Issues Paper: Big Box Retailing in New Zealand

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Contents

1 Introduction

Retail formats have evolved to supply our wants by providing a huge range of products at low prices. Chain retailers have been around for over a century, but the form of mass merchandising we experience today is attributed to the renowned American giant Wal-Mart. The first Wal-Mart store was opened in 1962 in a large, cheap, single-story building surrounded by car parks on the outskirts of Rogers, Arkansas. The store sold a variety of general merchandise, with items in the display window at a loss to attract customers to the store (Mitchell, 2006). This car-oriented retail format proved successful and Wal-Mart soon became a chain of stores. Other retailers copied this format and many of these, including Wal-Mart, continue to expand internationally.

Stores with similar ‘big box’ formats emerged on the New Zealand retail scene in 1988, when the first Kmart store opened in Auckland. Today, a large number of big box retailers operate within New Zealand, offering variety, convenience, and the promise of lower costs. Stores like Wal-Mart have changed how Americans shop for commercial products, the distributional structure of retail trade, and what customers’ expect to pay for commercial products (Harris, 2006). As the concentration of big box retailers has increased overseas, considerable criticism of the big box retail model has emerged. However, predictions about the future of big box retail are more positive.

Within New Zealand, territorial local authorities (TLAs) are taking different approaches towards managing big box developments. This issues paper seeks to outline the advantages and disadvantages of big box retailers, and the sustainability implications they may have in the New Zealand context. Semi-structured interviews were conducted with planners from TLAs in the Wellington region (Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council, and Kapiti Coast District Council) to gain a better understanding of the planning concerns and controls associated with big box retailers in New Zealand.

2 What is big box retail?

The typical big-box store is a free-standing, large, single-floor, rectangular box structure built on a concrete slab, surrounded by a large concrete parking lot. The floor space of the store accommodates significantly more merchandise than a traditional main street retailer. Internally, the stores have high ceilings and a warehouse-like appearance. The façades are standardised and the shopping experience caters to auto-borne shoppers. Big-boxes are also known as large format retailers, superstores, and megastores. They are found in forms ranging from single units to clusters identified as super/power/mega centres (planned) and power/destination nodes (unplanned clusters of big-boxes and existing retailers) (Jones & Doucet, 2001; Hernandez & Simmons, 2006).

Both national and trans-Tasmin big box retail chains operate within New Zealand. Some of the big box stores play the role of anchor tenant in large shopping malls, but the majority are located alone or in clusters in power centres or power nodes. The most distinctive boxes are the massive ‘red sheds’ of The Warehouse, the orange Mitre 10 Mega and green Bunnings Warehouse hardware barns, and lifestyle-related stores like Briscoes Homeware and Harvey Norman (see Box 1).

New Zealand's grocery market is dominated by the big box stores that form part of a duopoly. The Pak'n Save, New World, and smaller Four Square supermarkets are retailer-owned co-operative stores affiliated to the New Zealand company Foodstuffs (NZ) Ltd. Combined, these supermarkets hold over 50% of the New Zealand grocery market. The Woolworths, Countdown, and Foodtown supermarkets are owned by the Australian company Progressive Enterprises. While these supermarkets are not retailer-owned, Progressive Enterprises is also the franchise co-ordinator for the smaller SuperValue and FreshChoice supermarkets. The Progressive Enterprises empire holds approximately 42% of the New Zealand grocery market.

Box 1: Selected big box retailers operating in New Zealand

- **The Warehouse** (wide range of general merchandise including clothing, entertainment, technology and music, sporting, gardening, groceries) and **Warehouse Stationary** (stationary, copy centre, furniture, technology, art and craft), owned by the New Zealand company The Warehouse Group.
- **Noel Leeming** (technology and appliances) and **Bond & Bond** (appliance, computers, electronics), owned by Noel Leeming Group Limited, belonging to the Australian company Gresham Private Equity.
- **Harvey Norman** (electrical, computer, furniture, entertainment, bedding goods), owned by the Australian company Harvey Norman Holdings Limited.
- **Briscoes Homeware** (homeware) and **Rebel Sport** (sports equipment and apparel), owned by Briscoe Group Limited.
- **Freedom Furniture** (homeware, furniture, decorator service) with stores in Australia and New Zealand, some of which are under franchise, owned by Steinhoff Asia Pacific Limited, part of Steinhoff International Holdings Limited.
- **Spotlight** (fabric, craft and home interiors), owned by Spotlight Pty Ltd, an Australian chain operating in Australia, New Zealand and Singapore.
- **Kmart** (clothing and general merchandise, New Zealand's first big-box type store in 1988), **Bunnings Warehouse** (home improvement supplies, operating since 2003, superseding the Benchmark stores), owned by Australian company Westfarmers.
- **Mitre 10 Mega** (home improvement supplies), owned by the trans-Tasman franchise chain Mitre 10. The Mega-format stores were launched in 2004 to compete with Bunnings Warehouse.
- **Placemakers** (building supplies and hardware), owned by New Zealand company Fletcher Building Limited.

Big box retailers typically adopt one of two store format strategies, either offering a wide range of products, or focussing on a specific category of products. The former are retailers like The Warehouse and Kmart, while the latter are the likes of Bond & Bond and Spotlight. The first group are known as hypermarkets, single shops that function like a mall because they offer diverse product categories. The term 'category killer' is often applied to the second group of retailers because they have a competitive advantage that makes it hard for other firms to operate profitably. The strengths and weaknesses of the two strategies are shown in Table 1. Both formats offer good prices to their customers, with one-stop shops focusing on convenience and the category-focused retailers offering a wide range of products. Not all category killers are big boxes, and not all stores in a chain are managed as big box stores. For example, the Animates stores are large retailers of pets and pet supplies, but most of the Animates stores are not large enough to qualify as big box stores.

Table 1: Comparison of Two Store Format Strategies

	One-stop Shop	Focused Category Killer
Strategy Description	Focus on offering as many products and services as possible under one roof in a big box retail site Offering convenience to consumer of solving more than one errand at once Generally supermarket or department store operator that continues to expand offer	Focus on a specific product segment and offer a wide range in a medium-sized box at good prices Become the destination of choice for the specific product (problem/solution) Have well trained employees able to offer relevant advice
Strengths	Convenience Price	Range Price
Weaknesses	No depth of range in any one category No specialised knowledge; employees often low wage/ low skill	Only works for high involvement items Customer has to make a special trip/ additional stop
International Examples	Wal-Mart Supercentre Carrefour Hypermarket SuperTarget Tesco Extra	PetSmart (pets) Best Buy (electronics) Toys R Us (toys) Borders (books)
New Zealand Examples	The Warehouse Extra	Noel Leeming Animates
Likely Losers	Supermarkets Annoying errand destinations	Old school, small and cramped independents Small format, high price, low range specialists

Source: Morris (2007, p. 5)

3 What are the sustainability issues?

Sustainable development incorporates economic, social, and environmental dimensions, and can be defined as: *development that meets the needs of the present without compromising the ability of future generations to meet their own needs* (World Commission on Environment and Development, 1987).

Research on the impacts of big box retail has focussed on North America and Wal-Mart in particular. The negative aspects of big box retail have gained the most publicity, including somewhat inflammatory books and films. There are fears about the 'Wal-Martisation' of other countries like New Zealand. In particular, The Warehouse, New Zealand's most successful hypermarket with over 80 stores throughout the country, has experienced an 'anti-Wal-Mart' style backlash. These presumed similarities with the American retailer are often unfounded in reality (Low, Davenport & Szászy, n.d.).

Critics claim that big box retailers pressure manufacturers to produce the same product for less, hold down retail wages, are anti-union, auto-oriented, and displace other businesses. They are also blamed for the environmental impacts associated with increased car use like acid rain, smog, climate change, and pavement run-off. Other criticisms include loss of trees and open space, abandoned shopping centres, and a degraded sense of community (Beaumont & Tucker, 2002; Mitchell, 2006; Young, 2005). This “gaining a store, losing a community” attitude (Beaumont &Tucker, 2002) has resulted in protests against big box retailers, primarily driven from the USA. Worldwide, protestors recognise 17 November as the International Day of Action Against supermarkets and big box retailers. In New Zealand, little research has been undertaken on the actual impacts of big box retailers on the community or other businesses.

3.1 Economic issues

Big box stores are often viewed by local authorities as opportunities to boost employment and economic activity in a town. Competition is part of operating in the marketplace, but big box retailers are seen to have an unfair advantage. They are criticised for predatory behaviour, establishing in places where there is no demand and eliminating the competition through store-wide discounts or by selling whole departments at a loss until the competition is gone. Independent retailers cannot compete this way because they do not have a parent company to absorb the losses. The majority of products sold in big box stores are made cheaply in foreign countries, often undermining local manufacturing. This can lead to the downsizing or closing of domestic factories and job losses in these industries. In addition, some big boxes are criticised for having little allegiance to the places where they do business, so do not use other local businesses such as builders, advertisers and lawyers. This has flow-on effects in the local economy as other retailers that supported these services close (Mitchell, 2006).

Retail competition

The basic tenant of market economics is that consumers are best served when many businesses vigorously compete for their patronage. The growth of retail chains in the USA has reduced competition in most retail categories. People are generally willing to travel farther to reach bigger stores, so a bigger store will always have a larger catchment than its smaller alternative and will therefore outperform it (Mitchell, 2006). Big box stores provide a wide range of cheap goods, but are widely criticised for edging out smaller retailers. In particular, big box stores compete with independent greengrocer, hardware, garden, appliance, and furnishings shops. In addition, the extended opening hours offered by big box retailers disadvantage local retailers, for whom longer hours mean less turnover and additional money for extra staff (Envision New Zealand, 2003). The loss of local retailers and businesses leads to economic decline because less money stays in town (Envision New Zealand, 2003; Mitchell, 2006).

Studies in North America have shown that big box stores often compete with established independent retailers and cause some businesses to struggle and/or close. Not only are they able to offer products at lower prices than small independent retailers, but large retailers have also benefit from increased avenues to market, sell, deliver service and communicate with consumers. For example, a new Wal-Mart in Chicago caused business closures and reduced retail activity in the surrounding area, displacing a significant amount of sales from businesses in the immediate area and reducing overall retail sales in some nearby districts (Davis, Merriman, Samayoa, Flanagan, Baiman & Persky, 2008). A similar study of hardware and building supplies in Iowa found that retail sales gains generated by big box stores were offset by sales losses at existing (usually locally owned) retailers. The sales of hardware and building supplies grew in the host communities, but at the expense of sales in smaller towns nearby. After a few years, many of the host communities experienced a reversal of fortune, where sales declined sharply – often below initial levels – as more big box stores opened in the region and saturate the market (Stone & Artz, 2001).

In Dannevirke, The Warehouse is seen as a much needed anchor. Local people now do more of their shopping within the town. Out of town trade also increased after The Warehouse was introduced. The overall effect has been greater total spending in Dannevirke (Low, Davenport & Szászy, n.d.; Murphy, 2004). Some towns have experienced overall sales increases in upscale stores with the introduction of big box merchandisers. In Napier, The Warehouse located close to the CBD and has increased foot traffic to other retailers from socioeconomic groups rarely seen in these stores (Richards, 2005).

In Hastings, The Warehouse and Kmart have displaced independent stores selling toys and music, while stores that specialise in more upmarket merchandise are resilient to these effects. The ability of the big box retailer to attract pedestrian traffic has resulted in heavy demand for stores in close proximity to The Warehouse. These stores tend to be speciality shops complementing the The Warehouse, rather than competing with it (Chen, 2002). After the arrival of The Warehouse in Kaitaia, two shoe shops, a book shop, two women's-fashion shops, two menswear shops, a sportswear shop, one white-ware appliance store, a DEKA store, a music shop, two jewellery shops, and two gift shops closed (Blundell, 2006). However, The Warehouse was not solely responsible for this downturn because these stores were struggling before it arrived. Thus, the vitality of the area prior to the arrival of a big box is an important consideration (Murphy, 2004).

There is little evidence in New Zealand that big box stores are responsible for large scale closures like those reported in North America. Instead, the impacts of new big box stores appear to be a function of the economic state of the existing retail area, and the specific location of the new store. The chances of a big box retailer drawing more customers to existing areas are minimal if they are located away from established centres. The size and layout of these retailers also often means people confine their shopping to these big retailers with parking spaces right outside the store (Chen, 2002).

One benefit arising from the competition big box retailers bring to the market is that independent businesses are prompted to rethink the goods and services they offer, re-evaluate their consumer base, and adapt to what customers want. These businesses are starting to customise to local markets, developing different types of stores, product lines, and alternative approaches to pricing, marketing, staffing, and customisation – a move from standardization to localization. In the USA, big box stores demand homogenization all the way up the supply chain, meaning that smaller retailers can out-compete them through innovation or experimentation with new products (Rigby and Vishwanath, 2006).

Multiplier effects

Another disadvantage of big box retailers is that economic multiplier effects fail to occur because the new retailer has existing linkages with service providers and professionals. This means that money that would have been spent on services like lawyers, accountants, shop fitters, trades-people and consultants, disappears along with the loss of local retailers (Murphy, 2004; Envision New Zealand, 2003). Every dollar spent at a locally owned store sends a ripple of benefits through the local economy, supporting not only the store itself, but many other local businesses, which in turn provide jobs. These jobs are usually better-paid positions that form the backbone of a city's middle class and the core of its tax base (Mitchell, 2006).

When big box retailers locate outside established retail centres they receive the benefits of cheaper land and rates, to the detriment of the community because local authorities are then required to provide roads, and other infrastructure like water and service lines. In comparison, the smaller retailers along main streets pay higher rates to help maintain the character, vitality, and safety of established retail centres. The added traffic and noise in nearby residential areas results in decreased property values. In commercial areas where big boxes have caused other stores to close, there can be a decline in the value of the buildings, and ultimately these areas produce less tax revenue (Mitchell, 2006; Envision New Zealand, 2003). It is usually hard to find new tenants for the buildings vacated when big box retailers move to larger premises or because the company has decided to close a store. For example, The Warehouse relocated from near the centre of Palmerston North city to larger, purpose-built premises on parkland on the outskirts of the CBD in October 2005. The vacated premises on the corner of Cuba Street and Rangitikei Street remains vacant today.

Merchandise and manufacturing

Big box retailers demand standardised products from their suppliers (Rigby & Vishwanath, 2006). Sometimes manufacturers are approached to provide products that look similar to existing goods, but are cheaper. Such products are inevitably inferior and do not last as long. This means that, taking replacement costs into account, the products may actually cost more in the long run (Mtichell, 2006). This is not just an overseas phenomenon because as retailers get bigger they are starting to dictate the terms of supply in New Zealand (Shepheard, 2007).

A large proportion of the stock sold by big box retailers is imported. These goods are made cheaply in other countries, undermining local manufacturers (Envision New Zealand, 2003). While supporters of big box retailers argue that people on low incomes benefit from cheaper imported goods, others suggest that if those people had jobs in manufacturing they could afford quality New Zealand products (Donald, 2003).

Commercial property prices

Another economic concern is falling commercial property prices for the vacated buildings. Vacancies in Kaikohe following the arrival of The Warehouse were filled by office space, second hand stores, and community non-profit organisations. This means the primary function of the Kaikohe town centre shifted away from retail. These vacancies and changes in function have the power to decrease rents and commercial property prices within the main centre (Murphy, 2004; Jones and Doucet, 2000).

3.2 Social issues

The elements considered most important by consumers in the selection of retail outlets in descending ranked order are: convenience, range of product, brand name, and price (Urquhart, 1994). For all types of retailers, an individual retailer's strategy is a function of merchandise pricing and the distribution services accompanying that merchandise. Distribution services include the accessibility of the location, the breadth and depth of product mix, assurance of immediate product availability (including extended open hours and the reliability that products will be kept in stock), store ambiance, and product information. Big box retailers demand greater travel time and travel costs of the customer in exchange for lower product prices. Smaller retailers are generally more accessible to local customers, but are less price-competitive. In particular, smaller retailers can secure niche markets by delivering higher levels of ambiance and information (Barber & Tietje, 2004).

While The Warehouse sponsors community-based initiatives through the charitable Tindall Foundation, big box retailers on the whole are regarded as providing little social benefit to the community.

The shopping experience

The big box retail format has proved popular with shoppers for a number of reasons, namely convenience for people with cars, and low prices. It is easier for many people, especially women juggling children and work, to buy everything they need in one shop, rather than going form store to store (Mitchell, 2006). Similarly, the stores offer a predictable experience – if you have been to one of the company's stores before, you know what you will get in any of the other stores (Blundell, 2006). Many of the big boxes also offer in-house credit and membership cards and/or loyalty programmes like Fly Buys (Head 2005).

People's desires have expanded due to increased opportunities to travel and experience different cultures. Trade liberalisation has opened New Zealand up to imports, giving consumers access to greater choice for lower prices. For example, the demand for hardware barns like Bunning's Warehouse and Mitre 10 Mega is high due to modern desires for a dressed up home and the recent housing boom. Low cost Chinese-made products make items previously aimed at a tradesperson affordable for the home handy-person. Thus, there has been a cultural shift towards hardware stores as a destination for retail therapy and/or entertainment, much like shopping malls (McCrone, 2007).

There is a perception that the big boxes offer the best prices because some products are always cheap, and there is almost always a sale, be it on a limited range of items or storewide. In a survey of householders in Hastings, lower prices were identified as the primary benefit associated with The Warehouse (Chen, 2002). Buying in bulk allows big box retailers to sell items cheaper than competitors do, and still make a profit. However, big box retailers are criticised for selling poor quality, non-repairable items, and for using pricing strategies to give the false impression of wide price savings. For example, Wal-Mart uses 'variable pricing', with 'signpost' items sold at or below cost price, and 'blind' items sold with a mark-up. Consumers have an awareness of the going price for signpost items, which are placed prominently in the store. However, consumers are generally not sure of the going rate for the blind items, which represent the bulk of the store's inventory and all of its profit. The automobile-focussed nature of these retailers makes comparison shopping inconvenient, so the big box is assumed to offer the best price (Mitchell, 2006). For example, Huntly Hardware Supplies, an independent retailer in business for 30 years, offers cheaper prices on some products than big hardware chains like Bunnings Warehouse, but patrons have stopped comparison shopping (Shepheard, 2007).

Community well-being

Big box retailers can have negative impacts on aspects of community well-being. One study found that US counties with big box retailers like Wal-Mart had greater income inequality, lower housing standards, more low-birth-weight babies (an indicator of overall health), more worker disability, lower educational outcomes, and higher crime rates (Mitchell, 2006). In comparison, the small-business counties scored better on all of these social welfare measures and their residents also belonged to more capital-generating associations (like churches, political organisations, and business groups) per capita and voted more often (Mitchell, 2006; Goetz, & Rupasingha, 2006). These findings may be attributed to a drop in social capital due to the disappearance of local businesses and the decline of the downtown following Wal-Mart's arrival (Goetz, & Rupasingha, 2006). Those cities without big boxes were found to be more diversified and stable during economic downturns due to greater economic diversification and because the local businesses retained employees more readily during hard times than the big companies (Mtichell, 2006).

The social impact of big box retailers is widely assumed to be negative, but a more complex relationship has been found by some researchers in New Zealand. For example, Māori have a more positive orientation towards The Warehouse than the non-Māori population. In particular, Māori consider The Warehouse to be a social and cultural place, rather than just a site to purchase goods (e.g. Sayers, Low & Davenport, 2008). This contradicts international opinion that a big box retailer does not provide the atmosphere to be a 'third place' where people put aside the concerns of home and work (the first and second places) to find company and conversation. Third places are typically considered to be places like bars, coffeehouses, bookstores, and barber shops (Mitchell, 2006), but it is apparent that The Warehouse is a third place for many Māori in New Zealand.

The downtown 'main street' is painted as integral to the life of communities, but in reality, while some friendly neighbours may conduct some of their public life through shopping, there are also patterns of exclusion and inclusion that do not feature in either the international or New Zealand literature. Some Māori people feel safe shopping at The Warehouse because they are not judged on ethnicity, and find sales staff to be friendlier (Sayers, Low & Davenport, 2008). The impact of large format retailers in small towns in New Zealand has also been shown to depend on socio-economic factors and the ethnic circumstances of various community groups. For example, Māori were found to have a more positive orientation towards the introduction of The Warehouse to small towns in New Zealand than people of other ethnic groups. For Māori historically excluded from small-town retail consumption due to restricted disposable income, The Warehouse offers affordable, new goods. Big box retailers such as The Warehouse also bring employment opportunities (Sayers, Low & Davenport, 2007), including the opportunity to have additional or casual shifts at Christmas and stock taking times.

Community infrastructure

Big boxes usually place pressure on community resources, such as roads and public infrastructure. The increased traffic volume also leads to higher taxes in order to maintain the roads. Furthermore, retailers in the US are criticised for having little concern for the local community and for being resistant to things like tax levies to improve community facilities. In some instances, big box stores have been associated with increased police expenses due to more traffic and more accidents, and increased crimes like shoplifting and cheque fraud (Mitchell, 2006). Big box retailers do not tend to locate in poorer areas or in places accessible by public transport modes that are affordable to those with modest incomes (Beaumont & Tucker, 2002). In addition, big boxes can reduce property prices in surrounding residential neighbourhoods and in the vacated main street areas.

Overseas workers

Big box retailers also impact on communities globally. The labour practices in the factories where the majority of products are made (Asia, Mexico etc) are usually lower than those in Western nations. Many of the products sold in big box stores are made in ‘sweat shops’, where workers are required to work long hours for low pay, sometimes being restricted from taking toilet breaks (Mtichell, 2006).The bulk of a big box store’s inventory is imported from developing countries. For example, in 2003, only 18% of products at The Warehouse were locally made (Donald, 2003). Many of the cheap, imported products are made in factories where working conditions and pay rates are much lower than we would allow in any Western countries. Factory workers in these countries can never hope to raise their families and ‘get ahead’ on the wages they get from big box distributors (Donald, 2003; Envision New Zealand, 2003).

Aesthetics and design

Big box retailers have a generally negative influence on urban form. The buildings lack character, with long blank walls and little regard for the existing architecture in the area. The building is usually separated from the street by a large car park, discouraging pedestrian interaction. It is hard to build a sense of community around big box stores because it is not pleasant for people to linger outside (Beaumont and Tucker, 2002; McConnell, 2004; Lubell, 2005; Mitchell, 2006). From an architectural perspective, the buildings are large, characterless boxes surrounded by asphalt with no windows, rooflines, or attempt to integrate with the architectural character of the local community (Beaumont & Tucker, 2002). The parking lots are scaled to serve a wide region, not the local neighbourhood, and the auto-orientation of these retailers has implications for traffic flow and public road works. The high volumes of car and truck traffic, and associated noise and pollution, make living next to a big box unattractive, and have negative impacts on property values nearby (Mitchell, 2006). In addition, the types of businesses that tend to move in to the vacated premises of displaced retailers decrease the shopping appeal of the area. For example, office space, second hand stores, community/non-profit organisations, tattoo shops, massage parlours, pawn brokers, money lenders, games parlours, and dollar stores (Murphy, 2004; Jones and Envision New Zealand, 2003; Doucet, 2000).

Job quality

In the USA, Wal-Mart employees earn 20% less than retail workers on average and sometimes incur out-of-pocket costs that are not reimbursed. States often cover the costs of health insurance for Wal-Mart workers and their children because the company is structured to make the majority of employees ineligible for company-paid health insurance. Wal-mart also has a record of labour law violations (Bernhardt, 2005) and encourages high worker turnover (Mitchell, 2006). One study found that for every new retail job created by Wal-Mart, 1.4 jobs are lost due to the closure or downsizing of existing businesses, reducing county-wide salaries by an average of US$1.2 million (Neumark, Zhang, & Ciccarella, 2007). Similar research determined that one new Wal-Mart store lowers the average retail wage in the surrounding county 0.5-0.9 percent (Dube, Lester & Eidlin, 2007). Another study determined that the presence of a Wal-Mart store hinders a community's ability to move families out of poverty. Suggested reasons for this trend are the loss of social capital that occurs when locally owned businesses close and the shift from comparatively better paying jobs at independent retailers to lower paying jobs at Wal-Mart (Goertz & Swaminathan, 2006).

In New Zealand, big box retailers bring employment opportunities for those that might have otherwise not been employed in the retail industry, especially offering a younger age group part-time employment over holiday periods. For this demographic, The Warehouse pays a better hourly wage than most fast food outlets (Sayers, Low & Davenport, 2008). In general, big box retailers hire a higher percentage of part-time workers, who experience fewer benefits than full-time workers. A change from full-time to part-time employment signals a decline in job quality for a town. The main street retailers in Kerikeri and Kaikohe that were displaced with the arrival of The Warehouse employed mainly full-time workers. In Kaikohe, The Warehouse redistributed employment over the retail industry rather than providing additional jobs (Murphy, 2004).

3.3 Environmental issues

Worldwide, the environmental performance of big boxes is regarded as poor. The main environmental disadvantages of big box retail include:

- Transport emissions – big box retailers are only convenient for car-borne shoppers because they are usually located outside of major centres and sell goods that require a car to get everything home. This increases the use of private automobiles and the pollution associated with vehicle emissions (Mitchell, 2006). It also results in congested roads and greater pressure on public authorities to provide and upgrade roads (Donald, 2003);

- Run-off from car-parks – the concrete car-parks have a large surface area, producing significant quantities of run-off when it rains, polluting local waterways or putting increased pressure on public water treatment facilities (Mitchell, 2006); and,

- Poor quality, non-repairable, unrecyclable goods – the goods are often poorly made, meaning they are worn out and discarded sooner than similar products of higher quality. The majority of a big box store's inventory is produced in countries that can produce products at a low cost, so there is often a high transport mileage associated with the products. Such products are a wasteful use of the energy and resources used in their creation. Once their short life-spans are finished, they also take up valuable space in the local landfill (Envision New Zealand, 2003; Shepheard, 2007; Donald, 2003).

Some of the big box retailers are striving for greener corporate identifies. For example, The Warehouse has put sustainability on the New Zealand business community's agenda. Stephan Tindall, the founder of The Warehouse, is a vocal supporter of sustainable business ethics, and The Warehouse is seen as a champion for sustainable business through its leadership of the New Zealand Business Council for Sustainable Development and business think-tanks like Redesigning Resources. The Warehouse has also shown the way with in-store energy management and waste minimisation.

3.4 Future trends

The two primary trends emerging in big box retailing internationally are: improvements to the design of the stores in response to market forces and the requirements of local planning authorities; and, technological advances in matching product supply to local demand.

Low prices and community-friendly design are not necessarily mutually exclusive (Beaumont & Tucker, 2002). For cities that cannot economically afford to ban big-box retailers, requiring better architectural designs allows them to reap the consumer advantages of big-box retailers while preventing the use of drab architecture (McConnell, 2004). These design improvements over the past decade in the USA to meet both customer demand for higher-quality environments and to break into new markets including lifestyle centres, malls, and urban areas (Lubell, 2005). Improved design elements relate to the architectural character of the building, colour and material of the primary structure, pedestrian flows, parking, and the relationship to the surrounding community. Particular elements include glass facades, integral landscaping, varied massing, natural lighting, easily navigated interiors, stacked parking, façades that abut the street, features like display windows, awnings that add visual interest, sidewalks linking stores to transit stops and other buildings, and sustainable features like photovoltaic panels. The basic big-box unit is cost-efficient and convenient to build, and reshaping them to please both consumers and the company's bottom lines will be a challenge. Stores overseas have been learning that differentiation from a design standpoint helps them to compete (Lubell, 2005; Beaumont & Tucker, 2002).

Technological advances are anticipated, that will help big boxes to 'localise' their products and services by generating information about local preferences and buying behaviours. This will help to identify mismatches in supply and demand at individual stores. The technologies may include checkout scanners, data-mining software, internet stores, and radio frequency identification (a wireless technology that uses small electronic tags to identify and track objects) (Rigby & Vishwanath, 2006).

Coriolis Research (Morris, 2007) has predicted ways in which international retail trends may impact on New Zealand's future retail sector in the following ways:

- The leading 'one-stop' hypermarkets will be The Warehouse and the Progressive Enterprises stores (the franchise supermarkets will lose the leading edge);

- Category killers will continue to grow and thrive (both New Zealand and international companies), this means middle of the road retailers without a clear point-of-difference will suffer (e.g. chemists, camera stores);
- Domestic retailers must have world class store formats and systems to survive against emerging trans-Tasman and international retailers; and,
- Information technology will become increasingly important, requiring large investments of time and money, favouring the larger companies.

In addition, ‘warehouse clubs’ have expressed interest in establishing in Australia, and may eventually move to New Zealand. Warehouse clubs are another North American phenomenon, selling anything they can purchase at extraordinarily low prices. Customers become members of the club and pay an annual fee. These retailers may have a large impact on New Zealand retail centres, particularly if competing out of existing retail centres (Property Economics & Patrick Partners, 2007).

4 How are big boxes managed in the Wellington Region?

In response to the issues raised above, many cities around the world are imposing rules to control the size, location, and/or aesthetics of big box stores (see Box 2). Tools for mitigating the negative effects of big box stores include impact assessments, design standards, planning moratoria, retail size limits, intergovernmental agreements, and the withdrawal of subsidies for retail sprawl (Beaumont and Tucker, 2002). The challenge for local authorities is to balance the conflicting concerns associated with big box retailers and economic development. On the one hand, the stores can help boost the local economy and enhance shopping convenience. On the other, they can have detrimental effects on small businesses and harm a city’s aesthetics.

Box 2: Selected approaches to managing the negative impacts of big box retailers

Restrictions on big box developments have been imposed in some countries:

- In the USA, many towns and cities are passing ordinances that restrict the size and architectural styles of new shops (Rigby and Vishwanath, 2005; McConnell, 2004; Beaumont & Tucker, 2002; Envision New Zealand, 2003). For example, to combat abandoned big boxes, the Buckingham Township in Pennsylvania passed an ordinance requiring developers to put money into an escrow account to cover demolition costs should the store become vacant. In Evanston, Wyoming, big box retailers must help the city find tenants for any store they vacate. In some cities, comprehensive economic and community impact reviews must be carried out before a new store can gain approval. There have also been moves to outlaw shopping centres on the outskirts of towns, with the intention of focusing investment on downtown and neighbourhood business districts (Mitchell, 2006).
- Ireland, Poland, Thailand, and Norway have placed restrictions on the size of new retail stores (Envision New Zealand, 2003).
- In Britain planning rules discourage mall construction on the outskirts of towns, encouraging the use of existing urban space or brown-field sites, rather than green-field areas (Blundell, 2006).

Many city councils in North America are requiring big box stores to modify the proposed façade of new stores to be more in harmony with the existing infrastructure. Retailers are generally responsive to design requests, but also assess the expense and impact on brand identity. Other cities are employing methods to prevent big-box stores from coming into communities, and to prevent big-box stores from leaving empty concrete buildings behind (McConnell, 2004).

In New Zealand, big boxes have generally been located beyond town centres due to the physical amenity implications. Many have located in power centres, like the 1980s fad in the USA, or as stand alone hypermarkets or hardware stores (Property Economics & Patrick Partners, 2007). Most territorial local authorities (TLAs) are in a period of reviewing their District Plans and other policies. There is an emphasis countrywide on increasing the vitality of town and city centres. As part of this movement, the impacts of big box/large format retailers within a TLA's jurisdiction have come into question. In particular, policies are emerging to better control the design and location of big box retailers.

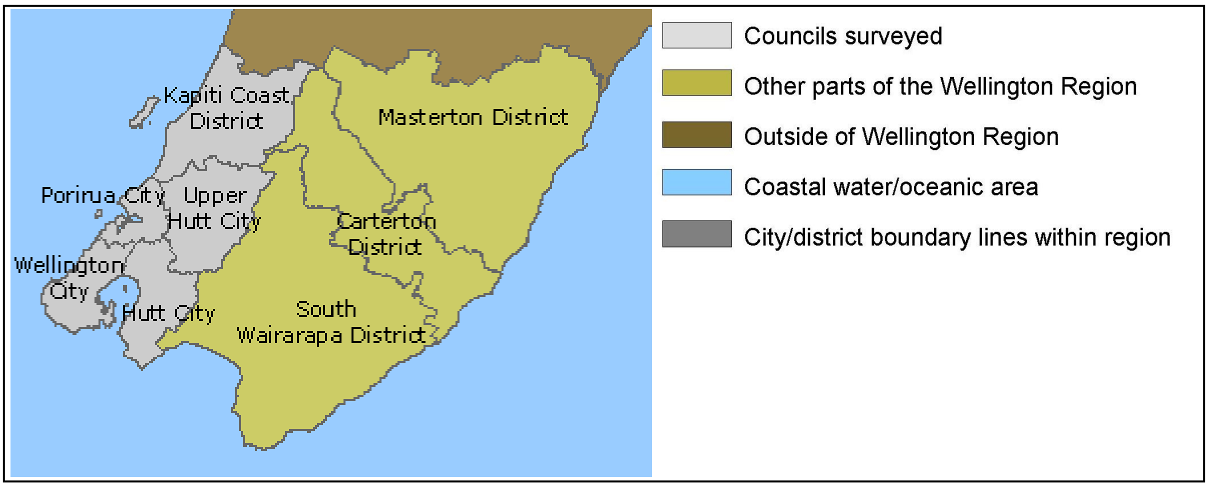
In the Wellington region, a sustainable growth strategy called the Wellington Regional Strategy (WRS) has been developed by the region's nine TLAs, along with central government, business, education, research, and voluntary sector interests. It was adopted in May 2007 and aims to make the region internationally competitive, offering lifestyle and job opportunities supported by a strong economy. One of the key focus areas is regional urban form, seeking to cluster the population around centres via intensification. All of Wellington region's councils are also signatories to the New Zealand Urban Design Protocol. The WRS focuses on a hierarchy of centres, where a strong CBD is supported by sub-regional and neighbourhood centres. In addition, the WRS recognises that big boxes potentially undermine town centre intensification and passenger transport goals (Wellington Regional Strategy, 2007).

Wellington City is the employment centre for 30% of the region, with more than 70,000 jobs. People commute to Wellington City from the Kapiti District, and cities of Porirua, Lower Hutt, and Upper Hutt. Wellington is also dominant in comparison goods, fashion and speciality shopping, culture and entertainment, tourism, and major events (Wellington City Council, 2008a). To the northwest, Porirua City established as an industrial hub in the 1960s, gaining the region's first shopping mall in 1991 and the big box retail 'MegaCentre' park over the period 2000-2004. Further north, the Kapiti Coast District is a string of small coastal towns with the largest, Paraparaumu, having an airport. To the northeast of Wellington City, Lower Hutt is strong in research and industrial activities. Upper Hutt is located farther north in the Hutt Valley and is in a good position to accommodate future industrial growth.

Planners from five of the region's nine TLAs were interviewed with regard to the challenges posed by big box retailers within each city/district, and the planning approaches taken by each TLA to manage future big box developments. The geographic boundaries of the councils in the region are shown in Figure 1. The five TLAs interviewed were Wellington City Council, Porirua City Council, Kapiti Coast District Council, Hutt City Council, and Upper Hutt City Council.

The basic approaches taken by each of the five TLAs to manage big box retail activities are outlined in Table 2. As part of investment in good regional form, action is being taken by these councils under the WRS to *"… develop regionally consistent principles for managing big box retail activities to minimise their potential to erode consolidation and centre development strategies"* (Wellington Regional Strategy, 2007, p.40). In particular, restrictions are being placed on the locations and size of future big box developments.

Figure 1: Map showing Local Authority Boundaries in the Wellington Region



Source: Adapted from Statistics New Zealand (2006)

Table 2: Council Approaches to managing Big Box Retailers

Council	**Planning Approach**		
	Location	**Size**	**Urban design**
Wellington City Council	New developments must locate in existing retail centres or live/work areas (dependant on retail categories sold) to avoid pressure on road networks and residential areas.	The scale of development will be controlled to complement the character of each centre.	Encouraging 'active edges'. Looking at other ways to control the design and appearance of large format retailers.
Hutt City Council	Zoning peripheral to the CBD and to the west of Petone.	Various options for restricting the size of retailers in certain areas are currently under review.	Looking at ways to control the design and appearance of large format retailers.
Upper Hutt City Council	Zoning in close proximity to the CBD.	Not yet addressed.	Will address amenity and urban design at a later date, including car parking.
Porirua City Council	Zoning, but further big box developments are not anticipated because the market is already saturated.	Not yet addressed.	Will address amenity and urban design issues at a later date so that big box redevelopment enhances links between the city heart and waterfront.
Kapiti Coast District Council	Zoning restrictions for different types of big box retailer. There are restrictions on the number of product categories for sale in different locations.	Size restrictions for different towns and locations.	Design controls on the active edges requiring windows, pedestrian access along the edge, spaced pedestrian access points to the building, and frontages close to the street.

In general, there is a recognition that if big boxes/large format retail is not located in or very near to existing centres, the retail function of these centres will decline. This will result in community focus away from established centres, reduced opportunities for public transport and efficient vehicle use, and increased trip generation and/or length. Industrial land is constrained in the Wellington region and the region's TLAs have identified the risk of losing industrial zoned land if big boxes locate there.

There is also considerable concern about the low quality urban design and pedestrian amenity in most retail areas dominated by big box retailers. They lack quality of place, undermining local character, contributing to low levels of safety, and discouraging active travel modes. City and retail centres can play an important role in terms of places where people get together and socialise, but appropriate interfaces are needed to release that energy.

Internationally, many local authorities have tried to attract big-box retailers to their towns with financial incentives like tax breaks and subsidies. Critics suggest that local authorities mistakenly go out of their way to attract large retailers in order to boost employment. In New Zealand, some local authorities offer rates relief or a period of reduced rates, but this is a token gesture indicating support for a development, rather than a financially significant incentive to locate in a region. None of the councils interviewed sought to attract large retailers to their town; rather, the drive to locate comes from developers or retailers themselves.

Wellington City Council

Big boxes have located in Wellington City in the following ways:

- As retail anchors within the mall components of suburban centres and the CBD;
- In lower profile or non-core sites within or on the edge of district centres;
- In premises on stand-alone sites in historically industrial zones; and,
- In purpose-built and conjoining space in historically industrial zones, developed to create a retail cluster (Property Economics & Patrick Partners, 2007).

Some of these location choices have proved problematic, particularly when big box retailers are located outside of established centres. Such locations may improve access to retail goods and services, but if of sufficient scale and depending on location, can undermine the viability and vitality of existing centres. For example, the development at Rongotai had negative influences on the viability of some businesses in the Kilbirnie and Mirimar centres. The negative effects of out-of-centre locations may include impacts on the road network, upon the efficient use of other infrastructure (i.e. public transport, public realm, community facilities, and streetscape enhancements), increased use of private motor vehicles, reduced access for those with limited access to private motor vehicles, reduced pedestrian/cycle accessibility, and a change of character of areas. In addition, new ratepayer-funded infrastructure may be needed to support new retail developments, resulting in duplicated services and increased pressure on already stretched funding (Property Economics & Patrick Partners, 2007; Wellington City Council, 2008a; 2008b).

Wellington City Council (WCC) recognises that there is considerable pressure for big box retail, and that opportunities for new big box locations will continue to arise (Wellington City Council, 2008b). Objective 4 of the WCC's Centres Policy is:

> *To manage the location of retail activities to ensure they support Wellington's compact urban form, provide for sustainable transport options and an efficient use of resources, and support the long-term vitality and viability of existing centres* (Wellington City Council, 2008a, p.5).

This objective has been addressed with new policies to ensure high trip-generating activities are located in areas with good transport network capacity, and good public transport and pedestrian access. Most large format retail activities are permitted, subject to compliance with a few rules. These rules encourage appropriate scales of retail development within each centre, taking into consideration the economic vitality of surrounding larger centres. In order to protect the 'golden mile' and other retail precincts like Courtenay Place and Cuba Mall, WCC has changed the District Plan to make it harder to develop single retail stores larger than 10,000m^2 or retail complexes larger than 20,000m^2 outside the CBD. Retail activities in the smaller district and neighbourhood centres must have a gross floor area of less than 2000m^2 (Wellington City Council, 2008a; 2008b).

The retail developments proposed for areas outside regional centres must demonstrate that they maintain and reinforce the existing hierarchy and vibrancy and vitality of existing centres, promote efficient use of infrastructure, enhance sustainable transport options, including public transport, and provide services and facilities in locations that maximise accessibility. This recognises that retailers with high levels of repeat visitation can generate much greater economic, social and environmental benefits if located in a mixed-activity centre and co-located with other complementary or competitive stores. Yard-based, trade-based, and bulky goods retail are not viable to locate in centres (Wellington City Council, 2008a; 2008b).

The WCC is also encouraging 'active edges' at ground-floor level, including entrances and exits to buildings, display windows, architectural features, shelter (verandahs), and activities that spill out from buildings such as cafés (Wellington City Council, 2008a; 2008b). There is no design guide for suburban centres, but urban design assessments are required for any changes except for minor alterations. The WCC's longer term plan is to encourage business improvement districts in each centre, and employ a WCC town centre officer to encourage that.

Hutt City Council

Westfield's Queensgate mall started trading in the Lower Hutt CBD during the 1986 to 1990 period. It has affected retailers in Lower Hutt by altering the spatial behaviour of consumers. This has resulted in a number of Lower Hutt retailers closing or relocating nearer to, or into, the complex. It has also affected traffic flows in the CBD and contributes a dominating, bland façade to the cityscape. In light of these lessons, the Hutt City Council (HCC) is taking measures to control the size, design, and appearance of large retailers to increase the vitality and viability of retail in Lower Hutt city.

Big box retail is well established in Lower Hutt and the market for new retailers has stagnated, with no new applications for development in the past 5 years. There are currently two areas in Lower Hutt zoned for big box retailers, to the west of Petone's Jackson Street, and to the north of the Lower Hutt CBD. These areas are characterised by lack of local identify, visual interest, or activity between the inside and outside of the big box buildings and the public space of the street. These zones are dominated by large open car parking lots, large signs, and large-scale blank walled buildings. The HCC considers the peripheral location of big box retailers to be the best policy for Lower Hutt because they encourage people to drive to the destination and then away again, without scanning shop windows, stopping for refreshment or engaging in public life. Big boxes are less appropriate for the Petone area because Jackson St has a very strong urban design character for small retailers. The appearance of the big boxes is bland, poor design. Interestingly, aspects of urban design are the number one contested thing for resource consents.

The Hutt City Council's District Plan recognises that large scale retail activities (exceeding 500m2 gross floor area) can negatively impact the transport network. Policies include managing and mitigating adverse effects on the transport network, and ensuring that new large scale retail activities are designed to provide for public transport (where appropriate), access to existing or planned public transport services off-side, and pedestrian and cycle routes and facilities (Hutt City Council, 2006). When located in the correct place, big boxes can act as destination stores. Ideally they would be located near established transport nodes for bus and rail.

Under the District Plan review the Hutt City Council (HCC) identifies four options for managing big box retailers in Lower Hutt: (1) status quo, where the District Plan states that "The Central Commercial Activity Area should accommodate readily large sized retail activities…"; (2) size limits within the Central Area, e.g. any proposal larger than $400m^2$ would require assessment; (3) to encourage mixed size types in the central area; and, (4) location specific size limiting, directing larger format activities to the northern part of the Central Area (where currently located), require smaller sized activities in the older part of the Central Area (Hutt City Council, 2008).

There are also scale issues where big boxes edge onto the residential zone. The potential adverse effects of big boxes on the residential interface may include: dominance from scale differences between the two types of environment, traffic noise/safety in residential streets as well as over flow parking generated by the increase in commercial or other development in the city, and incompatibility in terms of genre neighbourhood cohesion and social infrastructure (Hutt City Council, 2008).

The current car parking generation rules per square metre of retail area are high so there are many car parks throughout Lower Hutt City. The District Plan does not address the conflict between demand for car parks and sustainable transport, but these are likely to be addressed in future updates of the District Plan. Over the past 12 months there has been a move to have Economic Impact Assessments for new developments, which are requested by the planners and peer reviewed. The HCC has a development team designed to attract businesses to the area, looking at the full range of retailers with emphasis on diversity. Much of the Council's current focus is on industrial land as there is little available. There is also a strong political pull for niche market retailers within the city.

Upper Hutt City Council

The Upper Hutt City Council (UHCC) is focussed on growing and maturing the CBD into a vibrant city heart, giving consideration to areas surrounding the Upper Hutt CBD for activities that complement and contribute to the vitality of the city heart. The Upper Hutt CBD has a predominantly 'human scale' built form, with single and double storey commercial buildings and retail frontage at ground level. The CBD is a grid iron street pattern, maintaining a pleasant pedestrian environment and good access to sunlight. In addition, the CBD has excellent connectivity via road and rail (Upper Hutt City Council, 2007).

A cluster of big box retailers, including Briscoes, Mitre 10 Mega, Wellington Beds, and Big Save Furniture, has established on Park Road near the existing CBD periphery. This location has proved complimentary to the CBD, with the primary benefit of big box retail in Upper Hutt being that it stops Upper Hutt residents travelling to nearby city centres to fulfil their big box shopping desires. A third of the city's population commute out of the city for work, and there is a need for the UHCC to reinforce the city centre for these residents, especially as the CBD has been struggling. It is the smaller retail premises in the CBD that have high vacancy rates, but these are boutiques so are not in competition with the existing big box retailers.

The cluster of big box retailers is zoned as Business Industrial, rather than Business Commercial. The UHCC is concerned about potential threats from unlimited retailing in industry areas because allowing big boxes to locate anywhere in the Business Industrial Zone could threaten the commercial viability of the city centre and reduce the supply of land for industry. Big boxes need large areas of flat serviced land such as that found in the Business Industrial Zone, but should be positioned to compliment rather than compete with the city centre. The dispersal of retail activities to areas outside of the CBD or its periphery will lead to reliance on increased private car trips, and place pressure on existing infrastructure. The UHCC is therefore looking to reduce the potential to establish retailing activities in the Business Industrial Zone with a proposed plan change to limit retailing as a Permitted Activity in the Business Industrial Zone. The UHCC also intends to develop Urban Design Guidelines for the City Centre (Upper Hutt City Council, 2007).

Porirua City Council

The Porirua City Council (PCC) is also focussed on the city heart concept because the city is has a poor main street culture and does not have a clear gathering area. Porirua City was established in the 1960s and 1970s, and there was a realisation in the 1980s and 1990s that Porirua offers a degree of accessibility and centrality within the Wellington region. In addition to industrial uses, this made the city potentially suitable for malls and large format retailers, which were starting to proliferate in New Zealand at the time. In an effort to revitalise the City Centre in the early 1990s, the PCC had an instrumental role in attracting the North City Shopping Centre mall to the city. This was the first large scale mall in the Wellington region and was a regional attraction until mall established in other centres.

By the late 1990s, the PCC was conscious that the waterfront was poorly developed and the District Plan advocated for large format development to stimulate the city. The PCC was ultimately successful in attracting a developer, who acquired land near the waterfront and Polytechnic. This led to the creation of the big box MegaCentre, which was constructed over a 12 hectare area. It features The Warehouse, Harvey Norman, Big Save Furniture, Back To Bed, Briscoes, Noel Leeming, Bond and Bond, Spotlight, Rebel Sport, Pack n Pedal, fashion outlets, beauty outlets, electrical outlets, and some cafés. The bulk retail MegaCentre and North City Shopping Centre in Porirua's Central City attract visitors throughout the lower North Island. On the Porirua City Council website, the MegaCentre is described as offering "… 12ha of excellent bulk retail shopping catering to your every requirement. The centre hosts many retail heavyweights with over 1000 free parking spaces" (Porirua City Council, 2009).

The MegaCentre has been economically advantageous for the Porirua community, particularly in providing employment for the less affluent. Porirua is New Zealand's city of greatest contrast in terms of deprivation. The community to the north of the CBD is affluent, while those to the south tend to live in housing estates, are lower skilled, and have lower incomes. In terms of the New

Zealand Deprivation Index 2006, about a third of the city falls into category one, a third in category ten, and the remaining third are spread across the other eight categories. The PCC has had a significant focus around employment generation in the CBD and industrial areas to meet community needs. Todd Motors had a very strong employment base out of Porirua East, but was closed down during the 1990s following the stock market crash and removal of protection for various industries. Large format retailers offered a solution to ease the unemployment problem. While the quality of the jobs is debateable, big box retailers achieved a positive outcome for the city in terms of economic development and employment generation.

It is fortunate that the MegaCentre is located within the city centre zone, within a ten minute walk of the city heart. This level of proximity, while having split the city somewhat, has prevented the MegaCentre from having a large detrimental impact on existing retailers. The decline of traditional main street shops in the heart of the CBD can be attributed to the North City mall development. The MegaCentre caused some existing large format retailers to relocate into larger premises in the Mega Centre.

These large format retailers have not been so successful in social or environmental terms. Like any large format retailing area, consumers could be anywhere in New Zealand. The PCC is conscious that Porirua City does not have a strong sense of identify or feeling of place. The city is bounded by a river, state highway, railway, undeveloped land, an industrial estate, and a hospital. Because the residential areas are isolated from the city centre, the city is auto-oriented. The PCC wants to re-establish a relationship between the two main nodes of development within the city and look for opportunities to improve relationships with the development of the city centre and the harbour area. It is hoped that this type of revitalisation work will lead to greater appreciation of the harbour asset and that reinvestment in the current retail areas will better configure itself aesthetically. Large format big box retailing has dominated the architecture of Porirua City and the Revitalisation Strategy suggests that a key approach to revitalising the town centre will be to create a unified theme or character. It recognises the need for attractive, pedestrian friendly streets and development that should directly front street edges where possible. This means avoiding ground level frontage parking, parking located between a building and the street, and large areas of blank building façades (Urbanismplus Ltd, Patrick Partners Ltd, TTM Ltd, & Prosperous Places Ltd, 2007).

The UHCC is confident that Upper Hutt will be in demand for industrial use in the future because there is little industrial land available in Lower Hutt's Seaview industrial area. Therefore, Upper Hutt may experience a rebound of manufacturing, albeit of small scale and light industry.

Kapiti Coast District Council

The Kapiti Coast District Council (KCDC) has jurisdiction over a string of small towns along the State Highway 1 on the west coast of the Wellington region. Paraparaumu is the largest of these centres and acts as the main centre with district-wide civic and retail functions. It started as a highway service town, with a small retail area on the eastern side of the railway which is now occupied by speciality stores. The Coastlands Mall arrived, where the majority of smaller stores are located. This was followed by the Kapiti Lights main street style area, which has one private land owner, but is a series of small self-managed leased or owned stores. Big boxes then located in the town and now dominate the town's architecture. Paraparaumu's population is located on the western side of the highway and railway, along with the retail areas. It has no 'retail leakage' in the sense that it is appropriately sized for the local catchment.

The other centres have a limited range of activities including shopping, small scale service activities (such as car and appliance repairs), and in some cases civic services and facilities. Some of the towns have found their own niches; Raumati is a destination shopping area for boutique art and fashion retail, and Ōtaki is a destination shopping area for fashion outlets. Interestingly, unlike most towns in New Zealand, Ōtaki, Waikanae, and Raumati each have specialist niche butchers. The smaller centres in are vulnerable to cycles of prosperity and decline, particularly when there is competition for retail activities occurring between these centres or from outside the district (Kapiti Coast District Council, 2008).

The KCDC is concerned about further pressure for large format retail in the District and the affects that this will have on the District's towns. One of the key desired outcomes for retail identified through extensive consultation with the community is vibrant town centres. In light of this, the KCDC is making changes to the District Plan to control negative aspects of big box retailers via size and design restrictions. Of particular concern are the lack of pedestrian amenity and the location of the buildings which, if located on the outskirts, could compromise the vitality of the towns. Like the other TLAs in the Wellington region, the KCDC seeks to promote streetscapes where people interact in public spaces, active travel modes are encouraged, and the amenity and function of the District's town and village centres are maintained (Kapiti Coast District Council, 2008).

The KCDC has placed design controls on the active edges of big box retailers, requiring windows so that you can see into the store, pedestrian access along the edge, spaced pedestrian entrance/access points, and frontages close to the street (maximum distance 20m). The new District Plan rules ensure that:

- buildings have no setback from the footpath;
- verandah cover is provided for pedestrians;
- loading and parking areas are located at the rear of buildings;
- windows and pedestrian entrances are displayed along streets; and,
- retailers facing key streets do not exceed specified sizes.

The rules restrict the size of retailers in different zones and towns. In the Residential and Industrial zones retailers must not be greater than $300m^2$ and $500m^2$ respectively, while in the Commercial/Retail zones large retailers are subject to tight design standards. The rules place restrictions on the size of retailers at Paekakariki, Raumati South, Paraparaumu Beach, Raumati Beach, and Ōtaki Main St. These were designed to avoid large format retailers establishing outside of established centres, the inappropriate use of scarce industrial land, and the risk of poor urban design in town centres. In addition, types of large format retailers have been carefully defined so that hardware barns can only sell a defined range of products. There is concern that these stores will morph as Wal-Mart did, and KCKC is restricting the categories that can be sold to avoid an all purpose retailer slowly establishing in industrial areas.

These plan changes were inspired by looking at power centres in other parts of New Zealand. Within Paraparaumu there is 47ha of land near the town centre that has yet to be developed and KCDC want to avoid a big box power centre. As in the situation in Upper Hutt, the greatest risk identified by the KCDC was that of big box retailers locating in the industrial zones, so this loophole has been closed.

5 Conclusion

Big box retailers offer low prices and convenience for an increasingly time-deprived society. Many of the negative economic and social big box impacts observed in North America are less dominant in New Zealand, where the big box culture is younger. The overseas trends in big box retail are towards design improvements from an architectural and aesthetic perspective, and technological advances to meet local demands for products.

Big box retailers have significant advantages over main street retailers, enabling them to capture greater market share. From overseas trends, it is anticipated that large format retailers will continue to move into New Zealand markets. The body of research concerning the community perceptions of big box retailers and the impacts of big box retailers in New Zealand is small. These studies show that the impacts of big box retailers are variant, contingent upon the existing economic vitality, demographics and retail structure in each area. In all New Zealand cases, the impacts include those that are both positive and negative.

The planners interviewed were aware of the planning challenges posed by big box retailers within their jurisdictions. The planners hold malls more accountable for Main Street closures than big box retailers. However, they are concerned that big box retailers can reduce the vitality and viability of existing town and city centre retail areas unless they are located within close proximity to these centres. Other negative aspects recognised by the planning teams at all of the councils include: increased car use and reduced use of public transport, potential reduction in the value of public infrastructure or increased infrastructure costs, and poor urban design. One challenge to managing the impacts of big box retailers through the District Plan process is that Council representatives do not always agree to the rules proposed by planners. In some cases, this has resulted in the rejection of proposed plan changes to control the location of new big box retailers.

The TLAs in the Wellington region are managing the effects of big box retailers via three avenues. Zoning to control the location of new big box stores and protect the integrity of other retail areas and industrial areas is the key tool adopted by all of the TLAs. Some of the TLAs have adopted rules to control the size of individual stores and the amenity of new buildings, in particular rules regarding active edges. The other TLAs intend to address amenity aspects in the future.

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