

THE RECENT DEVELOPMENT OF COMMERCIAL SERVICES IN THE CONTEXT OF GLOBALIZATION CASE STUDY: BUCHAREST

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The fall of the communist regime and the demise of the bipolar political order have been factors for the development of globalizing connections on the levels of the urban systems in Central and East-European states. The main social impact of this complex phenomenon is the expansion of the diffusion area for the products of global consumerism, which involves the development and the diversification of commercial services. Their localization is still a direct consequence of financial segregation; the determining agent for the degree of penetration of global consumer goods at a local level is the localization of banking investments. Considering this context, this article is correlatively analyzing localization and dispersion factors for financial (banks and banking units) and commercial services (malls, international networks of hyper- and supermarkets, restaurants etc.), having as case studies the Romanian urban system at a larger scale and its capital city at a micro scale.

Keywords: Globalizing flows, Products of global consumerism, Commercial services, Hypermarkets, malls, Bucharest, Romania.

Conceptual framework. Globalization and the products of global consumerism.

The first stages of globalization, which started with the great geographical discoveries and continued with the colonial era, have marked the dissemination of the European values throughout the entire world by imposing them to the native populations, phenomena which constituted the foundations of international relationships until the beginnings of the seventh decade of the last century. The direction, structure and intensity of the commercial flows, as well as the interactions of the native population with the European colonists express *the conquest and the extensive exploitation of resources character* that supported the diffusion of the globalizing flows during this period. Another essential characteristic for the early periods of globalization is the *cyclical characteristic* of the intensity of globalizing flows. Thus, periods of

expansion of the trade flows due to an increasing social and economical development were followed by periods of decline, as a direct result of the vulnerability of the main promoters of the globalization to natural disasters, *outbreaks of infectious diseases*, wars, invasions, etc.

However, the massive economical and technological development following World War II radically changed the direction of the entire globalization process by granting it a new characteristic: *irreversibility*. At the same time, two major types of issues emerged: one series related to the more and more obvious *economical competition* between USA and Western Europe, the main beneficiaries of the conflagration, and another one related to the *distribution and the most efficient use of natural resources*. This competition materialized into a series of trends, from protective policies, meant to maintain the competition capabilities of their own economies, to policies for focusing on

certain production sectors, in order to increase their capacity to withstand competition or even exerting economical and diplomatic pressure through official channels, which often lead to serious crises between the USA and Western Europe [1] (Zainea, 2000, p. 61). Concerns regarding the limited amount of resources were raised after the 60's, as a consequence of the globalization of the production process and of the disappearance of the colonial systems, which were the main supply sources for the former metropolis, that ultimately caused the unprecedented industrial decline of the great capital cities, as well as a development of the tertiary sector.

The main process that triggered fundamental changes to the world economy is the *rapid development of services* for the enterprises, located in the major cities, away from the industrial production locations. In other words, production is concentrated in certain places, resulted from the delocalization of activities, while money are produced and multiplied in a series of major urban areas that serve, coordinate and control global capital.

The last two decades of the 20th century were marked by the *information explosion*, which mainly stimulates the major world cities. Such urban colossi that have always had very powerful economies benefit to the full from the progress registered in the informational sector, thus becoming the headquarters not only for the national economies, but also for the world economy. In other words, a shift of power takes place from the local to the global level by through functional extrapolation and decisional power. Globalization thus implies a multiplication of international contacts and also a central position of the great urban areas within the

most important flows worldwide. The most frequent term we encounter is economical globalization, resulted from a new labour division, as a direct effect of the behaviour changes of the main economical and political actors. The most important role in this process pertains to the transnational companies. Considering the consequences it can have on the worldwide economy, globalization involves a series of aspects: development and increase of the number of transnational companies, increase of the mobility of capital, a new international labour division in industry and services, including administration, within world centres, expansion of markets and foreign investments, the birth of transnational business, and the transnational expansion of consumer goods markets.

Among the consequences of this process is the spreading of technology beyond national borders and the rapid diffusion of *know-how*, excessive centralization of the financial structure, the increasing importance gained by some oligopolies and the birth of supranational organizations that have diminished the importance of the national states. Except the facts mentioned above one needs to add the globalization of trade union solidarity which resulted from the globalization of the social inequalities that appeared due to the tendencies of maximizing profit. In the integration, globalization and technological era, all states face the challenge of creating more efficient government systems that could promote, support and sustain human development [2].

The new development directions also need to analyze the location relationship between the services providers and industrial assets that can deteriorate. As long as industrial enterprises, mining

and agricultural activities will need specialized services companies to assure the continuity of the production cycles, globalization looks like a necessity. These direct producers' prosperity is assured by the fact that they have a sales market, thus the necessary input for their continuing business is ensured. Within the current development of communications and transports, the distance between the production sections and their central headquarters or their intermediary companies is not that important anymore. In networks like these it is very easy to avoid gaps in production lines, and the associations between high services supplying companies and the companies that directly produce goods is a profitable element of the latter. Because of their economical force, they promote and sustain specialized research, the automation of the production lines and the introducing of artificial intelligence as an alternative to continuous and sustainable development. The headquarters of the major companies have the tendencies of placing themselves in key locations at a global level in order to supervise the entire economical market and be able to anticipate its short and long term evolution, but also react faster in case of an immediate need.

The interconnected effects of companies' organizational capacities, of the ever increasing tertiary and quaternary sectors, as well as the progress achieved due to new technologies are contradictory: on one end global development macropoles emerge, and on the other end spatial inequalities and marginalization phenomena appear. In this situation we need to point out some strategies that larger companies prefer, which is to quickly reintroduce investments whose future for a long or short term period of time has already been decided, and produce, due to the fact that they promote only

certain territories, inequalities in the development process. At the same time we are talking about local inequalities that mean huge remuneration differences between staff from the financial sectors (especially financial expertise and control) and staff from simple trivial sectors.

The new trend in global economies, the informational explosion and the growing access to information associated with asset mobility results in diminishing the role that national states have in regulating economical processes. We can say that spatial units at the international and regional level are revitalized and can enforce themselves at global level. A powerful example is that of Silicon Valley that has become one of the most strategic regions of the world, where new technologies are created, but needs a great pole like Los Angeles or New York in order to ensure their positions at global level. These new types of activities trigger the coming out of special categories of managers and professionals that ensure the transnational character of these services.

Globalization is accepted for its positive effects, that is the capacity of the new economic development engines' capacities (trans- and multinational companies) of *diminishing the discrepancies that exist between the rich and third world countries*. At the same time, the interests of these companies are to sustain the process of global relaxation, ensuring world peace and security, and sustainable development. Their economic potential can provide protection and policies for protecting the environment, diminishing conflicting relations, proper organization of the economical activities. *A rapid process of diffusion of technologies* also takes place in the globalizing processes ensuring a growth

of the cultural level as well as the increase of the communication potential.

The negative effects of globalization consist mainly in the fact that, up until now, it has had a tendency to concentrate *the decisional power in the hands of large companies*. Those specific companies due to an increasing development can break out of the national states' control area; can promote their own policies without considering the restrictions imposed by the national states, can determine an excessive wealth at one pole of the world and cause widespread poverty in other areas. Growing protests (Seattle, Davos, Seul, Götteborg, Genova, Barcelona etc.) that globalization might eliminate cultural diversity, makes it improbably as the only viable solution for future development. Another possibility would be keeping under control the process of limiting the decisional role a few worldwide command posts and instead including in these decisions a clear position of the national states in the newly created economical environment.

Globalization has a profound effect on the human settlements system through its dimensions and effects of the overspecialization of some cities and relocation and concentration of new activities. This fact does not reflect on the systems in their totality but mostly on their upper levels and we can observe that a series of capital cities have lost their importance in favor of other internal cities of cities that are located in other states. The birth of "global cities" as well as globalization itself as a process has a cyclical characteristic. For example in the 17th century cities like London, Amsterdam, Anvers, Genoa, Venice and Lisbon had great worldwide economic power and only one century later cities like Paris, Vienna and Rome increase their importance only for Anvers and Genoa to loose their

influence. In the 19th century a new group of cities joins the influential category: Chicago, Berlin, Manchester, New York and Sankt Petersburg and in the same time Vienna is loosing more and more of its influence. Starting with the first half of the 20th century as rapid industrial developments and demographical booms take place in cities from Eastern and South-Eastern Asia (Tokyo, Osaka, Shanghai, Beijing, Singapore, Bangkok, Djakarta), India (Delhi, Madras, Calcutta), Africa (Cairo, Lagos, Dakar, Johannesburg, Dar es Salaam, Abidjan etc) or Latin America (Mexico City, São Paulo, Rio de Janeiro, Buenos Aires, Montevideo etc) increase their importance and in the same time old European capital cities like Amsterdam and Lisbon go through a slower development process.

In conclusion, one can claim that as the global system evolves, the main cities network has become bigger outgrowing as polarizing area the national states. The international markets, the transnational commercial trades regulated by treaties between states or with the mitigation of international organizations created by the same states have ensured the development of a Ford-like economies and the metropolisation of cities like London, Paris, New York or Berlin. All these improvements including the stratification of global economy were created on the grounds of the old international order. The only difference is that in that old order the outskirts were the providers of raw materials and the center was the location of the processing industries. Nowadays the central area is relocating and assimilates and concentrates the high specialized industry and services and pushes the processing industry towards the outskirts.

The fall of the communism regime in Central and Eastern Europe and the dissolving of the ideological

impediments have created the premises for an explosion of globalizing connections at the level of urban system from the Central and East-European countries. This development of transnational relationships, grafted on the pre-existent cooperation within CAER, meant in the 1990` a growth of commercial trades oriented mainly towards imports, services and investment for the development of SMAs. Within this context, cities acted as polarizing nucleus and reoriented flows towards the territory. The development they underwent due to this fact wasn't enough to counteract the decline of the industrial activities and the latter had strong consequences both at demographical as well as social level. Thus, after five decades of hypertrophic development due to a politically controlled forced industrialization, the evolution of the Romanian urban system changed, undergoing a de-urbanizing process both at a qualitative and demographical

level by modifying its functional attributes. The importance of industry, which was the main urbanization factor for almost all the Romanian cities, lost its influence in favour of the tertiary sector. But this phenomenon had a selective characteristic being oriented towards the major cities: the capital cities and the regional metropolis whose coordinating positions at the local level consolidated. The large cities have a tendency to assume the attributes of the cosmopolite cities; this process is being supported by the increased ethnical diversity, development of the specialized services and large assimilation of global consumerism products. The products from the gastronomical-fashion sector have the strongest impact upon the population (*Figure 1*). Thus, in mall-like commercial centres almost 75-80% of the space is occupied by fashion division and 10-15% to restaurants.

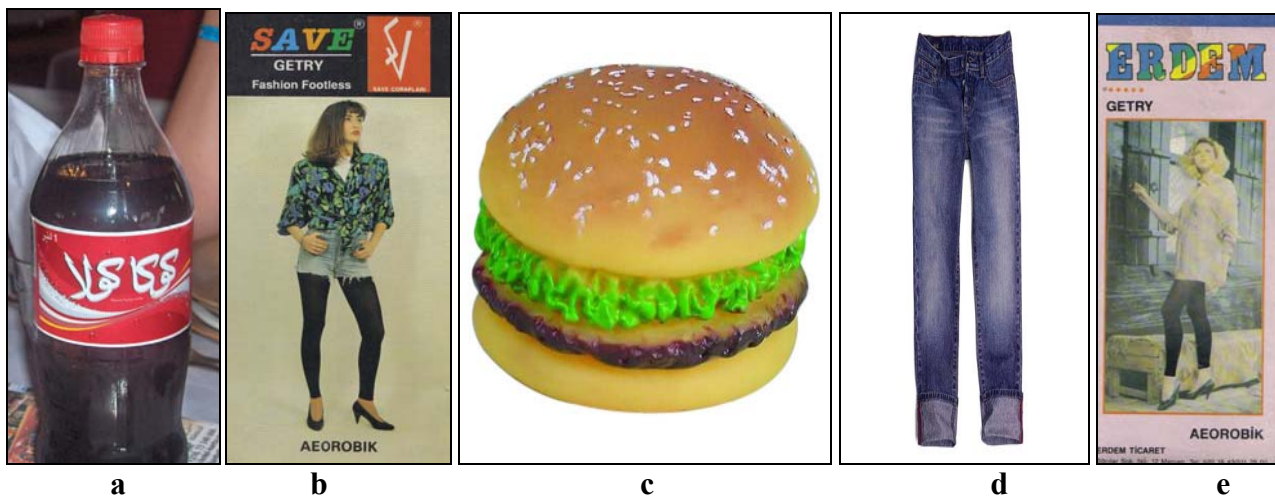


Figure 1 (a-e) – Products of the global consumerism culture (gastronomy and fashion sector)

The presence of a series of Arabic, Turkish or Chinese citizens that have immigrated to Romania and started business in trade or small-scale industry or the presence of foreign citizens that came here with scholarships or diplomatic mission staff, staff

of multinational companies or NGOs, reflects in the services sector by the birth of specialized units (Chinese, Lebanese, Italian or Greek restaurants, bakeries with French or German influences, African, Indian or Latin-American handicraft shops etc.).

Their localization within the commercial centres like malls and hypermarkets explains the importance of these units for the diffusion at a local level of the global consumerism culture products.

On the other hand, the ever growing concentration of income in the capital city and major towns has encouraged the development of a series of specialized products and services and the establishment of commercial units. The only limit to this type of localization seems to be the continuous social segregation by limiting the request market and outlining a special segment of beneficiaries. In this manner new types of urban-rural externalities are created, directly proportional to the social and cultural segregation, externalities that depend on the capacity of absorbing the globalizing flows by the Romanian urban system. Thus, the powerful financial segregation that exists among the urban population as a consequence of the restructuring of the industrial activities becomes veritable filters for the penetration of globalizing flows. Even if at a local level the products of the consumerism culture are having a high penetration potential the population' access to them is still limited. The global culture tends to combine itself with an endemic culture, grafted on poverty, and making possible the deterioration of urban subculture and of organized crime. Bank investments constitute the foundation for the spatial repartition these type of services primarily the commercial ones.

Financial – banking investment as a premise of the localization of commercial investment

The year 1990 flagged a turning point in the development of the Romanian banking system by the dissolving of the monopoly of specialized banks

had and the privatization of the banking services, which resulted in a massive development of the banking system, both through reorganization on competitive grounds of existing banks, and also by the appearance of new banks or subsidiaries of international groups.

Some banks faced a rapid development: BRD has reached 532 units and BCR 482; ABN AMRO after opening its first Romanian subsidiary in 1995 had 16 units in 2003 and was present in 15 cities; OTP Bank has built a network of 76 units in 50 cities after only two years of activity (2005-2007), Transilvania Bank started its activity in 1997 and has 366 units at the moment, Raiffeisen Bank has reached 284 units throughout the entire country since 1998 and Carpatica Bank developed a 216 units network in just seven years (1999-2007). Other companies have gone bankrupt (Dacia Felix Bank, Agricola Bank, Bancorex, Columna Bank, Turkish-Romanian Bank, Credit Bank) or disappeared as part of a fusion (HVB Bank, Finansbank, Daewoo Bank, Banque Franco-Roumaine, Ion Țiriac Commercial Bank, Frankfurt-Bukarest Bank, Ro Bank, Egnatia Bank etc.).

Among these units CEC Bank stands out as the only traditional bank (founded in 1864) that has known a constant development having more than 1000 units at the present moment with a diversified network and with a powerful presence in the rural environment. Thus, out of the 1367 units, 844 (61.7%) are located in rural areas; the CEC Bank is the only one that managed to massively penetrate the financial market from the rural area. The other banks are located in the urban areas and mainly in the capital city (*Table 1*).

Table 1 – Distribution of the Romanian banking system in the urban areas

No.	B a n k	Total no. of units	%	Out of which urban	% total	In Bucharest	% total	Out of which rural	% total
1	Abn Amro*	16	100	16	100	2	12,5	-	-
2	Alpha Bank*	76	100	76	100	32	42,1	-	-
3	San Paolo Imi Bank*	37	100	37	100	3	8,1	-	-
4	Bancpost	199	100	195	98,0	54	27,1	4	2,0
5	BRD - Groupe Société Générale	532	100	483	90,8	88	16,5	49	9,2
6	B C R	482	100	469	97,3	82	17,0	13	2,7
7	CEC Bank	1 367	100	523	38,3	78	5,7	844	61,7
8	Carpatica Bank*	216	100	195	90,3	17	7,9	21	9,7
9	Unicredit Bank*	93	100	93	100	30	32,2	-	-
10	OTP Bank*	73	100	73	100	13	17,8	-	-
11	Romanian Bank*	82	100	82	100	28	34,1	-	-
12	Transilvania Bank	366	100	363	99,2	50	13,7	3	0,8
13	Romexterra Bank	56	100	56	100	11	19,6	-	-
14	Leumi Bank*	33	100	33	100	6	18,2	-	-
15	Credit Europe Bank	75	100	75	100	33	44,0	-	-
16	Piraeus Bank*	53	100	51	96,2	19	35,8	2	3,8
17	Pro Credit Bank	29	100	29	100	11	37,9	-	-
18	ING Bank*	25	100	25	100	4	16,0	-	-
19	Libra Bank*	21	100	21	100	9	42,8	-	-
20	Raiffeisen Bank*	284	100	279	98,2	42	15,2	5	1,8
21	Romanian International Bank	26	100	26	100	12	46,1	-	-
22	Volksbank Romania*	87	100	87	100	19	21,8	-	-
	TOTAL	4 206	100	3 265	77,6	643	15,3	941	22,4

*Banks with mainly foreign asset/capital. Data processed based on the information posted on the web sites of the respective banks.

Beside their high concentration in the urban areas one can observe a pyramid-like repartition of most bank subsidiaries being mainly located in Bucharest (19% of the total amount), and in the larger cities, macro regional polarizing nucleuses, followed by the medium cities, local and county polarizing centres. Small cities and especially the single industrial ones or the ones situated in the mining areas are the disfavoured ones, with a high degree of poverty and occupational dependency, these towns benefit from small amounts of banking investments which leads the population to depend only on the services of one certain bank and thus its monopoly.

A second location strategy is targeting the large cities from Transilvania and the western part of the country as primary nucleuses, where the banks headquarters are situated: Cluj Napoca – Banca

Transilvania, Sibiu – Carpatica Bank, Arad – San Paolo Imi Bank Romania, Târgu Mureş – Romexterra Bank, and from there they are implanted in Bucharest that is its turn functions as a relocation nucleus for the future development of the banking network.

Analyzing the reports on the largest banking investments and particularly the subscribe asset and the development of the banking networks we cannot trace the existence of a strict dependency: although Raiffeisen Bank is the first in this chart with a relatively well developed network (284 units in 137 cities), Abn Amro is situated third and only has 16 subsidiaries in 15 cities; the banks between positions 4 and 6 have less than 100 subsidiaries, while BCR with 482 units in 210 cities is situated on the 7th place.

The Romanian banking network is made out of 3 449 units [3], each unit serving 3 516 inhabitants. The smallest values, translating into a scarce degree of assurance with banking services register in the mining or agro-industrial cities, with a poor urban infrastructure [4] or those that are located near the capital city whose banking deficits are covered by the bank units from Bucharest (Buftea, Pantelimon, Chitila și Popești-Leordeni). At the other end there are some cities from Transilvania and the western

part of the country that are investment friendly, some of them having touristic functions (Vlăhița, Băile Tușnad, Tâlmăciu, Dragomirești, Beiuș, Teiuș, Predeal, Năsăud etc) where values of less then 2 000 inhabitants/ banking unit. The average number of banks present in one city is 5.5 (*Figure 3*) and of banking units is 10.7 (*Figure 4*), the capital city and the polarizing centres that have macro-territorial functions are true poles of attraction for the banking investments (*Table 2*).

Table 2 – Degree of banking services supply for the larger Romanian cities (2007)

City		Population (1 Jul. 2006)	No. of banks	No. of banking units	No. of banking units/inhabitant
Capital city	Bucharest	1 931 236	32	660	2 919
Regional polarizing centers	Brașov	281 375	28	88	3 234
	Cluj Napoca	305 620	27	119	2 672
	Constanța	305 550	31	108	2 874
	Craiova	300 587	26	73	4 145
	Galați	296 697	21	63	4 743
	Iași	316 716	25	92	3 488
	Timișoara	303 796	29	111	2 862
County polarizing centers	Alba Iulia	66 747	18	29	2 290
	Arad	167 980	23	55	4 254
	Pitești	170 217	24	68	2 477
	Bacău	179 507	23	46	3 815
	Oradea	205 956	22	73	2 830
	Bistrița	83 114	19	34	2 390
	Botoșani	116 286	11	24	4 794
	Brăila	216 814	18	44	4 915
	Buzău	135 861	19	38	3 532
	Reșița	86 070	9	16	5 252
	Călărași	73 908	9	13	5 388
	Sfântu Gheorghe	62 021	10	14	4 396
	Târgoviște	90 339	13	25	3 957
	Giurgiu	69 479	12	16	4 334
	Târgu Jiu	96 429	13	23	4 202
	Miercurea Ciuc	42 085	11	14	3 002
	Deva	68 487	17	23	3 011
	Hunedoara	71 902	10	15	4 750
	Slobozia	52 317	11	15	3 514
	Baia Mare	140 581	19	47	2 934
	Drobeta - T. Severin	109 134	11	21	4 979
	Târgu Mureș	146 448	22	55	2 728
	Piatra Neamț	108 940	18	33	3 179
	Slatina	79 531	13	24	3 284
	Ploiești	231 620	23	61	3 811
	Satu Mare	114 678	18	40	2 878
	Zalău	64 123	13	18	3 496
	Sibiu	154 452	21	68	2 278
	Suceava	106 508	20	33	3 208
	Tulcea	92 652	11	17	5 404
Vaslui	70 884	9	12	5 881	
Bârlad	70 499	8	9	7 674	
Râmnicu Vâlcea	111 658	18	36	2 992	
Focșani	100 782	16	27	3 772	

Data processed based on the information posted on the web sites of the respective banks.

We can trace two distinct lines for delineating areas with different degree of support with banking services, lines that also separate areas with different GNI per capita. One axis separates the eastern counties with negative externalities (Botoşani and Vaslui) from the western ones (Bihor, Arad, Timiş) that have positive externalities. The other axis separates the south areas around Bucharest (Călăraşi, Ialomiţa and Giurgiu counties) where the banking offer is scarce from the one in northern Transilvania (Cluj), with a high level of development. The externalities are also sustained by the existence of a series of urban centres with comparable demographical levels but with huge differences concerning the level of assurance with banking services. They also reflect at the level of the territories within the build-up area: certain districts

don't attract banking investments because of their endemic poverty, high social risk, unemployment and low educational level; as opposed to the development axes and poles that favour the setting up of bank units because of their potential and infrastructure and the high degree of investment absorption. Taking all these facts into consideration we can compare the banking network of the 1st district of the capital city which is a space with positive externalities at the level of the build-up area due to the concentration of the diplomatic, business and service functions, and the 5th and 6th districts with negative externalities due to the high population densities, precarious living conditions and the social problems that appear here due to poverty and unemployment (Table 4).

Table 4 – Number of banking units for each district (2007)

BANK	DISTRICT						Total
	I	II	III	IV	V	VI	
Alpha Bank	7	6	5	4	4	6	32
B C R	18	15	18	13	5	13	82
B R D – Groupe Société Générale	25	18	13	9	7	16	88
Banca Transilvania	12	9	10	7	3	8	49
Banca Românească	7	6	7	2	1	5	28
Bancpost *	56	45	33	20	24	24	202
C E C Bank **	21	14	16	10	5	10	76
Credit Europe Bank	10	7	6	5	1	5	34
Libra Bank	2	3	0	1	1	2	9
Piraeus Bank	5	5	3	2	2	2	19
Volksbank	9	8	3	4	3	4	31

* including ATMs

** including the banking units from the bordering villages

Data processed based on the information posted on the web sites of the respective banks.

Strategies for location and diffusion of commercial investments

The potential of the economic market constitutes the main deciding factor for the placement of the large commercial investments, whether we consider commercial centre like malls, that gather under the same roof a diversity of stores, or *hyper-* and

supermarkets, that is chain of stores usually set up by transnational companies. According data from June 2008 in Romania there were 74 hypermarkets, 88 de supermarkets, 152 outlets and 40 cash & carry units [5].

The logic behind the establishment and diffusion within the territory of these commercial units is closely correlated with the location of the banking

units, depending on the spatial segregation of the population based on their income levels. Thus, large commercial units (malls and hypermarkets) are frequent for large cities with macro-regional polarizing functions and a positive economic

dynamic that ensures an outlet market competitive enough both from the financial and quantitative point of view as to guarantee that the investment is profitable (*Table 5*).

Table 5 – Distribution of hypermarket and cash&carry-like commercial investments (2008)

Chain stores	Country of origin	Total Romania	Investments in Bucharest		Investments within the country	
			No	Location	Nr.	Location
General						
Auchan	France	5	1	Titan	4	Cluj-Napoca, Pitești, Suceava*, Tg. Mureș
Carrefour	France	15	6	Băneasa, Colentina, Militari, Orhideea, Unirii, Vitan (Vitantis)	9	Arad, Brașov, Brăila, Cluj-Napoca, Constanța, Iași, Pitești, Ploiești, Suceava
Cora	France	3	2	Lujerului, Pantelimon	1	Cluj-Napoca
Metro	Germany	25	5	Băneasa, Berceni, Militari, Otopeni, Voluntari	19	Arad, Bacău, Baia Mare, Brașov (2), Cluj-Napoca, Craiova, Constanța (2), Galați, Iași, Oradea, Pitești, Ploiești, Sibiu, Suceava, Tg. Mureș, Timișoara (2)
Real	Germany	15	2	Berceni, Vitan	13	Baia Mare, Brașov, Cluj-Napoca, Constanța, Craiova, Deva, Galați, Oradea, Satu Mare, Sibiu, Tg. Mureș, Timișoara (2)
Selgros	Germany	17	3	Băneasa, Berceni, Pantelimon	14	Arad, Bacău, Brașov, Brăila, Cluj-Napoca, Craiova, Constanța, Galați, Iași, Oradea, Ploiești, Suceava, Tg. Mureș, Timișoara
Specialized (household products)						
Bricostore	France	13	4	Băneasa, Militari, Orhideea, Pantelimon	9	Arad, Brașov, Brăila, Constanța, Focșani, Oradea, Pitești, Ploiești, Suceava
I K E A	Sweden	1	1	Băneasa	-	-
Praktiker	Germany	21	3	Militari, Vitan, Voluntari	18	Arad, Bacău, Baia Mare, Brașov, Brăila, Cluj-Napoca, Constanța, Craiova, Deva, Galați, Iași, Oradea, Pitești, Ploiești, Satu Mare, Târgoviște, Tg. Mureș, Timișoara
Hornbach	Germany	2	2	Berceni, Militari	-	-

* will be launched in 2008 within Iulius Mall.

Data processed based on the information posted on the web sites of the respective hypermarkets.

At the other end, commercial investments in the cities from the basis of the urban hierarchy are *supermarkets*, with the observation that under the demographical ceiling of less than 30 000 inhabitants such investments are considered to be unprofitable (*Table 6*).

The same pyramid-like distribution that we observed in the case on financial units is valid for

the distribution of the commercial units as well, with the note that the dimension of the commercial investment is directly proportioned with the extent of the urban nucleus. On the other hand, the financial segregation east/west directly reflects on the developments on the commercial services, these types of investments being directly drawn by Bucharest and the large cities from Transilvania and

Banat. Thus the largest *mall* like commercial complexes are situated mainly in Bucharest (*Băneasa Shopping City, Plaza Romania, Bucharest Mall* etc) and in the two western metropolis Timișoara and Cluj-Napoca (*Iulius Mall*). We should point out another fact: while the *Iulius Mall* investment in Timișoara has an overall build on area of 83 000m² and the one in Cluj Napoca 147 000 m², the build on area of the largest mall in the eastern

part of the country (*Iulius Mall* Iași) has only 34 000 m². This discrepancy will be amended with the inauguration in September 2008 of the second largest mall in then eastern side of the country *Iulius Mall* in Suceava, with a build on area of 67 500 m² (out of which 45 000m² rentable) that will serve the conurbation that foreshadows to produce in the north-east between the cities Botoșani and Suceava.

Table 6 – Distribution of supermarket and outlet-like commercial investments (2008)

Chain store	Country of origin	Total Romania	Investments		
			[1]	[2]	[3]
Billa	Austria	28	5	23	Arad, Bacău, Baia Mare, Brăila, București, Cluj-Napoca, Constanța, Craiova, Deva, Galați, Giurgiu, Iași, Mediaș, Ploiești, Râmnicu Vâlcea, Reghin, Satu Mare, Sf. Gheorghe, Sibiu, Timișoara
Kaufland	Germany	32	2	30	Alba Iulia, Arad, Baia Mare, Bistrița, Brașov, Brăila, București, Cluj-Napoca, Constanța, Galați, Hunedoara, Iași, Odorheiu Secuiesc, Piatra Neamț, Pitești, Ploiești, Râmnicu Vâlcea, Roman, Satu Mare, Sibiu, Suceava, Tg. Jiu, Tg. Mureș, Târgoviște, Timișoara, Turda, Zalău
Mini Max Discount	Romania	23	-	23	Arad, Brașov, Buzău, Călan, Călărași, Câmpulung, Cernavodă, Fălticeni, Hunedoara, Mangalia, Oltenița, Pașcani, Pucioasa, Râșnov, Târgoviște, Titu, Turnu Măgurele, Turda, Urziceni, Victoria, Vulcan
Penny Market	Germany	47	3	44	Alba Iulia, Alexandria, Arad, București, Bufta, Buzău, Călărași, Caracal, Carei, Cămpina, Câmpulung, Codlea, Comănești, Constanța, Craiova, Fetești, Focșani, Galați, Giurgiu, Lupeni, Mangalia, Medgidia, Mioveni, Miercurea Ciuc, Moinești, Motru, Năvodari, Onești, Orșova, Petrila, Ploiești, Râmnicu Sărat, Roșiori de Vede, Sighișoara, Sinaia, Târgoviște, Târgu Secuiesc, Târnăveni, Tecuci, Tulcea, Turda, Vulcan
Plus	Germany	54	3	51	Aiud, Adjud, Arad, Bacău, Baia Mare, Bârlad, Bistrița, Botoșani, Brad, Brașov, Brăila, București, Buzău, Caransebeș, Câmpia Turzii, Cluj-Napoca, Codlea, Curtea de Argeș, Deva, Drobeta-Turnu Severin, Hațeg, Hunedoara, Făgăraș, Gherla, Iași, Luduș, Lugoj, Medgidia, Mioveni, Moreni, Năsăud, Năvodari, Orăștie, Piatra Neamț, Râmnicu Vâlcea, Roman, Sebeș, Sf. Gheorghe, Slatina, Sibiu, Târgoviște, Tg. Lăpuș, Tg. Mureș, Tg. Secuiesc, Tecuci
Profi	Belgium	46	10	36	Alba Iulia, Arad, Baia Mare, Bistrița, Brașov, Câmpia Turzii, Cluj-Napoca, Constanța, Dej, Deva, Drobeta-Turnu Severin, Focșani, Gherla, Hunedoara, Lugoj, Miercurea Ciuc, Onești, Oradea, Petroșani, Ploiești, Reșița, Sf. Gheorghe, Simeria, Tg. Mureș, Târnăveni, Timișoara
Spar	Holland	16	-	16	Alba Iulia, Arad, Chișineu-Criș, Constanța, Deva, Hațeg, Mediaș, Odorheiu Secuiesc, Orșova, Petroșani, Râmnicu Sărat, Reșița, Sf. Gheorghe, Tg. Mureș

[1] no. of investments in Bucharest [2] no. of investments within the country [3] location of investments

Data processed based on the information posted on the web sites of the respective supermarkets.

At the level of the city's build in area the situation is similar: the largest commercial centres in Bucharest are situated in the northern and western part of the city (Băneasa and Militari) strictly related to the transportation axes and the population income while the southern area with low income level and districts known for their social problems is clearly disadvantaged both from the aspect of the number of commercial units and by their dimensions. Thus, the only mall that exists in that part of Bucharest (City Mall) has a build on area of 38 000m² out of which 19 000m² rentable a lot less than other similar units. The inauguration at the end of 2008 of the *Grand Arena* mall with a area of 120 000m² and over 180 stores (out of which around 20% will be new brands for the Romanian market) will reduce the commercial units distribution gap between the northern and southern part of the city [6].

Bucharest was the one to start the series of mall type commercial units establishments in Romania with the Bucharest Mall investment with an initial commercial area of 37 000m² opened on September 10th 1999. Situated in Vitan district, that had a unstructured urban network, the mall rapidly turned into a viable development and urban structuring nucleus that led to its extension in 2003 and 2007 to a commercial area of 99 000m² hosting 140 stores, most of them international companies' sale units. The same investor [7] opened in 2004 the second mall in Bucharest in the western part of the city between the Militari and Drumu Taberei districts. The investment called *Plaza Romania* was intended to be the largest commercial centre of its kind with a build on area of 104 000m² and an suitable profile: shopping (over 150 stores), fast foods, entertainment and business. Its supremacy didn't last long though; in 2005 was opened in

Timișoara the largest mall at that moment which was surpassed two years later on November 10th 2007, by the one opened in Cluj-Napoca. In the same time, similar commercial investments were established in most of the residential city of the country: Arad (*Tiago Mall*), Pitești (*Euro Mall*, *Pitești Mall*), Brașov (*Eliana Mall*), Constanța (*City Park*, *Tomis Mall*), Oradea (*Lotus Market*), Sibiu (*Promenada Mall*), Galați (*Euro Mall*), Râmnicu Vâlcea (*River Plaza Mall*) etc.

At present time (July 2008), the biggest mall type commercial centre is the one from Băneasa in Bucharest, the first in the northern part of the city with a rentable area of 85 000m² (double the area in Plaza Romania or Bucharest Mall) and over 220 stores, opened in April 18th 2008. It constitutes part of the *Băneasa Shopping Center* project, commercial area that includes hypermarkets like Metro, Carrefour, Bricostore and IKEA with a total build on area of 250 000m² that can offer modern shopping, entertainments and business facilities. Situated in the northern part of the capital city, closely depending on the transportation opportunity offered by Băneasa and Otopeni airports, Băneasa train station and a future heliport, the Baneasa Shopping Center is first of all a result of its position within the build in area: the district with the highest GPI per capita in the country, strong demographic growth and a accentuated dynamic of the build on surface. By the means of this mall alone 45 new international brands made their way into the Romanian market.

But the inauguration of the future Cotroceni mall (*Cotroceni Park*) estimated to be launched in December 2009, with a built area of 170000 m² will bring yet a new change to this hierarchy making the latter the biggest investment of its type in Romania.

The multifunctional centre will include a Real hypermarket, fast foods, fitness gyms, 20 cinemas and for the first time in Romania a 3D cinema room. Also it will include 4 office buildings, a hotel and a 2 500 places parking lot [8].

The same segregation phenomena can be observed in the extension of the hypermarket and supermarket-like commercial units. The positive externalities are found in the capital city, counties from Transilvania, Banat and in Constanța strictly correlated with the degree of polarizing the incomes while the negative ones are found in counties from the eastern and south-eastern part of the country. Thus, according to a study made by the market research company MEMRB Retail Tracking Services during October 2006 and October 2007 the counties most likely to be targeted for the expansion of such commercial lines were Sibiu, Constanța and Mureș at the other end being counties like Botoșani,

Tulcea, Teleorman and Buzău, areas dominated almost exclusive by traditional commerce.

Spatially, the same two methods of distribution seem to emerge: one that involves going from the capital city towards the major cities of the country (as in the case of *Cora*, *Carrefour*, *Metro*, *Auchan* etc. chains) and a second one that has as a starting point cities from the west part of the country especially Timișoara and Cluj Napoca (e.g. *Selgros*, *Spar*, *Profi*, *Real* etc). One can observe a spatial complementarities when talking about the developing of the commercial network: while some companies (*Profi*, *Star*) prefer the capital city and major cities from Transilvania other companies develop their network mainly in the extra-carpathic area (*Mini Max Discount*).

At the level of the build in area several implantation methods emerged (*Figure 2*).



Figure 2 – Main commercial units in Bucharest

The first malls build in Bucharest (Vitan, Militari and Eroii Revoluției) used the unfinished infrastructure of the agro-alimentary complexes started in the 1980' [9], symbolically named "huger circus" situated in areas of demographical flow convergence that later increased their role of developing vectors towards the bordering areas. The investments that followed were built either on empty space in the outskirts of the city (*Carrefour* and *Metro Militari*, *Cora Pantelimon*) having the advantage of the communication infrastructure at the entrance of Bucharest either on lands resulted from the demolition of a series of industrial units (*Cora Lujerului* is a such example; it was built on the site of a former dairy factory) benefiting both from the railway infrastructure of Cotroceni train station and from an important commercial ford as that particular area is one of the most populated ones in Bucharest. In the same manner the future *Cotroceni Park* is situated on the premises of the former UMEB benefiting from an existing communication infrastructure. These advantages in placement a commercial unit favor in time the concentration of such services triggering the birth of commercial parks. The Băneasa area, the one at the exit on Bucharest on the highway Bucharest-Pitești (Militari) and the one from Voluntari-Urziceni (Dragonul Roșu) are typical examples of such commercial parks. Another similar concentration promises to develop in the Lujerului-Cotroceni area by combining the commercial areas *Cora Lujerului*, *Plaza Romania* and the soon to be Cotroceni Mall.

The student campuses as potential markets are another factor when considering the placement of such investments. *Carrefour* Orhidea, placed in the close vicinity of the student campuses Grozăvești and Regie is a typical example of such a strategy.

Iulius Mall in Iași and the new *Iulius Mall* in Cluj-Napoca, located in the Gheorghieni district, near the campus of the Economics Sciences University subscribe to the same location logic, the entertainment factor being meant to complement the shopping one. Other such establishments intend to complete the residential function with the tourist one: the *Eliana Mall* in Brașov is situated in the Bartlomeu commercial district near the touristic area at the exit towards Bran, and the Tomis Mall in Constanța is situated at the exit towards Mamaia.

Last but not least another location strategy is modernizing the large commercial units built before 1989 (as universal stores) and turning them into mall like commercial centers. The most typical example of such a strategy is *Unirea* store in Bucharest [10] the biggest Romanian commercial unit in 1989, transformed by extending and modernizing in *Unirea Shopping Center* that attracted in the near proximity a *Carrefour* hypermarket as well (*Figure 3*).

We cannot but take into consideration the social impact of these commercial centres. The concept of "mall" goes beyond the strict commercial function and is associated with the idea of luxury and fashion, one goes to a mall to see what new trends appeared and not mention for "socializing", to get acquaintances in a certain social segment of the population. The financial segregation is therefore present in the social segregation and both of them are found in the commercial one, and the malls are the best way to express this fact. Not surprisingly, in some commercial centres the shopping and business facilities were associated with social ones (the *Iulius Mall* in Timișoara for example includes a civil state officer and a chapel). Additional to the fashion-clothing, cosmetics, accessories and household

appliances stores, the malls include fast foods, restaurants, coffee shops, multiplex cinemas, casinos, and arcade games, all of these constituting ways of global consumerism products to penetrate

the Romanian urban society. The social function that malls have at the level of the build in area can be emphasized by analyzing of the visitors of the five existing malls in Bucharest (Table 7).

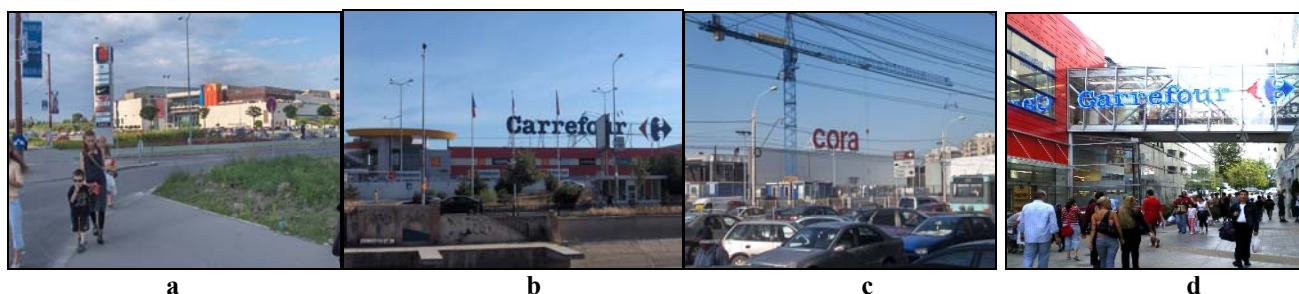


Figure 3 – Location strategies for the large commercial investments

a. Iulius Mall Timișoara, located in a semi commercial area (Antene district) on the grounds of a former military unit, b. Carrefour Orhideea, placed in Grozăvești district on an empty field in the close vicinity of the campus Grozăvești-Regie, c. Cora Lujerului in continuous expansion, placed in Militari district, on the former grounds of the “Miorița” dairy factory, d. Carrefour Unirea, placed in a central commercial area in the close vicinity of the Unirea Shopping Center.

Table 7 – Elements of social impact of Bucharest` malls

* missing data

Mall	Inauguration date	Location	Area [m ²]		Investor	Number of stores	Visitors per week-end
			[1]	[2]			
Existing malls							
Băneasa Shopping Center	2008	Băneasa	170 000	85 000	Băneasa Development [Romania]	220	60 000 – 70 000/ day
Bucharest Mall	1999	Vitan	99 000	37 000	Anchor Group [Turkey]	140	40 000 – 45 000 / day
City Mall	2005	Eroii Revoluției Square	38 000	19 000	Victoria Holding [Australia]	100	18 000 / day
Plaza Romania	2004	Militari	104 000	41 335	Anchor Group [Turkey]	150	40 000 – 45 000 / day
Unirea Shopping Center	2000	Unirii Square	83 971	43 760	Fam. Adamescu [Romania]	*	45 000 / day
Vitantis Shopping Center	2008	Vitan-Bârzești	80 000	33 000	Equest Balkan Properties [Great Britain]	75	10 000 – 15 000 / day
Malls in construction							
Cotroceni Park	2009	Cotroceni	170 000	76 000	AFI Europe [Israel]	250	60 000 – 70 000/ day
Grand Arena	2008	Berceni	120 000	45 500	Euroinvest Intermed [Switzerland]	180	40 000- 45 000/ day

Area: [1] built on, [2] commercial. Data processed based on the information posted on the web sites of the respective malls.

Concluding, we can sustain that the development and modernization of the commercial services is one of the main components of the high importance that the high services sector gained in the Romanian

industry. The process has gained in importance after the year 2000; data shows that in 2000 only 6% of the consumer goods sales were made by means of such chain stores, this percentage reached at 27% in

2005, foreshadowing a value of 40% at the end of 2008 and surpassing 50% in 2010 [11]. The dynamics of this process is a direct result of the fact that Romania is on the 8th place in the commercial investors' preferential list, with Russia and Czech Republic the first two countries [12]. In the same

time its globalizing character is given by the specific of the consumers goods found in the commercial centres and by the fact that out of the modern commercial network 90% belongs to international chain stores.

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END NOTES

- [1] These crises materialized themselves both in the economical and financial relationships but also in the political, diplomatic and military ones: the Suez crisis in 1965 or France withdrawing its troops out of the NATO forces under the presidencies of Charles de Gaulle (1959-1969) and Georges Pompidou (1969-1974).
- [2] Human development is a process of enlarging the peoples' alternatives horizon in any given society, achieved by the insurance of a corresponding expansion of their capacities so that people will enjoy longer more healthier and creative lives and will participate actively to the decisions that affect their lives and the community they live in. The policies that consider human development and allow the individuals to gain such capacities offer them the strengths to feel less vulnerable during the transition process. (The National Human Development Report Romania, 2000, p23).
- [3] The values were achieved using the available data in May 2007 on web sites of the Romanian banks and commercial units.
- [4] Cities with a low degree of banking services assurance (inhabitants/banking unit): Dăbuleni – 13 888, Comarnic – 13 378, Ovidiu – 13 134, Petrila – 12 920, Urlați – 11 776, Boldești-Scăeni – 11 491, Dolhasca – 11 009, Bumbești Jiu – 10 617, Uricani – 10 227, Lupeni – 10 214, Borșa – 8 994, Baia Sprie – 8 304, Bălan – 7 902 etc.
- [5] Corpaci, C. (2008), *Lipsă de personal în retail*, Ziarul Compact București, anul III, nr. 546, 09.07.2008, p. 7.
- [6] An important factor for the profitability of this location is the prices of lands that are 8 times smaller in the south in comparison with the north.
- [7] Anchor Group, Turkey.
- [8] Drăgușin, A. (2007), *Construcția mall-ului din Cotroceni Park va costa 150 milioane euro*, Curierul Național, anul XII, nr. 5038, 06.11.2007, www.curierulnational.ro/Actualitate
- [9] Out of which the only one that was actually finalized before the 1989 Revolution was the one situated in Unirea Square.
- [10] The same process happened in Iași with *Moldova* store that was transformed in *Moldova Mall* and the *Tomis* store that was modernized into *Tomis Mall* etc.
- [11] Source: market research companies GfK Romania and MEMRB Retail Tracking.
- [12] Source: real estate company Cushman&Wakefield