveness to changes in international circumstances. The business environment was protected and directed to the internal market, and there was an overall discouragement of direct foreign investment (Tokatli and Boyaci, 1998). Due to conservative policies of the state developed for conserving the national industry and due to existing restrictions on import, there was neither a decrease nor an increase in the market share of small-scaled retail units and large-scaled establishments. The insufficient conditions of the period prevented the

profitability of large-scaled retailing and hence small scaled, semi-organised or unorganised establishments with small capital have dominated the Turkish retail trade sector during this period. The existence of small-scaled retail trade during the thirty-year process between 1950 and 1980 can also be explained depending on its success in harmonizing the existing demand structure and due to the existence of public policies that support the small scaled retailing in that period. Moreover, infrastructural insufficiencies of the period mainly in electrical energy have obstructed the efforts of private sector in enabling the entrance of modern and large scaled retailing into the sector in the pre-1980 period.

In the late 1970s, the increased import dependency of the economy and the external debts that became chronic due to the insufficient export capacity have caused the emergence of obstructions in economic structure which was based on import substitution development model and the economic crisis became inevitable. The economic crisis, effects of which have become evident from 1977 onwards and gradually become oppressive, and the insufficiency of stability measures that have been put into the practice for overcoming the crisis have swept the large cities into a chaos where a scarcity of even basic consumer goods was experienced. In 1980, a more outward-oriented development strategy, which aimed to develop the export potential of the country by recognising and coming to terms with global competition conditions, replaced the previous strategy and affected both production and consumption patterns in the economy (Tokatli and Boyaci, 1998).

In the post-1980 period, the shift towards the export-oriented model in the development policy of the country and the new opportunities that have become efficient with the liberalisation of foreign capital investments have caused the rapid growth and modernisation of retail trade sector in Turkey. Beginning from this period, balance of power between the production and commercial activities has changed direction in favour of commerce and the majority of investments have directed towards service sector. The expansion in the variety of consumer goods through liberalisation, the development of packing industry and the change in consuming habits have all created a suitable environment for the development of new consumption spaces. The 1990s, during when the impacts of neo-liberal policies of 1980s became apparent, have been the peak years of retail sector. The increase in import oriented foreign capital, the growth in car ownership and the wide-spread use of credit cards have caused a significant change in the organisation of both retail and wholesale trade as well as in the geographical dispersion of shopping places within urban space.

On the other hand, abolition of the prohibitive approach on import in 1984 and policy changes as a part of the same development strategy oriented towards encouraging the foreign capital to make investments in the country, have caused an important effect on the manufacturing, retail and wholesale trade sectors of the country and have brought about significant restructuring processes in both organisational and spatial senses. In fact, 1980s have been a period during when the retailers both in Europe and in America obtained large quantities of profit whereas had to conserve their decreasing profit margins in a highly competitive

market environment. This period, through which the retail trade has gone into a process of internationalisation and European investors searched for new investment opportunities in specifically Central Europe and in Turkey, has been a term during when foreign capital investments were encouraged and domestic capital holders prepared for foreign partnerships (Ozdemir, 2000).

Stabilization and then the saturation of consumption rates per capita in particularly the European countries, oppressive legal provisions concerning the large-scaled retailing, legal constraints aiming at conserving the small-scaled retailing and the demographical changes such as the increase in the old population have all led the foreign capital operating in retail trade sector in search of new markets. In this context Turkey, as being in the initial stages of this process, has become a major market location for both the domestic and international investors. The nature of existing economic policies in Turkey in encouraging local and foreign capital for making investments on urban space has facilitated the entry of Turkish and foreign companies into the retail sector whether alone or as partners and the result has been the emergence and strengthening of domestic and international corporate power within the sector. The major outcome of these new national and global scaled formations has been the *internationalisation of retail trade sector*.

Incentives given to foreign investors have accelerated the change in retail sector through the transfer of capital and technology. Domestic and large capital groups have tended to integrate with the international markets mostly in order to utilise the incentives given to foreign capital through establishing partnerships with foreign firms. By doing so, these firms have minimized their risks via integrating their manufacturing activities with retailing and also benefited the cash flow of retailing in an environment such as Turkey, which does not have a stagnant economical structure.

In this period, during when the economy of Turkey has opened outwards and commenced to be affected by the dynamics of globalisation, urban space has undertaken a more central role as being a place where global and local capital have been settled and the large cities of the country have been the focus of urban based investments of the capital. In an environment dominated by the global economy, cities have turned around to be competing units in attracting the largest investment and the local governments obliged themselves with providing the necessary conditions in this process that will increase the attractiveness of their settlement.

The new commercial developments emerged in parallel to global and local growth strategies in the form of hypermarkets and large-scaled shopping centres have become an important component of urban morphology and regarded as the key symbol of urban form and identity. By the early 1990s, national and multi-national investments in large scale retailing have become widespread in the large cities of the country and mainly in Istanbul with an incredible speed. These centres including the shopping and social activities have commenced to locate in city centres in the late 1980s and on main transportation routes out of the cities in the 1990s (Osmy, 1998).

The possible negative impacts of large scaled consumption spaces on small retailers operating in the central area and the dimension of this impact have been neglected for a long period of time as there was not an attempt in national level towards developing efficient planning policies. A draft law was prepared in 2001 by the Government as a result of the increasing signs of discontentment among the small retailers that could not compete with the power of new consumption space; however it has not been issued yet. Small-scaled, independent, single-location, low level capital firms mostly run by family members dominating the traditional retail sector have been the most affected group by this transformation process during when the retailing has gained a multinational characteristic. The existing situation necessitates the development and implementation of strategies aiming to control the new commercial activities emerged in the city and its periphery as soon as possible.

Spatial Preferences of Traditional and Modern Retailing in Izmir City in the Post-1980 Period

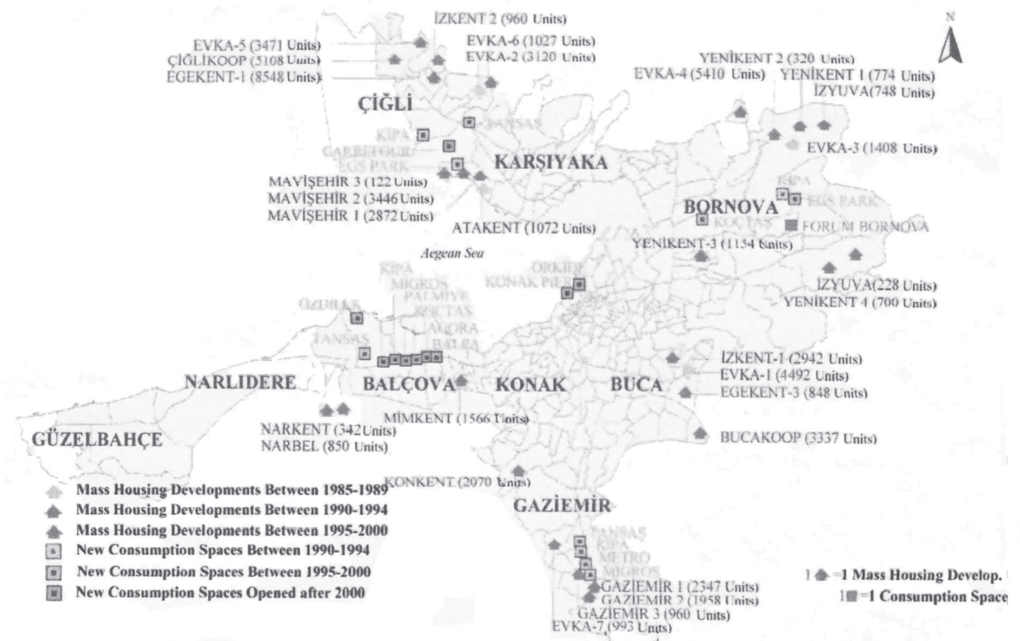
Izmir city, as being the third largest city located in western part of Turkey, has been subject to significant structural changes beginning from the 1960s onwards. Import substitution for industrialisation, which was adopted as a model of development during the two decades (1960-1980), constituted a turning point in terms of capital accumulation, brought about novelties in terms of the redistribution of capital, labour and population in space and accelerated the population movements within the country. During this period, Izmir has been subject to significant migration movements.

Following the 1980s, the implementation of liberal economic policies through the shift in the development policy of the country has aimed at increasing the competitiveness of the economy via integrating with the international markets. Foreign investments were encouraged, and all the necessary conditions for the foreign capital to make investment in the country were provided through the decrease in customs duty and several incentives. During this period, urban space has turned out to be the most profitable investment area. Similarly beginning from the second half of 1980s, investments made in urban space in Izmir city have concentrated in housing sector and during the fifteen-year process between 1985 and 2000, mass housing development of 63000 units have been realised in the city most of which took place in the north part (Figure 1).

From the 1990s onwards, investments made in urban space of Izmir were directed towards commerce and service sectors and inevitably caused a significant effect on the development dynamics of the city. Beginning from this period, the city has become a favourite destination of new consumption spaces in the form of hypermarkets and shopping centres. In parallel to the initiatives of global and local capital, the emergence of new consumption spaces has created new shopping focuses that compete with the traditional town centre in particular of retail

Figure 1

Distribution of mass housing developments and the new consumption spaces in Izmir during 1985–2007



Source: adapted from Dalgakiran, 2005:63.

activities. Significant shopping developments have taken place specifically in the west and north axes of the city. These uses located in the east, north and south axes of the city beginning from the second half of 1990s and on the west axis in the post-2000 period. Mass housing developments, which accommodate a considerable portion of population, have created sub-centres within themselves as alternatives to the city centre and at the same time attracted new consumption spaces in their close proximity with their potential customer groups and enhanced transportation routes.

At present, new consumption spaces have been predominantly located along the main axes of the city. This can be interpreted as a natural outcome of the growth tendencies of the city. Within the historical process, the city has displayed a growth tendency around the central area oriented towards the coast and the growth direction of the city has been determined through the planning decisions as along the main axes. This development has been effective in the formation of the current location pattern of consumption spaces (Bal & Dalgakiran, 2007: 322).

The findings of a recent research that has been carried out within the borders of nine municipalities of Greater Municipality of Izmir (Balçova, Bornova, Buca, Çigli, Gazimür, Güzelbahçe, Karsiyaka, Konak, Narlidere) and focused on the small-scaled, traditional commercial units registered to the Izmir Chamber of

Figure 2
Spatial distribution of retail firms within the key sector group in Izmir by the end of 1980



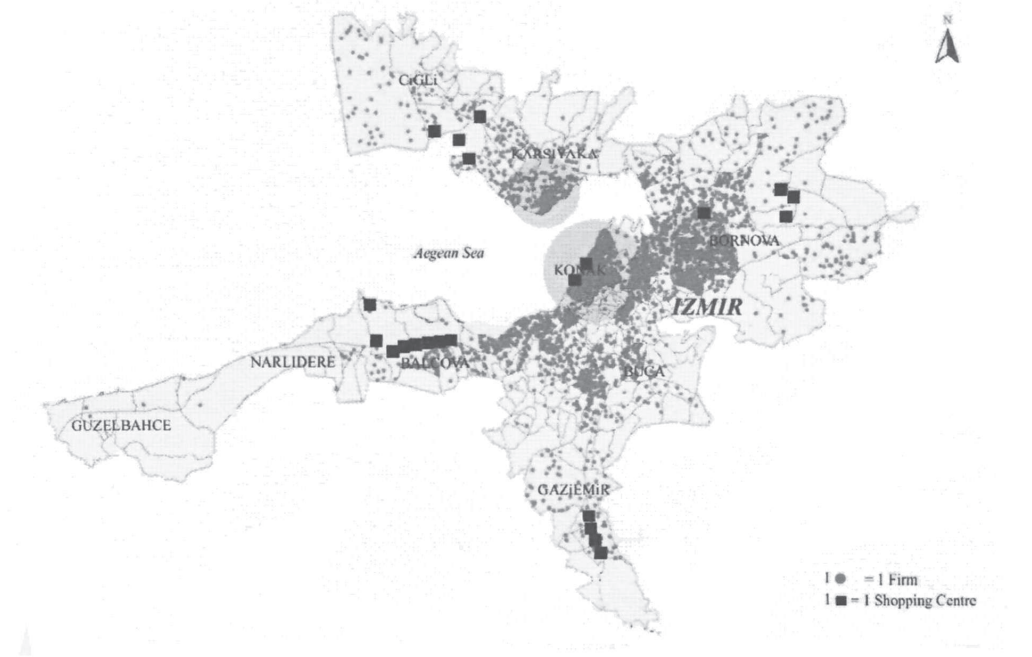
Source: Dalgakiran, 2005:144.

Commerce, put forward several concrete realities concerning the spatial preferences of retail firms (Dalgakiran, 2005). Analyses concerning the spatial distribution of retail firms registered to Izmir Chamber of Commerce have indicated that by the end of year 2000, 63.2% of the commercial units were located in Konak as being the central district of the city, 14.1% in Bornova located on the east axis and 11.4% in Karsiyaka located on the north axis of the city. This situation displays that the economic improvements experienced in the city since the 1980s, housing developments accelerated for responding the housing need of the increased population and the improvements in infrastructure and transportation possibilities did not have a negative impact on the commercial potential of the central area. By the end of 2000, central area including the traditional town centre displayed a structure where the majority of the firms have been located and the commercial activity has been experienced at the top level.

The research has also concentrated on key sector analysis and the findings displayed similar results in terms of the spatial tendencies of small scaled, traditional retailing in the city. The findings of the analysis conducted on 6481 firms operating within the key sector determined as Textile and Ready-Made Clothing Group, have revealed that the mono-centric structure of the city in terms of the retail trade activity in the year 1980 has sustained its significance in the year

Figure 3

Spatial distribution of small-scaled retail firms within the key sector group in Izmir by the end of 2000 and the distribution of shopping centres opened during 1990–2007



Source: adapted from Dalgakiran, 2005: 148.

2000 despite the expansion of the city outwards through mass housing developments and the emergence of sub-centres as the majority of the small-scaled retail firms have tended to centralize in both 1980 and 2000 periods (Figures 2–3). Spatial mobility analysis concerning the new locations of firms that have changed their initial locations has also displayed similar results. According to this, 20% of the firms registered to the key sector have displayed spatial mobility and 60% of them have chosen to locate in Konak as being the traditional city centre.

Conclusions

It is possible to say that, currently, there is a dual structure in terms of the spatial preferences of retail firms existing in Izmir city, which can be defined through centralisation and decentralisation tendencies. This has also been confirmed by the findings of a recent research concerning the spatial structure of retail trade sector in Izmir during 1980–2000. The research findings have put forward that, beginning from the second half of 1990s, modern and large-scaled retailing has tended to decentralise via the new consumption spaces in particular of shopping centres located in out-of-town locations while small-scaled retail firms –

whether newly opening firms or existing ones that display spatial mobility – have tended to centralise by continuing to locate in the traditional city centre. Essentially, expansion of the city through significant mass housing developments and the decentralised development of large-scaled retailing have not affected the unique characteristic of the traditional town centre as it continued to be the favourite destination of both the newly opening firms and the ones that display spatial mobility. The existence of the dual structure in terms of the spatial preferences of large-scaled, modern retailing and the small-scaled, traditional retailing has been effective in the consumer profile rather than the liveability of the central area.

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Abstract

The year 1980, which is accepted as a significant breaking point in Turkey in terms of the accumulation process of capital, is also an important milestone in the development of retail trade sector in the country. In parallel to the decisions taken

in January 24, 1980, model of import substitution for industrialisation has been quitted and a new economic policy has been adopted, priorities and policies of which are directed towards enabling the operability of free market forces. This new structuring in economy has caused radical transformations and changes in trade sector and also in the organisation and spatial distribution of wholesale and retail trade in urban areas.

The changes in shopping patterns in parallel to technological improvements, income per capita, car ownership, consumer spending and the increase in the use of credit cards have caused not only the structural change of retail sector but also the diversification of its spatial distribution. The emerging retail types in the form of hypermarkets and large-scaled shopping centres that evolved in accordance with the growth strategies of global and local capital have been accepted as a key indicator of urban identity and become a significant component of urban morphology. The most affected group by this continuing transformation process in retail structure has undoubtedly been the small-scaled, independent, single-location, low-capital, mostly family run firms that dominated the retail trade sector since the proclamation of the Republic.

This paper seeks to interpret the spatial preferences of retail firms in the post-1980 period in Izmir, as being the third largest city of Turkey, with reference to research findings and economic-political context in global as well as in national scales. Beginning from the 1990s, investments made in the city have tended towards retail and service sectors and inevitably caused a significant effect on the growth dynamics of the city. New consumption spaces, which were established in several axes of the city with the initiatives of the global and local capital, have created new, alternative shopping districts that compete with the traditional town centre.

Summary

INTERPRETACJA PRZESTRZENNYCH PREFERENCJI FIRM HANDLOWYCH W OKRESIE PO 1980 r.: PRZYPADEK IZMIR/TURCJA

Niniejszy artykuł ma na celu zinterpretowanie przestrzennych preferencji firm detalicznych w okresie po 1980 w Izmirze, które jest trzecim co do wielkości miastem w Turcji, w odniesieniu do wyników badań, a także ekonomiczno-politycznego kontekstu globalnego, jak również do odniesienia w skali krajowej. Począwszy od 1990 roku inwestycje dokonane w mieście mają tendencję w kierunku rozwoju handlu detalicznego oraz sektora usług, co spowodowało znaczny wzrost dynamiki wzrostu gospodarczego miasta. Nowe przestrzenie konsumpcji, które zostały określone w kilku osiach miasta z inicjatywy globalnego i lokalnego kapitału, stworzyły nowe, alternatywne centra handlowe, które konkurują z tradycyjnymi sklepami w centrum miasta.