Key to the success of the outlet shopping centers located in optimal site

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Abstract

Outlet centers embody a unique type of shopping centers; their emergence can be traced back to the existence of factory outlets. In the beginning they were established to offer the company's products to employees and factory workers at a reasonable price as a kind of fringe benefit[2]. Obviously, producers offered products which could not be sold through traditional distribution channels. Another distinguishing feature of outlet centers is that a remarkable part of the goods comes from commercial channels so in many cases some of them have no articles in all sizes. This study provides a comparative analysis between an Austrian and a Hungarian outlet center to demonstrate their good market position and to explain the main reasons of their success.

Keywords: retail trade, shopping centers, outlets

Introduction

The emergence of factory outlets might be traced back to more than one hundred years ago. During the first days of industrialization, clothes and shoe factories opened so-called „mill stores" to sell their surpluses and faulty products. First in these stores only employees and workers could shop, however, later they were opened for the general public as well. In 1936 it was Anderson-Little, a manufacturer of men's clothing which opened the very first „factory direct (to you)" store, giving way for another outlet centers to be established (Bühler, T. 1990; Sikos, T.T.–Hoffmann, M. 2004).

The first multi-tenant outlet center – the Reading Outlet Center – was opened in 1974 in Reading, Pennsylvania, USA *(Photo 1)* The center was established on the former site of the world's largest hosiery mill, the Berkshire Knitting Mills that operated between 1908 and 1975. The original VF Outlet[3] opened its gates in 1970 in the east end of Big Red building, providing possibility to dispose of the surplus of hosiery, lingerie, sleepwear and robes. (Momberger, C. 2001, 2002).

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[2] Makó, A. 2007.

[3] Vanity Fair Outlet.

Photo 1. The first outlet center in the USA (Reading, Pennsylvania)

The retail space of the store was 5,000 ft^2 (square foot)[4], separated from the actual manufacturing site. Today VF Outlet Center is a rapidly growing outlet complex owned and operated by VF Outlet Inc. (VFO). The building, totaling more than 450,000 ft^2 retail space, provides customers with a selection of several well-known brands. Tenant stores offer the shoppers a wide range of carefully chosen brand name products. Today VFO is market leader in the US outlet retail industry[5].

Centers of this type embody a unique type of shopping centers; their emergence can be led back to the existence of factory outlets. In the beginning they were established to offer the company's products to employees and factory workers at a reasonable price as a kind of fringe benefit[6]. Obviously, producers offered products which could not be sold through traditional distribution channels. Another distinguishing feature of outlet centers is that a remarkable part of the goods comes from commercial channels so in many cases some of them have no articles in all sizes. (Sikos, T.T. 2009).

[4] 1 square foot = 0.0929 m^2
[5] http://www.vfoutletcenter.com/vf-outlet-reading-pa-our-history.html, retreived on July 25, 2009.
[6] Makó, A. 2007.

The location of factory outlets was connected to industrial sites, while in the process of choosing a location for an outlet center was primarily determined by commercial aspects and aimed to attract the potential buyers. An important factor was that these centers should appear as competitors neither for the brick and mortar stores located in the traditional shopping areas and shopping centers; nor for the downtown shopping centers. This can be reached by placing them to the agglomeration zone of the towns. These commercial centers rely on customers coming by car.

To be able to define outlet stores, first the definition of „outlet retail units" should be clarified. Those stores can be considered outlet retail units which are owned and operated by manufacturers of branded products or which enjoy exclusive rights to sell that certain brand and finally those sellers that operate primarily in outlet centers. *Outlet centers are shopping centers where at least 50% of the tenants sell the manufacturer's own brands.* (Sikos, T.T. 2009).

In appearance, outlet centers can vary: one type is the so-called strip mall, forming a U or an L shape. Another type is the closed mall-type, whose shape developed from the strip malls. This is a transition between the shape of the first and the third type. The most successful shape is based on the village concept that merges the advantages of the two previous types. This shape unifies the benefits of the strip malls; still, it forms a closed independent unit. Nowadays 98% of the newly built outlet centers are built in this shape. The aim of the architects when building this „Center in Village-Style" was to create a „village" or „small town" atmosphere that reflects the heartbeat of the center of a settlement (Becker, T.–Motzka, C. 2004). The importance of this shape is also underlined by the fact that this shape encourages impulse buying, thus shops can attract and keep buyers and realize larger profits. The success of outlet centers can further increased by adding food courts, allowing restaurant chains to join. This way the time buyers spend at the outlet centers can be increased even by 50%.

Outlet centers in the USA

By now, outlet centers have become incredibly popular; presently some 217 centers operate throughout the United States. Their total GLA[7] is 17.8 million m$^{2.}$ The size of an average American outlet center is about 81,411 m^2. The average area of the 20 largest centers cover 190,000 m^2 . The centers operating at present are owned by 74 corporations, the three largest of them are Chellsee, Prime and Tanger and they together own 93 centers. Today 44 retail outlet centers are being developed throughout the USA. The number of shops located in

[7] Gross Leasable Area.

Photo 2. Woodbury Common: one of the most popular outlet centers in the USA

the centers is 11,544, and most of them belong to 305 retail chains. The size of an average network is 38 units. This was enlarged by 302 stores which belong to 48 chains. The return from sales is about 17 billion USD which accounts for 2% of the total turnover of the USA (Vogels, P.H.–Will, J. 1999).

As surveys show, the outlet market flourishes despite the economic crisis, but in many times quality and price are reciprocally proportional. According to Forbes magazine, the buyers in outlet centers do not undertake only the lengthy hunt for sales, but they often make overseas trips as well. One of the most popular destinations among the American centers is „Woodbury Common" in Central Valley with its 850,000 ft^2 area. The 225 stores of the center are stretched over 572,000 m^2 (*Photo 2).*

In 2008 the outlet center was visited by 10 million buyers. Many of them arrived from Europe, the Middle-East and Asia. „Some tourists from Asia visit the famed Woodbury Commons in Central Valley, N.Y., they get off the plane at JFK or LaGuardia international airports, hop in a cab with three or four empty suitcases and simply say "Woodbury." And the cab driver knows where to go".[8]

[8] http://www.forbes.com/2008/07/03/style-shopping-outlets-forbeslife-cx_ls_0703style.html, retrieved on July 25, 2009.

The American Forbes magazine tried to depict the key of the success of these outlet centers. According to them, this can be attributed to the amazing discounts, high quality, and the selection of the most popular national and international brands offered to the customers.[9]

Outlets Break into the European Market

The vivid „grey market" trading of the goods, and the effects spoiling brand reputation were combined with the success of the US outlet and these all resulted in European expansion. In Europe McArthurGlen was the first to open an „American style" outlet center in Chesire Oaks (UK) in 1995. The settlement of the outlet centers in England was supported by the British authorities, because they were located outside the towns, and consequently, their effect on the retail units in traditional commercial zones was less than that of inner-city shopping centers. Thus city-planners were more lenient with this new form of shopping centers. This view helped their rapid expansion in England. Today almost 40 outlet centers can be found in the United Kingdom. By 2008 the number of outlet centers in the European market reached 123, their area covers 7.5 million m^2 in 21 countries (*Fig. 1).* In 2008 in the outlet retail market about 5% increase could be observed compared to the previous year. The existing 123

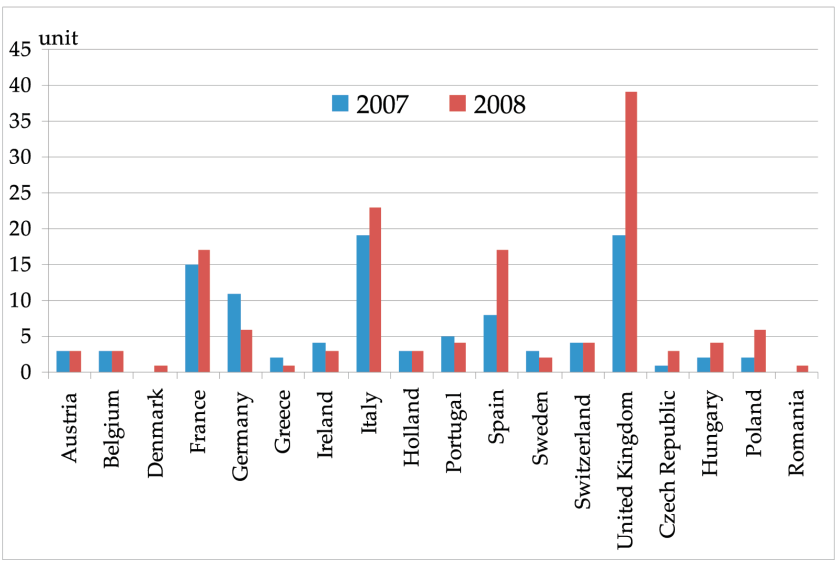

Fig. 1. The number of outlet centers in Europe in 2007 and 2008

[9] Delux Életmód Magazin. A világ legjobb dizájner outlet üzletei. 2008. július 09. (Deluxe Lifestyle Magazine. The world's best designer outlet centers).

centers are owned by 59 corporations. The 20 largest centers are located on 33% of the total GLA of the centers, belong to 14 owners and are located in 11 countries. In 2008 in Italy 23, in France and Spain 17–17, in Switzerland 4 and in Germany 6 outlet centers operated and these numbers are expected to grow. The majority of today's outlet centers has their own entrepreneur background and established their own links with manufacturers or sellers (Vogels, P.H.–Will, J. 1999; Maier, H. 2001).

At the moment, the largest outlet centers and most feverish building activities can be found in Great-Britain, Spain and Italy. The number of outlet centers is increasing year by year, states the survey conducted by Ecostra Research Institute[10]. 11 new centers were opened in different European countries and only three were closed due to lack of interest. Considering the last 12 months, the number of retail outlets increased by 6.4% only in Europe, while the size of the retail space showed 11.4% increase. According to the opinion of market researchers, in the case of factory outlets, investment funds might reach even an outstanding 17% profit, while this number for conventional shopping centers is about 10% even at their best[11]. The success of the outlet centers can be explained partly by the lower price of goods, and – as Harvard professor Rem Koolhaas claims – partly by the unique experience of shopping as a popular pastime activity (similarly to the case of shopping centers).

The strong market competition in the West European countries encouraged the investors to turn their attention to Eastern Europe. It is not surprising that in Poland already 6 outlet centers operate and another 4 ones are to be opened. In the Czech Republic three outlet centers, and in Hungary five outlet centers can be found. In these countries there is a fierce competition to get the best locations and to enter the market as soon as possible. A good example of this is Budapest where Premier Outlet Center and GL Outlet Center put up a great fight until they were opened. A similar case could be observed in Prague as well, where after the opening of the first outlet center (Fashion Arena Outlet Center) two more centers were being built, making the market in the Prague gravity zone saturated. The case of Bucharest was rather alike, with the parallel construction of three centers.

Competition makes several factory outlet centers unable to operate and they often get closed down. In Great Britain numerous outlet centers were forced to withdraw due to market saturation, and the case is very similar in Sweden and Switzerland. Leoville Premium Outlet near Vienna had to face the same fate in June 2008. The center had to be closed down due to lack of steady buyers and tenants that were lured away by the nearby outlet center in Parndorf.

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[10] Marktübersicht. Factory Outlet Center in Europa. Ecostra, Wiesbaden, 2008.

[11] Jó befektetés a factory outlet. (Factory outlets are good investments). Menedzsment Fórum. 2006. május 26.

Outlets in Hungary

Premier Outlets Center

Premier Outlets Center, the very first outlet center in Hungary opened its gates for the general public in November 2004 in Biatorbágy, near Budapest (*Photo 3).* The center introduced a completely new way of shopping in Hungary by offering world famous brands at 30–70% discount (Sikos, T.T. eds. 2007). The outlet center can be reached easily on highways M1, M7 and M7. Considering its shape, Premier Outlets Center is a village-type, closed center, where shops are connected by a roofed sidewalk while the court operates as a parking lot. This shape makes it easier for the buyers to browse and choose the shops. Because of the arrangement, any shop can be accessed from the car park easily.[12]

Photo 3. Premier Outlets Center (Biatorbágy, Hungary)

The investment of the second phase of the center – during 2005 – was enlarged with 4,800 m^2 and another 30 stores. Following the total utilization of the buildings erected in Phase Two, leasing in Phase Three started in

[12] http://www.eletforma.hu/?r=862

November 2007. As a result of this additional 9,000 m^2 selling area is provided. With this new phase the Biatorbágy complex awaits visitors on 23,420 m^2 with 119 units. The average area of the shops in this complex is 180 m^2, but several stores cover even 400–500 m^2. There is no need for storage in the traditional sense of the word, products are placed in the selling area, and this defines the size of the shops.[13]

GL Outlet

GL Outlet opened in November 2004 on almost the same size of trading area in Törökbálint, near the local commercial park. In the center operate more than 120 shops. Due to its previous unfavourable business strategy, GL lagged behind in the competition. After Ségécé Corporation bought the center in 2007, it can revive. The French company operates 17 centers in Hungary, and another 345 institutions in 10 countries. Its successes give hope to change the picture of GL outlet center with a lot of marketing and repositioning activities.

M1 Outlet

In spring 2008, the gravity zone of Budapest was enlarged with another outlet center. Near Premier Outlets Center, M1 Outlet was opened, merging the outlet form with the features of an inner-city shopping center. The appearance of the building does not even resemble an outlet center, since it is a two-storey, completely closed building with a glass roof, elevators and escalators. On 16,500 m^2 the center provides 10,500 m^2 leasable retail space for its tenants. The immediate gravity area comprises 230,000 people, while in the wider attraction zone live 2.4 million. „The selection in an outlet center is based on a different concept than in a shopping center" – says Ágnes Varga. While the aim of the visitors in a shopping center is entertainment, people come to the outlets to shop. While only 10% of the visitors buy something in a shopping center, this rate is 50–60% in the case of outlet centers." – she adds.[14]

The real competition of the three Budapest outlet centers is an establishment operating on the Austrian side of the border, in Parndorf, which is the fifth largest outlet center in Europe. In the Austrian center almost 200 stores operate, almost twice as much as in Premier Outlets Center, and represent brands that cannot be found either in Hungarian highstreet shops or in outlet centers.

[13] http://www.infovilag.com/hir-9971-bejott-az-outlet-ma-folavattak.html
[14] Istvánko, V. 2007.

M3 Outlet

In May 2008, M3 Outlet the first outlet center in East Hungary was opened in Polgár. Because of its locational decision, it does not pose a competition for the other three centers. Polgár was the ideal location being 50 km far from all the three regional centers, Miskolc, Debrecen and Nyíregyháza and can be accessed easily on a highway. The study surveying five eastern and north-eastern counties in Hungary by AC Nielsen shows that 90% of the respondents shop in outlet centers, 58% of them would buy mainly sportswear, 52% would shop for shoes.[15]

Comparative Analysis of Premier Outlets Center and Designer Outlet

About the Designer Outlet in Parndorf

McArthurGlen multinational group was founded by an American businessman, J.W. Kaempfer, and his partners, and arrived to Europe in 1993, establishing a formerly almost unknown form of retail trade. Even at those times its main tenants included large American clothes manufacturer companies. Liz Claiborne, Polo Ralph Lauren, Nike, Gap and Levi's saw the opportunity in the European market, and even today they form the backbone of the McArthurGlen outlet stores.[16]

The Parndorf outlet center was established in 1998 by the McArthurGlen group. The group is Europe's leading outlet-chain, which was the first to introduce the new concept in the continent. The outlet center in Parndorf was the first outlet center in the former Eastern Europe and in the German-speaking area, and its pioneer role brought huge success. Apart from Austria, the American investor today operates 15 shopping centers in Great Britain, France, Netherlands and Italy. The investment in Parndorf cost 80 million EUR, and reached its present size throughout several phases of enlargement. In 2002, 15 stores, while in 2005 another 50 shops were added to Designer Outlet under the name of BIGG Outlet Shopping. Completing the phase in 2005 cost 21 million € to the owner. BIGG Outlet Center is fully covered and air-conditioned, making shopping more comfortable even in bad weather. Right next to Designer Outlet Center a hypermarket-like establishment was opened in 2005, offering 30% discount too (*Photo 4).*

During the time passed since its opening, the center attracted 20 million buyers. In financial year 2007–2008 profits increased by 13%. The largest

[15] Based on the article in Heti Világgazdaság, April 8. 2008.
[16] http://ingatlanhirek.hu/index.php?channel_id=3&cmd=hir_profile&news_id=708

Photo 4. Designer Outlet Parndorf (Parndorf, Austria)

increase in the previous year was 55%, in the field of children's apparel. The income deriving from shoe sales grew with 23%, and that of underwear with 19%, sportswear with 13%, fashion articles with 11%. Buyers visit the center four times a year on average and generally spend two hours there. Most of them come from Vienna and Lower Austria, since Parndorf can be reached in 30–40 minutes from the capital on the highway. About one third of the shoppers come from Slovakia and Hungary. Bratislava is located about the same distance from the outlet center as Vienna and Slovakia does not have a shopping center of this kind. As the research of Designer Outlet show, many of their clients visit Parndorf while on business trip. People travelling from Budapest to Vienna or Germany pass by the center anyway. Besides, for people living in West Hungary Parndorf is much closer than Törökbálint or Biatorbágy, so they will probably prefer Designer Outlet Center in the future too.

According to the communication specialist of Designer Outlet, the Hungarian competition does not mean any threat; their revenue keeps increasing in spite of the fact that besides GL and Premier outlet centers in the Budapest agglomeration zone, in 2006 a new store was opened in Leonsberg as well. Freeport Designer Factory Outlet, which is located only from one hour drive from Vienna, at the Czech-Austrian border should also be calculated with.

The head of Premier Outlets Center shares this opinion. Designer Outlets center cannot be considered a dangerous competitor, because the Hungarian outlet center's business strategy is to rely on mainly Hungarian buyers from a 100 km radius attraction zone, so the target groups of the two establishments are different. Obviously, despite the large distance, many customers travel 400 kms from Budapest to Parndorf, because the selection of world brands is much wider there than in Premier. The advantage is on the Austrian side of the border and it can be depicted in the choice of goods offered to the potential buyers. The strategy of Premier is reflected in the findings of a questionnaire survey, namely that only 5% of the buyers come from abroad. The bigger Slovakian cities are relatively far, so Slovakian customers are not regular visitors to the center.

In case of the two outlet centers surveyed the two determining features of the shop mix are ladies' and man's wear (*Fig. 2*). Sportswear stores and shoe shops are also of great importance. In Parndorf, stores selling fashion articles make up 41% of the total number of stores, in case of Premier Outlets this rate is almost the same: 38%. The rate of stores engaged in underwear and children's apparel is similar too, about 10% in both centers. Gifts, jewellery, and watches are easier to find in the Parndorf center, their rate in Premier is rather low. This might be a direction for future development of the Hungarian center.

The findings of the survey

In a questionnaire survey 180–180 people were asked. In Premier the research was conducted at the end of November 2008, in Parndorf in mid-December.[17]

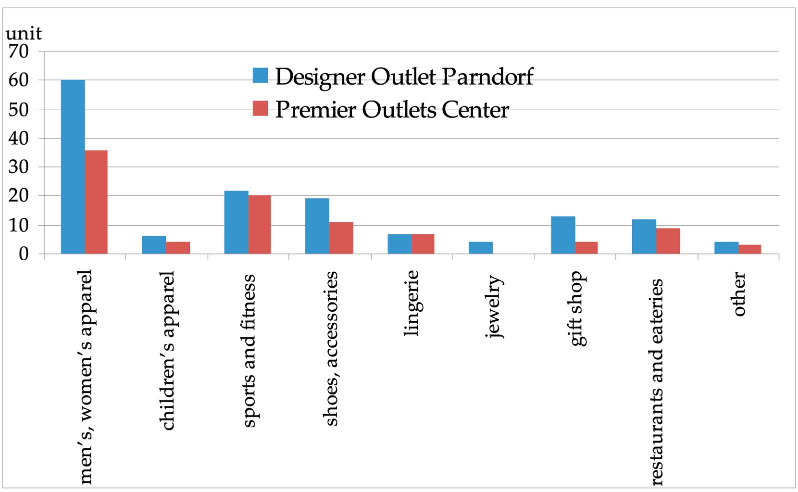

Fig. 2. Shop mix of Premier Outlets Center and Designer Outlet Parndorf, 2008

[17] The research was carried out by E. Huszárik and A. Marton, graduates at J. Selye University.

According to the managing director of GVA Robertson Hungary, the average Hungarian outlet shopper is 30–50 years old, belongs to a high-end, „upmarket" category, and wishes to buy high quality goods. The frequency of their visit to the outlet center is 3–6 times a year, spend minimum two hours there at a time, and seeks goods in the price range of 5,000–10,000 HUF. They are likely to live within 60 km radius of the center, but some visitors are willing to travel even 1.5–2 hours.[18] The above description was partly justified by the results of the survey.

Who make up the clientele of the outlet centers according to ICSC?[19]

- Sex: mainly women
- Average age: 40 years
- Occupation: employees
- Qualification: college or university degree
- Household income: 50,000 USD/year
- Social status: middle class or above
- Family: with children
- Strongly shopping-oriented
- Fashion conscious
- Brand loyal

As the data of the survey show, the majority of the customers at Premier are Hungarian, only 4% of the shoppers are foreign citizens (Slovak, German, Romanian). Opposed to this, 50% of the visitors in Parndorf said that they came from Slovakia, 29% from Austria, 13% from Hungary and 8% came from other countries (the Czech Republic, Romania, Germany).

In Parndorf most of the visitors are white collar workers, closely followed by intellectual workers and entrepreneurs. So typically people with higher income visit the center. Meanwhile in the Budapest outlet center vocational workers also appear among the customers, probably because of the lower prices. The rate of retired people among the customers is rather low in both centers, since they do not belong to the target group in this type of retail trade. The number of people belonging to „other" occupation is also low, since this is where the unemployed and housekeepers (dependents) also belong to and they probably cannot afford the price level in the centers.

The distribution of the customers by age group is almost the same at the two centers, with an outstanding rate of young and middle-aged buyers. This supports the hypothesis about the centers.

Shoppers visit the centers primarily with the aim to buy clothes, which is not surprising considering the fact that these centers mainly focus on selling clothes. Their most popular articles to sell include fashion articles, shoes and

[18] Based on the article in Világgazdaság, April 8, 2008.
[19] International Council of Shopping Centers.

sportswear. As it can be seen, visitors to the centers have a designated aim, they intend to buy something specific, only 1–2% of them arrive without any plans. Apart from the categories appearing in the questionnaire, people look for children's apparel, eyeglasses, electrical appliances, toys and perfumes in the centers.

In the survey the average amount spent by visits in the centers was also asked. As the responds show, in Designer Outlet center the majority of the customers (34%) spends between 50–100 EUR and 100–300 EUR. None of the respondents spend more than 1,000 EUR. If only Austrian buyers are considered, due to their higher living standards, they leave larger amounts in the shops than their counterparts from the neighbouring countries. This explains the roughly similar spending rate in the case of the Hungarian and Austrian centers. At Premier Outlets the average spending (for 43% of the respondents) is between 10,000–20,000 HUF.

During the analysis special attention was paid to the effect of other shopping centers and outlet centers on the two examined centers. In the questionnaire it was also asked which shopping centers and outlet centers the respondents visit regularly.

Based on the results of the survey, it can be assumed that by purposeful marketing strategy and well-advertised sales most people could be lured over to other centers.

From the 180 respondents in Parndorf, 12% happily visits Donaucentrum (Austria), which was built in 1975 in North Vienna on 22,800 m^2. During the years the center was enlarged several times, and in 1998 a movie theater was also added to the selection. Today the total site extends over 25,000 m^2.

Because of the high rate of respondents from Slovakia, many of them (11%) mentioned Polus City Center in Bratislava and Aupark, and 10% visits Avion Shopping Park regularly. Polus City Center is the very first shopping center in Slovakia. It opened its gates for the general public in 2000 on the selling area of 40,100 m^2. The location of the center is ideal: it is only 3 km from the city center. Aupark in Bratislava with its 100,600 m^2 area is the largest shopping center in Slovakia, which was opened on 15 November, 2001. The commercial center is located near Icheba exhibition area where 35 expositions are organized yearly with 600,000 visitors.

To Auparks' outstanding turnover its favorable location also contributes: it is located near the motorway connecting Prague and Budapest. Aupark was extended in 2002, when a movie theater and an 18-lane bowling center were added. These establishments of entertainment reached 15% increase in revenue. The area of the shopping center was extended again in 2007.

Avion Shopping Park is another outlet facility of the Slovak capital. Its superstructure differs from the others, as its name suggests, this shopping park is a set of buildings, where the stores are not connected by a covered walkway.

It is located 2 km from the airport, near highway D1. In 2008 the complex attracted 7.65 million visitors. Future plans of the park include enlargement for one billion SK, and the new wing will provide home for the country's largest toy shop. With this investment, the complex will become the largest shopping center in Slovakia.[20]

Among the inner-city shopping centers, the main competitors for Premier Outlets Center are Árkád and Westend City Center, among the outlet centers Designer Outlet Parndorf pose.

It can be assumed that 40% of customers in Designer Outlet Parndorf are eager to visit Sale City Süd near Vienna while on their shopping trip. This is also a surprising result, since this is Austria's oldest shopping outlet. The Parndorf center is popular with Hungarian shoppers. 14% of the respondents indicated Leoville outlet center, even though it was closed down in June 2008 because of business failure. 24% of the respondents in Parndorf have already visited Premier Outlet. This can be explained by the large rate of Hungarian and Slovakian customers.

40% of the visitors to the Biatorbágy center – which attracts mainly Hungarian buyers – often visits Austria's most popular outlet center. Probably the wider product range, and in some cases the lower prices make it attractive. The results of the survey show that M1 outlet lives up to the hopes, because 32% of the shoppers to Premier Outlets Center like going to the nearby center. However, the popularity of GL Outlet lags well behind the other two centers in the neighbourhood of Budapest.

Out of the services offered in outlet centers, 50–50% of customers use cafés and restaurants. Other services were not mentioned. The answers indicate that shoppers generally spend several hours in the centers, so offering different additional services have a positive effect on the revenue.

In the research the most appealing fashion brands were also surveyed. The results moved on a wide scale, so they were divided into four groups: women's and men's apparel, sportswear, shoes and jeans brands.

In case of both centers from the shops selling the most popular fashion brands stand out the American brand Gant; Mango (which is very popular with young ladies) and the Dutch Mexx should also be mentioned. From the high-end of the scale Armani, Estee Lauder, Gucci and Prada were mentioned, but only by customers at Designer Outlet center. While by visitors to the Biatorbágy center lower price-range brands like Kenvelo, Reserved, 4You were pointed at.

Not surprisingly, from sportswear and sports equipment brands the most popular ones were Nike, Adidas, and Puma. As the experiences show, a great number of visitors go to the outlet centers to get these particular brands.

[20] http://www.avionshoppingpark.sk/noweonas/faktyidane.html

In the market of shoe brands in Parndorf the Swiss origin Marc, while in Hungary the German Salamander enjoy the largest popularity. Visitors in the Hungarian center mention three times as many shoe brands as visitors in Parndorf. The explanation might be that in the merchandise mix of Premier Outlets shoes have a bigger emphasis than in that of Designer Outlet.

As for jeans brands, the two centers show a fairly similar picture: in both outlets Mustang proved to be the most popular brand. Levi's and with the Hungarian shoppers RetroJeans were also mentioned. 18.9% of the respondents are not brand loyal. However, Hungarian shoppers seemed to show more loyalty, 87.2 of them stick to their favorite manufacturer, while in case of Parndorf, only 75% of the people surveyed claimed the same.

Most of the buyers visit the centers by car. In the case of Premier, about 25% of the shoppers use public transport. This rate in Parndorf is insignificant. The center can be reached from Vienna by means of public transport on Fridays and Saturdays. Premier Outlets Center has its own bus stop, and can be reached by a 20 minute bus trip from the Hungarian capital.

The gravity zone of Premier Outlets Center can be seen in *figs 3* and *4*. Most buyers arrive from Budapest and the attraction zone of the center basically covers Budapest (73 people), Budaörs (11 people) and other 34 settlements in Hungary. Previous surveys suggest that the gravity zone stretches as far as a circle bordered by Győr, Siófok and Szolnok. In some cases buyers arrive from a large distance, sometimes from 150–200 km from Sopron and Eger, hoping for favourable prices.

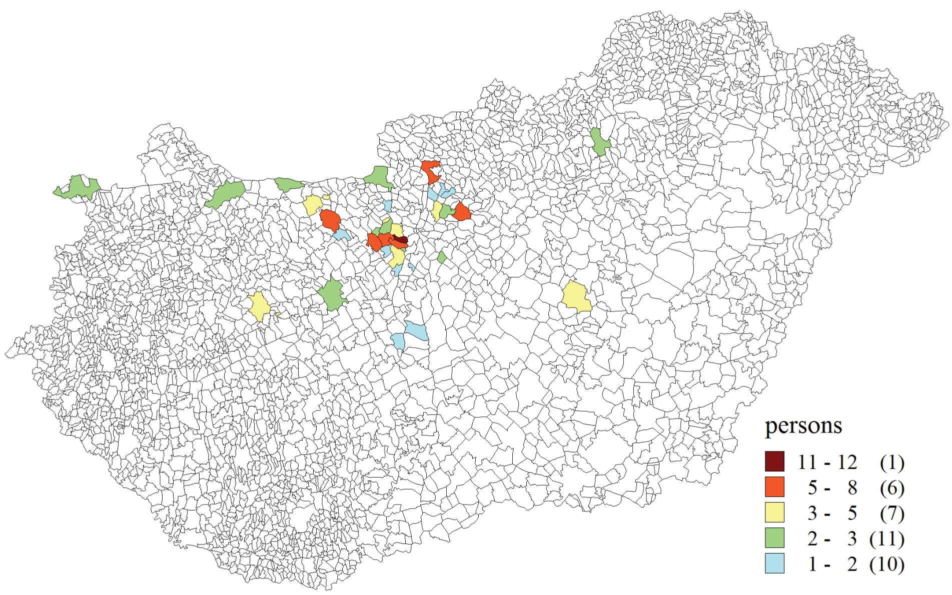

Fig. 3. The Hungarian gravity zone of Premier Outlets, 2008 (persons)

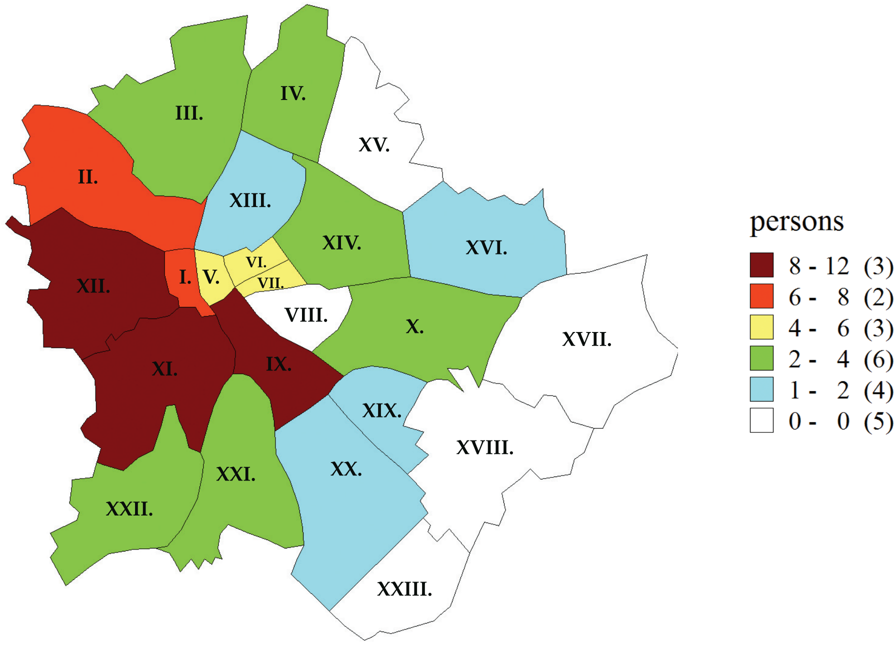

Fig. 4. The Budapest gravity zone of Premier Outlets Center, 2008 (persons)

Analyzing *Fig. 4*, it looks that the major part of the customers from Budapest comes from three districts (9th , 11th, and 12th) as they are located closest to the examined center. Customers arriving from these three districts make up almost 40% of the total number of shoppers from Budapest.

16.4% of the buyers in the sample come from district 11th. This is not unexpected, since this is the district of Budapest with highest population number and the rate of unemployment is the lowest here. The bus station at Etele square, near Kelenföld Railway Station, also makes it easy for the potential buyers to reach the outlet center.

Although there are a great number of shopping and entertainment centers in district 2nd (Budagyöngye, Rózsakert, Rózsadomb Center, Stop.Shop, Széphalom, Új Udvar), from the shopping centers Mammut-1 and Mammut-2 stand out. They are situated near Moscow Square and form one of the biggest shopping centers in Budapest, people often visit the outlet center in Biatorbágy too.

The survey also shows that from some districts of the capital (district 8th, 15th, 17th, 18th and 23rd) no customers visit Premier Outlets at all. This can be explained by the large distance from the center and also by the fact that some other shopping centers are much easier to reach (Aréna Plaza, Árkád, etc.).

In *figs 5* and *6* the gravity zone of the Parndorf center in Hungary, Slovakia and Austria can be seen. The majority of the customers arrive from

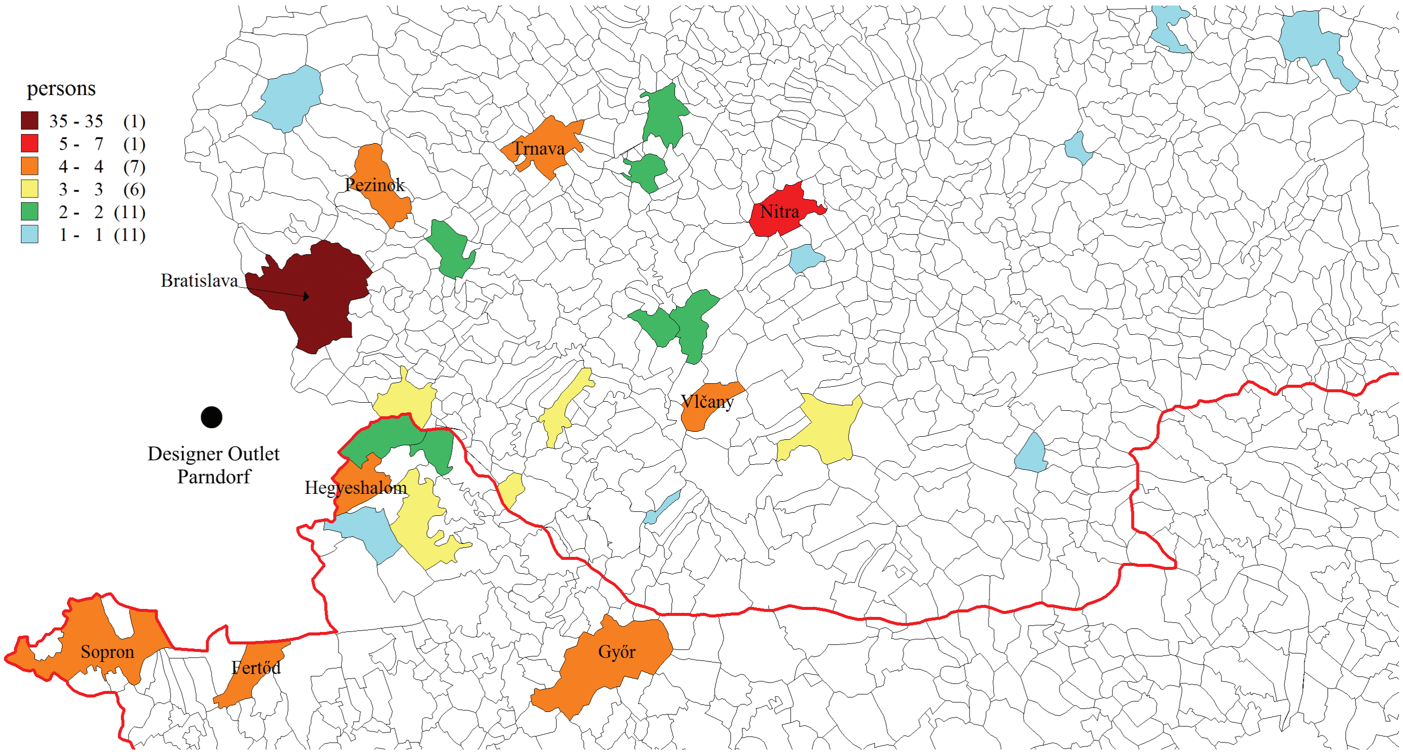

Fig. 5. The gravity zone of Designer Outlet Parndorf in Slovakia and Hungary, 2009 (persons)

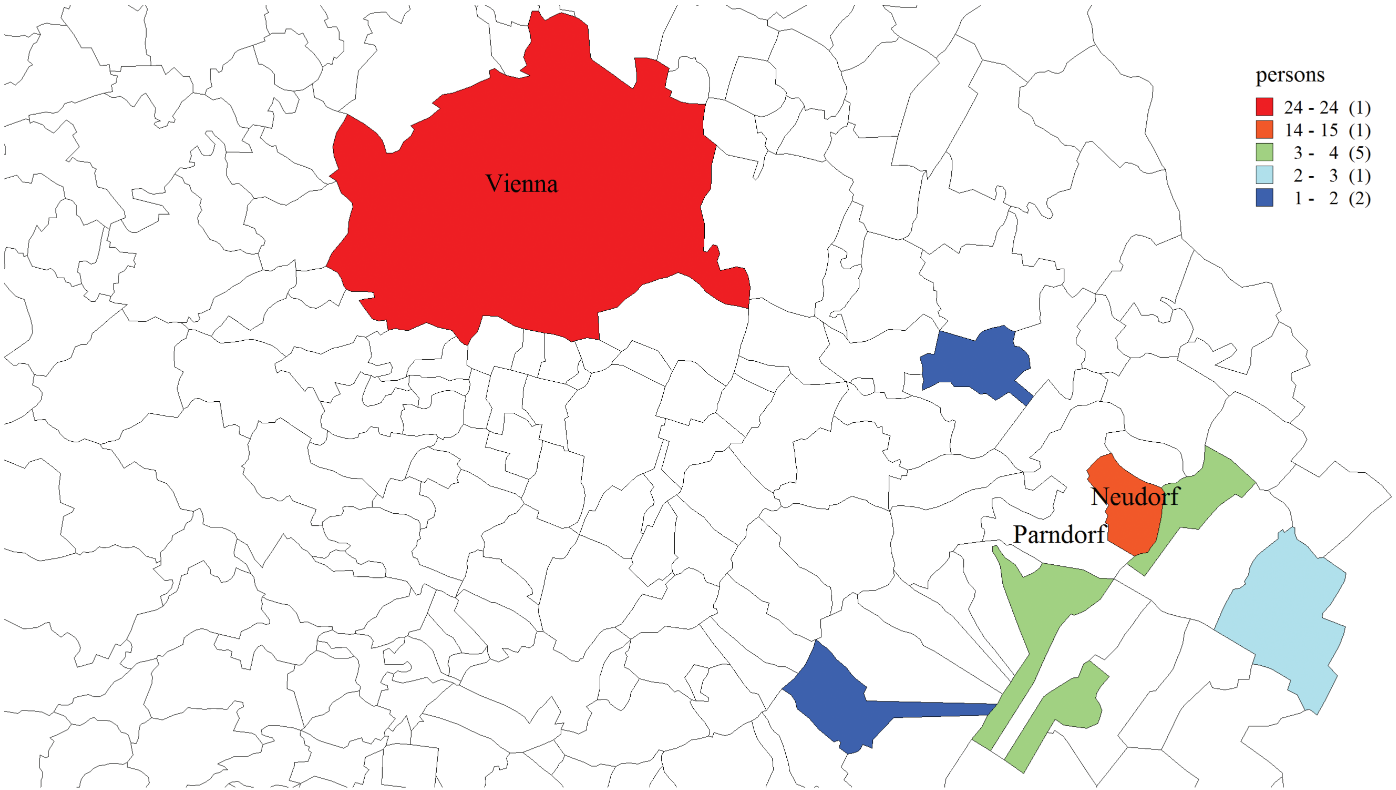

Fig. 6. The gravity zone of Designer Outlet Parndorf in Austria, 2009 (persons)

Vienna and Bratislava, since Vienna is located only 50 kms, while Bratislava only 35 kms from the outlet center. Looking at the maps showing the gravity zones it can be clearly stated that the greatest impact on the gravity zone is made by the population of the two capitals. The significant number of buyers coming from Slovakia suggests that time has come to build a similar category outlet center in Slovakia. At the moment, there is no retail unit of this kind in Slovakia. That is why it is not surprising that people are willing to travel even 230 kms to take advantage of the outlet prices. On contrary to this, Győr is the farthest city where people arrive to the center from, because customers are lured away by the centers near and around Budapest (mainly Premier Outlets).

Online Outlets

In the last few years – as it was inevitable and unavoidable from the popularity of the outlet centers, – the concept has spread to the World Wide Web as well. Online shopping is more cost effective for the buyers due to the extra discounts offered. These discounts can be explained by the lack of maintenance costs for the stores and by savings on travel fares. Goods can be ordered comfortably from the armchair via e-mails or telephone. And if the goods received do not meet the expectations, they can be returned. Considerable amounts of costs can be saved on the wages, since there is no need for shop assistants. In case of online buying, customers can save up to 50% on the prices due to the discounts, in spite of the shipping costs[21].

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