

# Michigan Business Studies

VOLUME IX

NUMBER 1

## THE PROBLEM OF RETAIL SITE SELECTION

BY

RICHARD U. RATCLIFF



**UNIVERSITY OF MICHIGAN**  
BUREAU OF BUSINESS ADMINISTRATION  
BUREAU OF BUSINESS RESEARCH  
ANN ARBOR  
1939

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| <ol style="list-style-type: none"> <li>1. Factory La</li> <li>2. Problems of<br/>of Michigan</li> <li>3. Business and<br/>Graduate, by</li> <li>4. Standard D<br/>Season, by C</li> <li>5. Catalog of I<br/>L. Nichuss.</li> <li>6. Monthly Sta<br/>Edgar H. Ga</li> <li>7. Subdivision</li> <li>8. Problems of<br/>Fisher. \$1.</li> <li>9. The Rôle of<br/>P. Timoshen</li> <li>10. Yearly Stan<br/>Edgar H. Ga</li> </ol> | <p>Blackett. 50c. (1928)</p> <p>rence to the University<br/>929)</p> <p>periences of the College</p> <p>partment Stores: Fall<br/>1929)</p> <p>M. Fisher and Marvin</p> <p>Stores: 1928-1929, by</p> <p>1930)</p> <p>ness and Ernest M.</p> <p>ycle, by Vladimir</p> <p>1928-1929, by</p> |
| <ol style="list-style-type: none"> <li>1. Earnings of<br/>and Grace E.</li> <li>2. Management</li> <li>3. Occupational<br/>ness and the</li> <li>4. Monthly and<br/>1930, by Edg</li> <li>5. Effect of the<br/>Automobile I</li> </ol>   | <p>rgaret Elliott</p> <p>il)</p> <p>men in Busi-</p> <p>ment Stores:</p> <p>the American</p>  |

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## AUTHOR'S NOTE

During the last eight or nine years, the frontiers of knowledge in the field of land economics, particularly in urban land economics, have been pushed backward with gratifying rapidity. The prominence of the housing problem and the eruptions and evolutions in home financing have supplied the stimuli for the assembling of a substantial body of enlightening fact, and for the prosecution of scientific research into much unexplored territory. Furthermore, the outcry of humanitarians, sociologists, municipal officials, and property owners, based on a belated recognition of the realities and implications of urban blight, have focussed attention on the economic aspects of urban dynamics, and have brought forth important contributions to our understanding of these phenomena. But concomitantly with the emphasis on housing, home financing, and blight, those problems of city growth and structure which are associated with the commercial utilization of urban areas have been neglected. Thus, the study on retail structure which is here presented is by way of cultivating a field which for long has lain fallow.

During the decade from 1920 to 1930, which was an era of rapid chain store expansion, some attention was given to the problems and techniques of store location by the larger chain organizations and by the more alert real estate brokers specializing in chain store leasing. Following 1930, the problem of breaking leases took precedence over that of making leases, for the chains found themselves in serious difficulties, often ending in bankruptcy. In large part these difficulties arose from overexpansion, and from the burden of high rents reflecting the intensive competition among the chains for choice sites during the period of expansion. The last few years have seen the tide turn, and once more retail chains, property owners, and real estate brokers are faced with problems of location.

One of the original objectives of this study of retail structure was to evolve general formulae which might

be useful in the testing of sites for particular retail uses. It was the plan to study the existing retail structure in a number of cities, and to draw upon the experience of chain organizations in an effort to develop general rules for site selection. But in the early stages of the study it became apparent that before formulae for selection can be developed, there must be an understanding of retail structure as it exists, and of the forces which give it form and order; that there is need for a clarification and statement of the underlying causes of the success or failure of a given retail type in a given location. And so no formulae will appear, nor any specific site specifications. If there be any contribution in the study, it is a clarification of those causative factors which have given form to the retail structure in our cities. However, it is likely that in the discussion of the existing retail pattern, of the import of consumer buying behavior, and of the methods of chains in site selection, the patient reader will uncover truths and principles of practical value in testing the appropriateness of a site for a particular retail use. It is to be hoped that some student of the subject may finally develop formulae by which retailers can identify with some certainty the locations suitable to their trade, and by which property owners may confidently select tenants suitable to their locations.

Grateful acknowledgment is due R. L. Polk & Co., which, at no small trouble and expense, made available for use a number of city directories providing valuable basic data. The author further wishes to express gratitude to the following persons and agencies who provided retail occupancy maps for use in the research: The Akron Real Estate Board, Akron, Ohio; Birmingham Real Estate Board, Inc., Birmingham, Alabama; Robert A. Cline, Inc., Cincinnati, Ohio; The Fred'k A. Schmidt Company, Cincinnati, Ohio; Joseph Laronge, Inc., Cleveland, Ohio; The Dayton Real Estate Board, Dayton, Ohio; Mr. Gerald F. Healy, Flint, Michigan; Grand Rapids Real Estate Board, Grand Rapids, Michigan; Lon Worth Crow Company, Miami, Florida; Atlanta Real Estate Board, Atlanta, Georgia; Mr. Charles B. Bennett, City Planner, Milwaukee, Wisconsin; Mr. Edwin L. Somerville, Minne-

apolis, Minnesota; Real Estate Board of New Orleans, Inc., New Orleans, Louisiana; Real Estate Board of Newark, Newark, New Jersey; Oakland Real Estate Board, Oakland, California; C. C. McKallip & Company, Pittsburgh, Pennsylvania; Portland Realty Board, Portland, Oregon; G. L. & H. J. Gross, Inc., Providence, Rhode Island; St. Louis Real Estate Exchange, St. Louis, Missouri; San Diego Realty Board, San Diego, California; Henry Broderick, Inc., Seattle, Washington; Norris, Beggs & Simpson, Inc., Seattle, Washington; Seattle Real Estate Board, Seattle, Washington; Whiteside & Whiteside, Tulsa, Oklahoma; Washington Real Estate Boards, Inc., Washington, D. C.; Shannon & Luchs Co., Washington, D. C.; Weaver Bros., Inc., Washington, D. C.

The following chain store executives gave generously of their time to discuss location problems and to supply important information: Mr. Howard Servis, S. S. Kresge Company, Detroit, Michigan; Mr. Kenneth LaBarre, Vice-President, Childs Real Estate Company, New York; Mr. C. E. Mertzanoff, Vice-President, G. R. Kinney Co., Inc., New York; Mr. Roger B. Conant, Manager, Real Estate Department, The Kroger Grocery & Baking Company, Cincinnati, Ohio; Mr. E. L. Flint, Vice-President, Loft, Inc., Long Island City, New York; Mr. A. H. Klubock, Controller, Mangel Stores, Inc., New York; Mr. Sylvan Cole, President, National Shirt Shops, Inc., New York; Mr. Earl A. Ross, Real Estate Department, J. C. Penney Company, New York; Mr. B. E. Finch, F. W. Woolworth Company, New York; Mr. H. P. Luce, United Cigar-Whelan Stores Corp., New York.

Finally, two of my colleagues, Professors O. W. Blackett and D. M. Phelps, have earned especial gratitude for their painstaking analysis of the original manuscript and for many provocative and useful suggestions which have since been incorporated into the text.

RICHARD U. RATCLIFF.

Ann Arbor, Michigan  
March, 1939.

# CONTENTS

	PAGE NUMBER
Chapter 1. Introduction .....	1
Chapter 2. The Functional Basis of Urban Organization .....	4
The Economic Approach.....	4
Retail Structure.....	6
Chapter 3. Spatial Relationships in the Central Busi- ness District .....	18
Purpose of the Analysis.....	18
Method of Analysis.....	20
Location Characteristics of the Seven Control Types....	25
Location Characteristics of Associated Uses.....	53
Chapter 4. Location Characteristics and Buying Habits .....	60
Convenience-Desirability.....	65
Analysis of Retail Structure in Terms of Buying Be- havior.....	67
Conclusions.....	72
Chapter 5. Current Site-Selection Practice Among the Chains .....	76
Bibliography .....	89



## LIST OF TABLES AND CHARTS

NUMBER	TABLES	PAGE NUMBER
1	Per Cent of Total Stores and Total Sales Falling in Central Business District, Philadelphia, 1935.....	9
2	Per Cent of Total Stores and Total Sales Falling in Outlying Business Centers, Philadelphia, 1935.....	13
3	Per Cent of Total Stores and Total Sales Falling in Principal Business Thoroughfares, Philadelphia, 1935.....	15
4	Per Cent of Total Stores and Total Sales Falling in Community Business Areas, Philadelphia, 1935.....	16
5	Sources of Data for the Seven Controlled Samples.....	22
6	Retail Use Classification.....	24
7	Occurrence of Retail Types in Blocks Containing Department Stores	27
8	Frequency of Appearance of Various Retail Types Appearing in the Controlled Samples Expressed as a Percentage of All Outlets and the Percentage of All Blocks in Which There Is One or More Representatives of the Associated Retail Type.....	30
9	Index of Concentration by Retail Type in Each Controlled Sample Where There Are Ten or More Occurrences of the Type.....	32
10	Occurrence of Retail Types in Blocks Containing Variety Stores....	36
11	Occurrence of Retail Types in Blocks Containing Shoe Stores.....	38
12	Occurrence of Retail Types in Blocks Containing Jewelry Stores....	42
13	Occurrence of Retail Types in Blocks Containing Furniture Stores...	45
14	Occurrence of Retail Types in Blocks Containing Florist Shops....	48
15	Occurrence of Retail Types in Blocks Containing Theatres.....	51

### CHARTS

I	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Department Stores.....	28
II	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Variety Stores.....	37
III	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Shoe Stores.....	39
IV	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Jewelry Stores.....	43
V	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Furniture Stores.....	46
VI	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Florists.....	49
VII	Per Cent Distribution and Cumulative Percentage of Retail Uses in Blocks Containing Theatres.....	52