



# 10 OF THE BRANDS SHAPING THE FUTURE OF SHOPPING CENTRES

HOW INSIGHT AND INNOVATION ARE CHANGING THE SHOPPING CENTRE MIX INSIDE AND OUT

# AT A GLANCE

**U**K shopping centres are increasingly falling into one of two categories. On the one hand, prominent regional locations are partnering with a mix of established and up-and-coming brands to deliver a compelling retail, food and beverage (F&B) and leisure offer. On the other, smaller schemes in secondary and tertiary towns are focusing on a value- and convenience-led offer, often with the presence of food operators as a crucial factor in their appeal.

In both cases, landlords realise that consumer expectations of the shopping centre experience are changing. For flagship retail destinations in particular, shoppers expect more than a trip to the shops: they want theatre, entertainment and a fresh surprise every time they visit – be it a new food brand, a pop-up shop or a one-off event.

The 10 brands we have identified as helping to shape the future of shopping centres are at different stages of maturity.

Costa Coffee now has well over 2,000 outlets across the UK, including a growing

shopping centre presence. Market Halls, on the other hand, opened its first shopping centre hall this summer at intu Lakeside. But what they share in common is a compelling proposition tailored to the changing way in which people want to shop and socialise.

To help their retail partners grow, shopping centres will have to evolve to keep up with the latest social and technological trends. Meanwhile, the retail and leisure mix will continue to change at pace, with F&B and leisure operators becoming more prominent.

Shopping centres will increasingly become their own digital ecosystems with the development of cutting-edge delivery services, loyalty apps and smart payment technology.

If landlords develop clear strategies and execute them well, they can be confident of attracting the brands that consumers expect to see long into the future. This is key as it's not enough to keep pace with new trends – a core compelling retail offer is vital – these are *shopping* centres, after all.

## WHAT DOES THIS REPORT UNCOVER?

- 10 brands helping to shape the future of shopping centres
- How shopping centres are evolving their offer to remain relevant
- The success to be had mixing bricks and clicks
- Why retail theatre and the latest in leisure are so essential
- How to use technology to boost loyalty and track customer spend



## RWRC CONNECT: 10 OF THE BRANDS SHAPING THE FUTURE OF SHOPPING CENTRES

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Data supplied by Local Data Company

# WHAT'S IN STORE FOR RETAIL LANDLORDS?



**MATTHEW ROBERTS**  
INTU CHIEF EXECUTIVE

**T**he active companies featured in this report are just 10 examples of what we are seeing from many of our customers. They demonstrate that whatever we read in the papers, there are plenty of brands winning in retail today. And they will continue to want to be in bustling shopping destinations that millions of people visit every year.

Yes, the market is rapidly evolving, and we must all evolve with it, but the right stores in the right locations continue to play a vital role for retailers, with 90% of sales still touching a physical store (CACI).

intu owns the best centres in each region we trade in and, of those, nine are in the top 20 UK centres (Global Data).

Successful retail destinations must continue to evolve to maintain their relevance, attract visitors from far and wide, and ultimately enable the brands within them to thrive.

## So much more still to come

For us that means a number of things: the continuation of our approach to deliver theatre and world class service; and at the same time, reviewing opportunities to incorporate communities, hotels, flexible working space in and around our flagship destinations.

It also means preparing for tomorrow's visitors by testing new, innovative concepts

such as direct retail stores owned and run by intu, curated spaces for street food, experiential markets and paid for in-centre instagrammable experiences.

With only about half of our out-of-town estate currently developed, there is a lot more space we can capitalise on. We are looking at an intensification of our land with an initial focus on residential, hotels and flexible working.

## Thriving communities

This will create thriving communities around our centres, ensuring residents can benefit from everything they have to offer and provide an extended catchment right on the doorstep of some of the UK's most popular retail destinations, starting with intu Lakeside.

Relationships are also changing. With a sharpened focus on our brand customers, we want to ensure their intu locations are their most successful. Understanding their changing business models is crucial and sharing data and insight will be fundamental to these collaborative relationships.

While there are still considerable headwinds, we are continuing to focus on the day job at hand, which is to entertain the 400 million people who visit us every year and work in partnership with the hundreds of customers that have space with us to ensure we all succeed.



**90% of sales  
still touch a  
physical store**



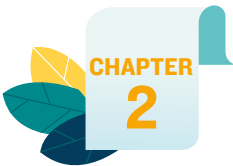
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- Immersive experiences drive footfall
- Street food finds favour
- Forward-thinking fashion is in vogue

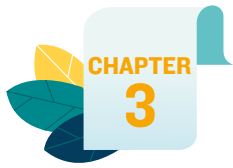
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# THE 10 BRANDS

The Entertainer

Hotel Chocolat

Nespresso

Primark

Seasalt

Holland & Barrett

Joules

Krispy Kreme

Costa Coffee

Market Halls

## METHODOLOGY

This report uses a mix of data points to identify 10 brands helping to shape the future of shopping centres. UK sales performance for 2017-18 (or the latest available full-year period) taken from Retail Week Prospect or company accounts is considered alongside the number of new shopping centre openings over a three-year period (from March 2016 to March 2019) based on Local Data Company (LDC) data. This quantitative data is considered alongside qualitative data on new store innovations covered on retail-week.com.

## CHAPTER 1

# 10 OF THE BRANDS LEADING THE WAY

- Brands are driving footfall with immersive experiences
- There is a real taste for high-quality, responsive F&B outlets
- Fashion retailers that think outside the box are firm favourites

NEW  
OPENINGS:  
25\*

### The Entertainer

Family-owned toy retailer The Entertainer operates around 160 UK stores, most of which are based in shopping centres.

Recent openings include a refurbished Westfield London store in 2018 and a new site at intu Watford in April 2019.

With its focus on strong merchandising and in-store theatre, The Entertainer aims to open upwards of 15 new UK stores a year.

It has repeatedly said that bricks and mortar remains a central part of its strategy, alongside a big push to develop its multichannel offer and the launch of a new mobile-first website last year.



The new Westfield store features a Magic Mirror photo booth, a Launch Pad area with iPads for children to play on and interactive flooring.



UK sales 2017-18:	£158.4m (+6.2%)
Group profit before tax:	£11.9m (+37.6%)

\*All store opening figures are for a three-year period

**NEW OPENINGS:  
17**

## Hotel Chocolat

Hotel Chocolat has dabbled with international growth in recent years, with a selection of store openings in Japan and the US, but not at the expense of developing the shop portfolio in its UK heartland.

The chocolatier has now reached 103 stores nationwide and continues to experiment with fresh formats and new locations. A flagship opened in Oxford's Westgate shopping centre at the end of 2017, while innovative concepts featuring cafes, event-hosting and ice cream ranges continue to appear in locations across the UK.



**KEY STORE INNOVATION**

The retailer hosts chocolate 'lock-ins' where people can learn more about how its products are sourced and made.



**UK sales 2017-18:** £112.2m (+10.8%)

**Group profit before tax:** £12.7m (+13.4%)

**NEW OPENINGS:  
15**



## Nespresso

Coffee brand Nespresso is one of a number of direct-to-consumer brands expected to play a prominent future role in UK shopping centres, having established a presence in the likes of Bluewater, Kent, One New Change, London, and intu Victoria Centre, Nottingham, in recent years.

With its unique product and experience-led approach, Nespresso is bringing something different to the market while driving footfall across its 59 UK and Ireland boutiques.



**KEY STORE INNOVATION**

Visitors can try the complete range of tastes and flavours.

**UK sales 2018:** £201.8m (+11.3%)

**Group profit before tax:** £8.9m (+15.7%)

**NEW OPENINGS:  
12**

## Primark

Value fashion retailer Primark is building itself a reputation as an attractive alternative anchor tenant for shopping centre owners across Europe. In the UK, specifically, it will be the anchor for the soon-to-open Barton Square redevelopment at intu Trafford Centre in Manchester, having played a similarly central role in the revamp of Gateshead's intu Metrocentre in 2011.

Primark continues to open and refurbish stores with its 187th in the UK and Ireland – and largest premises – unveiled in Birmingham in April 2019. The 160,000 sq ft space includes a Disney cafe (pictured) plus a second coffee shop, a restaurant, beauty studio, a barber and a custom T-shirt printing facility.



Digital controls in changing areas remove restrictions and let customers try on an unlimited number of products.



<b>UK sales 2017-18:</b>	<b>£3.35bn (+6%)</b>
<b>Group profit before tax:</b>	<b>Not available</b>

**NEW OPENINGS:  
8**



## Seasalt

Cornish clothing retailer Seasalt, which began life selling traditional workwear such as fishermen's smocks, continues to grow its presence in the UK and Ireland, and now boasts around 70 stores. Among those are shopping centre locations such as St David's in Cardiff and The Mall at Cribbs Causeway near Bristol.

In 2018, the retailer announced a £16m funding injection to help grow the store estate to close to 100 and support plans for more development across sales channels.



Free click and collect in all mainland UK stores.

<b>UK sales 2017-18:</b>	<b>£47.9m (+22%)</b>
<b>Group profit before tax:</b>	<b>£0.49m (-63.7%)</b>

**NEW  
OPENINGS:  
18**



## Holland & Barrett

Holland & Barrett has been steadily expanding its presence in the UK, with around 100 new stores added over the past six years, taking its total network to nearly 800 shops.

Traditionally a high street town centre operator, the retailer has identified an opportunity to grow in shopping centre locations in recent years. It has a presence at intu Derby and intu Metrocentre, and is also pushing forward with a strategy to open additional stores under its premium fascia More, which launched in 2015.



### KEY STORE INNOVATION

Larger stores are trialling new concepts such as vegan nail bars and juice bars.

<b>UK sales 2017-18:</b>	<b>£524.7m (+4.8%)</b>
<b>Group profit before tax:</b>	<b>£80.1m (+10.6%)</b>

**NEW  
OPENINGS:  
18**

## Joules

With 125 stores and counting, double-digit sales and profit growth, and an innovative shop opening strategy based on the multichannel value of a store, Joules is a bricks and mortar success story.

Recent development has focused on what Joules describes as regional shopping centre stores – a fledgling location type for the brand. It has opened such formats in locations including Milton Keynes, Meadowhall, Hammerson's Birmingham Grand Central and intu Braehead.

Analysts suggest the way Joules measures store performance maps out a path for others to follow (see chapter 2).



### KEY STORE INNOVATION

Full roll-out of click and collect, in-store ordering and online returns.



<b>UK sales 2017-18:</b>	<b>£161.5m (+16.2%)</b>
<b>Group profit before tax:</b>	<b>£11.2m (+25.6%)</b>



**NEW OPENINGS:  
42**

## Krispy Kreme

Krispy Kreme is on a growth journey in the UK and Ireland, and small kiosk-style shopping centre stores manned by one or two members of staff at a time are very much part of its story. Recent store openings include Ashford Outlet Centre, which was unveiled in August this year.

Krispy Kreme keeps its offer fresh by partnering with other brands, such as Thorntons last Christmas and Kit-Kat earlier this year, to produce limited-edition ranges. It also creates theatre with events such as Krispy Kreme's Hotlight Hour (where customers can have an Original Glazed doughnut fresh off the line), while pushing engagement on its social media channels.



Aluminium Airstream travel trailers add a touch of theatre for customers.



**UK sales 2018:** £83.1m (+9.4%)

**UK profit before tax:** £8.5m (-3.8%)

**NEW OPENINGS:  
32**



## Costa Coffee

Coca-Cola-owned Costa Coffee has around 2,500 stores in the UK and has been a key cog in the wheel of shopping centres' ongoing evolution from retail-led places to more hospitality-influenced spaces.

Costa is continually looking to redefine the customer experience through fresh design and is currently in the middle of a new concept roll-out impacting around 1,000 stores in the UK.



Click and collect attracts customers in a rush, while loyalty points can be collected on its app.

**UK sales 2017-18:** £951.7m (+7.4%)

**Group profit before tax:** £105.2m (+1.8%)

**NEW  
OPENINGS:**

1



UK sales 2017-18: -

Group profit before tax: -

## Market Halls

Andy Lewis-Pratt, a former property developer, and Simon Anderson, a restaurateur, launched Market Halls in spring 2018, with the aim of redefining the British food hall.

Market Halls currently has two London sites, in Fulham and Victoria, with more set to arrive in the UK – including Market Hall West End, which will become the largest food hall in the country.

The first out-of-town concept The Hall was unveiled in July, at intu Lakeside, within the centre's new leisure development (see chapter 3).



### KEY STORE INNOVATION

Food traders change every six months to keep destinations fresh.

# IMMERSIVE & ORIGINAL EXPERIENCES & F&B OUTLETS ARE DRIVING FOOTFALL



## CHAPTER 2

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# STRATEGIES FOR SHOPPING CENTRE SUCCESS

- **Knowing the customer helps brands tailor the proposition directly to them**
  - **Smart technology is a point of difference and can track shopper spend**
  - **Collection and return points bring bricks and clicks together**
- 

**T**here is no cookie-cutter approach to effective shopping centre retailing. Successful businesses tailor propositions based on their own customer insights and the latest market trends, while continually offering something fresh and new to keep shoppers coming back for more.

Our 10 brands in focus, however, share a number of fundamental qualities that drive their success in a shopping centre setting.

Ed Cooke, outgoing chief executive of

Revo, the trade association for the retail property sector, says those retailers that make the customer's path to purchase as easy as possible will be successful.

"The companies [in the list] have a clear proposition, they know who their customers are and they are obsessed with getting their product to the customer at the right time," Cooke says, adding that brands such as JD Sports and Next are also thriving in shopping centre locations.

### Knowing the customer

Delving further into the strategies of the 10 brands, one obvious similarity is their obsession with knowing what customers want and delivering the right combination of retail basics and fresh innovation that resonates with today's shoppers.

The Entertainer executive chair and co-founder Gary Grant says the toy retailer offers fair pricing and negotiates hard with suppliers so it can offer the very best deals to customers.

"We have a great collection of toys, sourced internationally, and our merchandising standards are key," Grant says. "We are not trying to run a jumble sale or car boot sale; we have stores that have a great feel and ambience to them in the way they are laid out and the activities in them."



Nespresso's boutiques create an 'immersive coffee experience'



## Our ability to connect and engage with customers at our boutiques sets us apart in the marketplace



KEVIN BREESE, NESPRESSO

Grant notes that product demonstrations are a key part of The Entertainer's strategy as the business seeks to be more than a "functional retailer" and creates a "fun atmosphere in our stores".

On Saturdays, in particular, stores have a list of items they are expected to be demonstrating. "We have 10 to 15 character visits a week, too; it's staggering the joy on a child's face when they see a character they know who happens to be in store when they visit," Grant adds.

### Brewing up a community

Nespresso is another brand that knows its customers inside out and is servicing their needs in a shopping centre environment.

The brand's boutique concept surrounds customers in an "immersive coffee experience", according to head of sustainability Julie Gallacher, helping consumers "discover and explore our range of tastes and flavours".

Gallacher says that the company's community of "enthusiastic fans" who sign up to its membership model tend to be the best brand advocates: "More than half of our new members experience Nespresso for the first time through friends and family."

Nespresso's presence in shopping centres is a key part of its retail strategy, giving customers an opportunity to not only access its products, but experience them first-hand.

"Our ability to connect and engage with customers by providing an immersive coffee and brand experience at our boutiques sets us apart in the marketplace, and Nespresso is becoming a key brand for major regional shopping destinations," says Kevin Breese, head of retail for Nespresso UK and Ireland.

Building a relationship with customers is also a key part of fast-growing Cornish clothing brand Seasalt's proposition. New shopping centre store openings are celebrated with community-focused events and competitions. When the retailer unveiled a shop at Leeds Victoria in 2018, a customer competition led to one shopper cutting the ribbon on store opening day and receiving a £100 voucher to spend. At The Mall at Cribbs Causeway, which opened just before Christmas last year, goody bags were given to the first 30 customers, a free gift was handed out with every purchase and Cornish snacks were available all day long.

### Combining bricks and clicks

Most of the brands in focus also recognise that the interplay between online and bricks-and-mortar retail contributes to the overall customer experience.

Click and collect is arguably the most tangible way in which stores and ecommerce work in harmony.

"We're one business and we are trying to satisfy consumer needs; it doesn't matter how we achieve acquiring and retaining a happy customer," says The Entertainer's Grant. "Our website is an information portal: you can buy there, but also do a lot of research or click and collect for certainty."

In fact, click and collect is fast becoming a hygiene factor for the best performing retailers. And, in turn, shopping centre landlords are adding collection and return points to their sites to drive footfall and give shoppers other reasons to visit their centres.

Joules is an example of a retailer that understands the symbiotic relationship between stores and online, whereby the different sales channels support each other's growth.

The retailer opened at Inverness's Eastgate shopping centre, Glasgow's Silverburn and The Glades, Bromley, in recent years.



Chief finance officer Marc Dench says its store opening strategy is based largely on the ability to increase online traffic and click and collect customers – and vice versa.

Costa Coffee also offers click and collect, allowing visitors the opportunity to order ahead, skip queues when entering stores, leave quickly and get on with their shopping – a concept that can work particularly well in a shopping centre environment.

### Technology and innovation

Unsurprisingly, the 10 retailers helping to shape the future of shopping centres are all embracing technology in its various forms.

Primark's prolific Facebook, Twitter and Instagram accounts provide digital signposting that drives store footfall.

Hotel Chocolat was born as an ecommerce

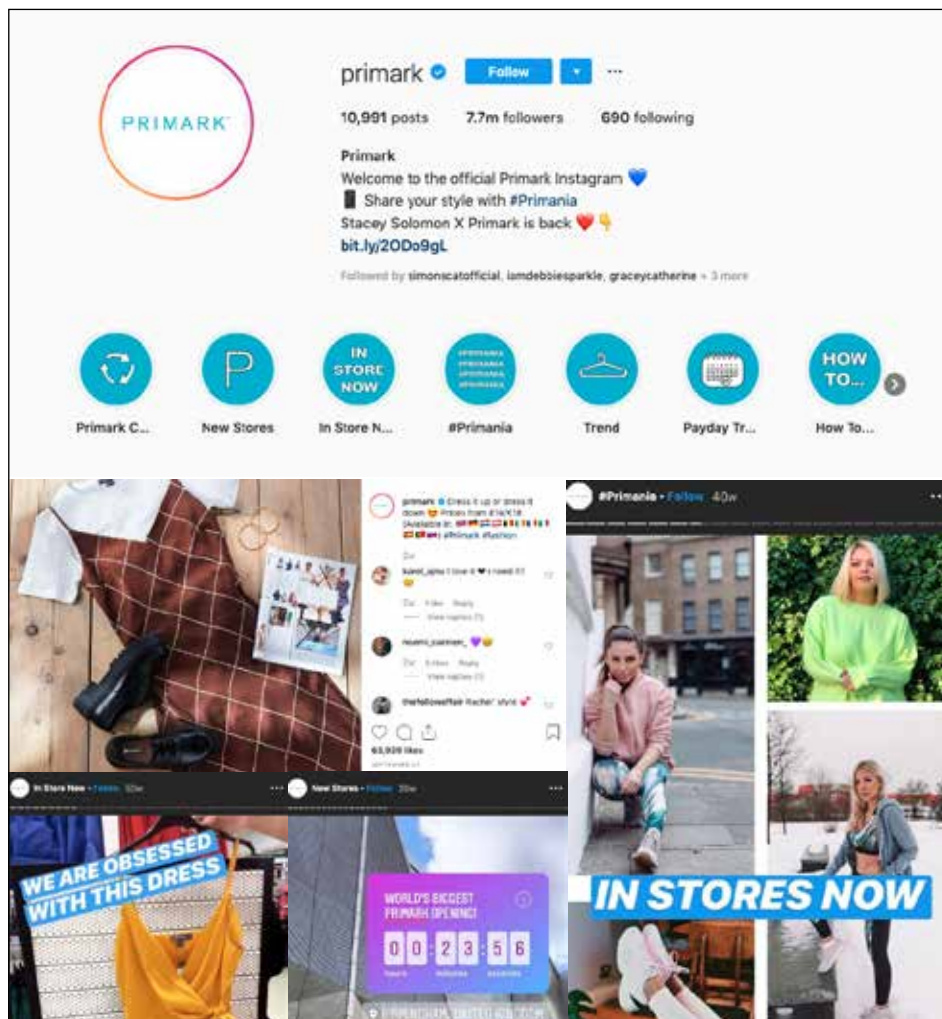
business and has grown into a multichannel operator with digital at its core.

Its VIPMe rewards card is available to all customers and allows users to collect and track points both online and in store.

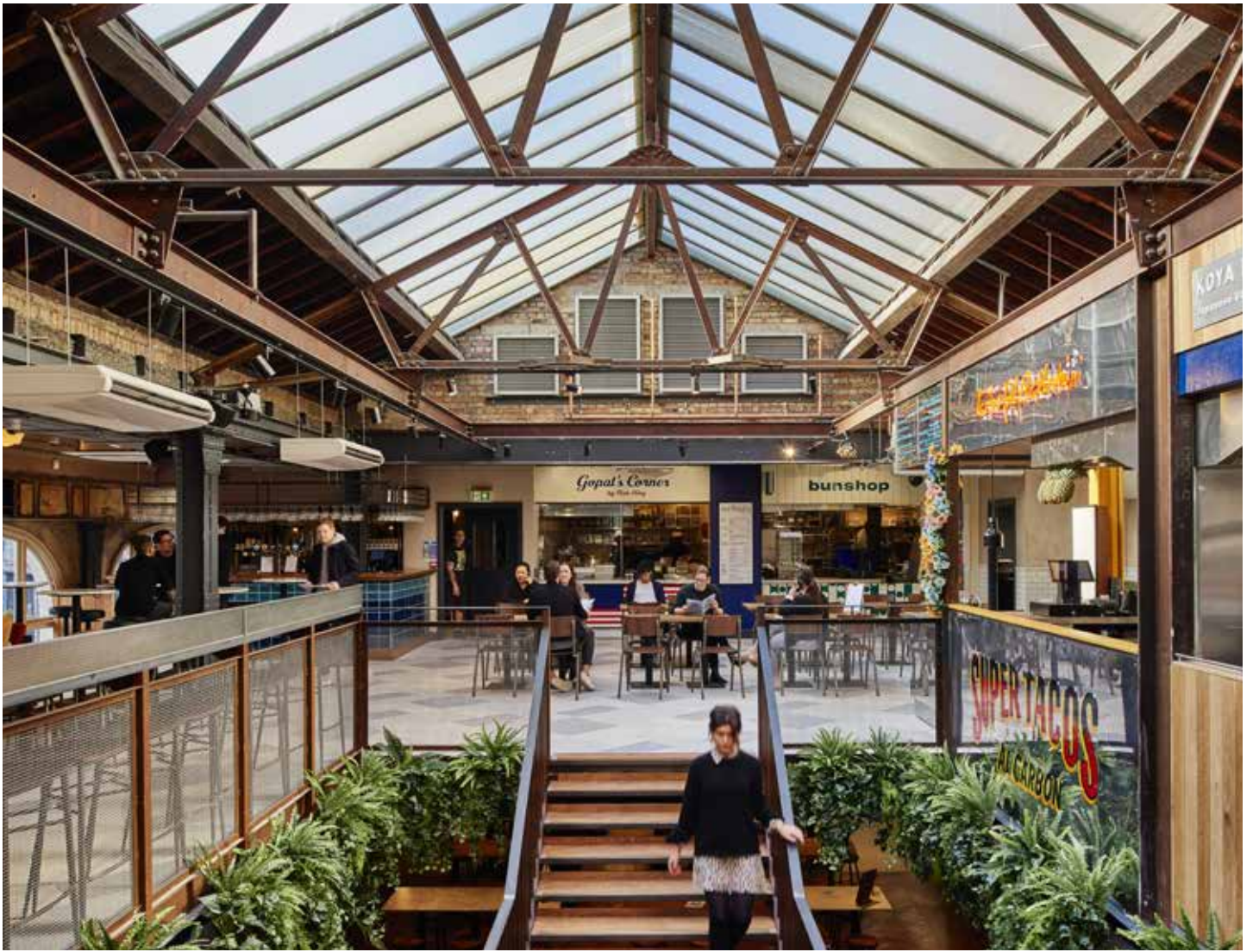
Costa has recently rolled out a new app that enables mobile payment and hosts a loyalty programme, all in one place.

Holland & Barrett – thanks in part to the recruitment of its first ever chief technology officer, George Goley, in 2018 – is becoming more omnichannel in its approach by putting services such as rapid delivery and click and collect at the heart of its operations.

Krispy Kreme recently started a delivery service from its London stores and has plans to roll it out across the UK and Ireland in due course, thanks to a partnership with delivery company Stuart.



Primark drives store footfall through its prolific social media presence



Market Halls, such as this one in London Victoria, is redefining the British food hall  
Christopher Horwood



**The infrastructure is ours, so we know exactly how each trader is performing throughout the day**



**ANDY LEWIS-PRATT, MARKET HALLS**

Meanwhile, Market Halls provides kitchen space, amenities and point-of-sale systems to its partner traders. All the technology is connected to help the business monitor sales in real time.

“The tech infrastructure is ours – the tills and credit card machines – and they are all linked, so we know exactly how each trader is performing throughout the day,” says founder and chief executive Lewis-Pratt.

Grant says that, although The Entertainer typically would not do anything in its intu Lakeside store that it wouldn't do on the high street, the company has an opportunity to spend more on refits thanks to the larger revenues generated by high footfall shopping centre locations.

The Entertainer's Westfield London refit in 2018 was the most expensive it has ever embarked upon. The store, which reopened in March 2018, features a Magic Mirror photo booth, a Launch Pad area with iPads for children to play on, interactive flooring and digital screens.

“In the same way that there's innovation and creativity going into developing the website, we've got to do exactly the same to stores or we'll become a dinosaur,” Grant says.

## CHAPTER 3

# THE EVOLUTION OF THE LEISURE OFFER

- Buoyant leisure brands are taking entertainment to the next level
- Market Halls brings the best of the street food boom indoors
- Offering a fun day out helps to harness footfall

Anyone seeking evidence that UK shopping centres are diversifying at a rapid rate should look no further than the imminent arrival of Inflata Nation in the Shropshire town of Telford. The inflatable theme park will occupy the former BHS premises at Telford Shopping Centre after its installation was given the go-ahead in August.

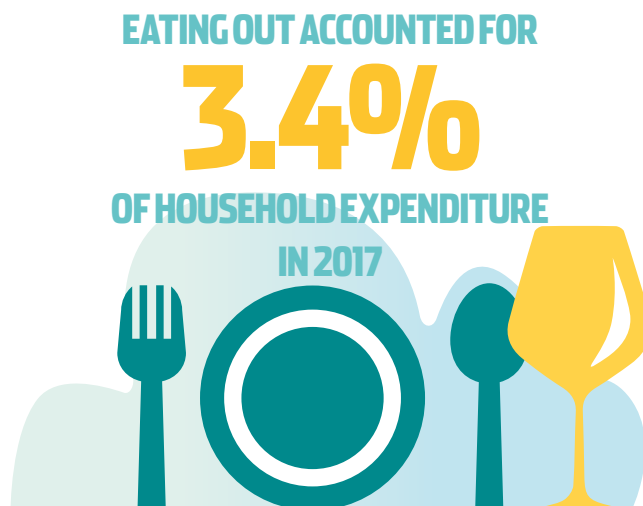
Leisure brands like Inflata Nation increasingly view shopping centres as a key growth opportunity. Hammerson recently announced that indoor cycling studio Peloton will feature in its Leeds Victoria scheme later in 2019, while indoor

mini golf provider Puttshack has assumed a prominent position in the new leisure extension at intu Lakeside and will open at intu Watford in 2020.

Shopping centre space devoted to F&B offers is also on an upward trajectory. The amount spent by UK households on eating out continues to rise and accounted for 3.4% of household expenditure in 2017, according to data from the Office for National Statistics.

As spend has increased on eating out, so has the focus that operators place on providing a compelling F&B offer within a shopping centre environment.

Operators are competing with one







Market Halls' street food concept has entered the shopping centre world in the form of The Hall at intu Lakeside, tapping into the demand for a mix of independent and established brands under one roof

another to offer a mix of established brands and newcomers. In April, German eatery Herman Ze German opened its first UK outlet outside of London at Birmingham Grand Central. Other recent openings at Grand Central include Edinburgh pizza brand @Pizza, which opened its first restaurant in England in February, and Holy Moly Macaroni, the Harlem-influenced mac-and-cheese restaurant, in August 2018.

At intu Watford, a third of a 400,000 sq ft extension to the shopping centre is occupied by F&B operators. Another third is taken up by retailers, with the remaining third given over to leisure facilities – but splitting a centre three ways is just one way of managing the mix.

“You can’t be too formulaic about deciding on the right mix – it’s all about relevance,” says Rebecca Ryman, customer performance director for intu. “It comes down to what’s in the catchment area



**You can’t be too formulaic about deciding on the right mix – it’s all about relevance**

**REBECCA RYMAN, INTU**



around you. In Watford, the town centre didn't have a leisure offering, so we put in a nine-screen anchor cinema, along with new restaurants, to encourage residents to stay and spend in the town."

The growth in space devoted to F&B does not have to be to the detriment of retail brands. For retailers with a shopping centre presence, the addition of a food and drink offering "immediately extends the catchment area of a shopping centre and creates days out", says Ryman. "And once you're in the shopping centre, you're more likely to buy something."

### A stall story

Market Halls took its street food concept popularised in London into the shopping centre world in July in the form of The Hall at intu Lakeside. The business is hoping to benefit from growing consumer demand for a greater mix of local and independent operators alongside established brands.

The concept gives independents an opportunity to trade in new social spaces without obstacles such as business rates, rents and service charges.

"We don't call them tenants," says Market Halls' Lewis-Pratt. "I always say to them that if they take nothing, I take nothing; it's more of a partnership."

Companies such as Market Halls have the potential to change the look, feel and

overall environment of shopping centres, giving visitors more choice, a continually refreshed offering and eateries that can be tailored to their locality in terms of design and menu.

Lewis-Pratt says the chance to benefit from footfall of 20 million people at intu Lakeside was a key reason for its decision to open at the centre.

"People see it as a day out, and we can be part of that day out," he says, adding that the company's London Victoria and Fulham sites have been busy day and night since opening last year, attracting a millennial audience in particular.

Market Halls co-founder Simon Anderson sees shopping centres as a big part of the business' future.

"We're exploring these opportunities and we generally get a good reception from landlords because they see we bring footfall. Victoria will have a footfall of 1.2 million people in its first year."

Revo's Cooke believes the diversity of the leisure offer in shopping centres will continue to evolve with more independents taking space.

"Market Halls is a good example of a small independent business being given an opportunity to trade on a lease model that isn't prohibitive for them, and is a partnership that works well for all parties."





## CASE STUDY

# INTU LAKESIDE EXPANDS ON ITS LEISURE

In August 2019, intu Lakeside unveiled its £72m leisure and F&B development.

Indoor mini golf provider Puttshack joins the roster of entertainment options alongside Vue, Hollywood Bowl and indoor trampoline park Flip Out, with a Nickelodeon Adventure Centre opening later in the year.

Along with The Hall, which comprises seven kitchens, a coffee shop, pop-up areas for food trucks and two bars across a 14,500 sq ft area, the new development hosts Chiktopia, a new chicken restaurant set within the heart of the scheme that will serve fried and grilled chicken burgers along with an assortment of fries, salads, wraps, vegan and veggie options.

The new concept is being led by Alastair Gordon, formerly of Ole & Steen, and advised by a group of senior industry figures including Dan Einzig, founder of Mystery Design, Mark Lilley, chief executive of Abokado, and Richard Morris, MD of Tortilla.

Alongside The Hall and Chiktopia, the development houses five other restaurants in an external space overlooking the lake.

Martin Breeden, development director at intu, says that, while the dining experience will be casual, “the architecture of the extension is bold and striking, which we know is what our customers wanted”.

intu has also invested in sound, lighting and fountains, which will be activated every hour to put on a show. “We have the ability to change the mood every day, every week, whenever we want,” says Breeden.

Rebecca Ryman believes that intu investing in the leisure development has encouraged retailers at the centre to reassess their own stores.

River Island has doubled the footprint of its flagship, while Zara has taken three times more space and completed a major refit. The



The £72m leisure development includes mini golf provider Puttshack and ten-pin bowling venue Hollywood Bowl

pair are the latest retailers to invest in flagship stores at intu Lakeside since H&M doubled the size of its store to 36,000 sq ft and Next opened an expanded 70,000 sq ft store.

In total, the centre’s occupiers spent more than £35m on new stores, refits and refurbishments over the past three years. As part of Zara’s expansion and refresh, the fashion retailer installed technology to allow customers to pay in the changing rooms.

“This technology will ease pressure on queues and make a massive improvement to customer touchpoints,” says Ryman.

## CHAPTER 4

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# THE FUTURE OF THE SHOPPING CENTRE

- Growth is slowing, but exciting new schemes are being pushed forward
  - Shopping centres are a hotbed of retail innovation and perfect for pop-ups
  - Launching a new business in a managed retail environment has benefits
- 

**A**lthough the European pipeline for new shopping centre development is slowing as the market reaches maturity, across 2019 and 2020, 2.1 million sq m of new shopping centre space is expected in Western Europe, according to Cushman & Wakefield. And in the UK, new shopping schemes continue to be brought forward with 147,000 sq m of new space delivered in 2018, according to Cushman & Wakefield's *European Shopping Centres* report.

And new schemes continue to be brought

forward. In February 2019, Liverpool City Council approved plans for a £30m retail and leisure extension to Liverpool Shopping Park. The additional 145,000 sq ft will comprise an anchor store site and 16 smaller retail units, as well as a cinema, bowling alley, gym and restaurants – and retailers billed for the location include Next, M&S Food Hall and TK Maxx.

In London, a scheme to develop the former Eurostar terminal at Waterloo train station into a 40-unit retail area is set to open in spring 2021. Unit sizes will be tailored towards retailers of gifts, accessories,





The former Eurostar terminal at London Waterloo is set to be redeveloped into a 40-unit retail area

jewellery, health and beauty, fashion and footwear, while opportunities are also available for on-the-go food operators.

In Nottingham, meanwhile, the £86m redevelopment of intu Broadmarsh is set to be completed in 2021 with two high-profile leisure operators – ten-pin bowling chain Hollywood Bowl and cinema brand The Light – already signed up to the scheme.

### Experimenting with experience

UK shopping centres continue to be favoured as locations where brands can experiment, trial fresh concepts and join the dots between the online and offline worlds.

The popularity of pop-ups in shopping centres across the country, for instance, speaks to the significant potential of shopping centres to help launch new companies and concepts, and allow brands to communicate directly with their customers and gain instant feedback.

Derbyshire start-up Solesmith, for example, opened its first store – in pop-up format – at intu Derby in August 2019.

Solesmith customers can utilise technology available in store to scan photos and have them printed on socks – or children can have their own illustrated designs incorporated into products.

Novel ideas such as this, often piloted through pop-ups, are becoming commonplace in shopping centres across the UK.

Solesmith is the product of a new accelerator scheme, Hatch, led by Revo and backed by the likes of intu, Westfield, Hammerson, Landsec and Bira. The idea is to give independent businesses the chance to pitch for a presence in a shopping centre,

with successful entrants waived rent, service charges and business rates for the first six weeks of operations.

Revo's Cooke says the initiative opens up opportunities for independent retailers that might not otherwise have considered shopping centres as a place to trade from.

“The concept started as an offer to independents to trade freely for a couple of months, but it evolved to making sure they've got the business support framework to be successful,” he says.



**For independents, what better place is there to start a business than in a managed retail environment like a shopping centre?**



**ED COOKE, REVO**

“What better place is there to start a business than in a managed retail environment like a shopping centre, where there is access to marketing and operational support, as well as other businesses in the same place?”

The shopping centres of the future will also see technology more firmly embedded in a physical retail space.

Samsung has tested virtual reality solutions at Westfield London in the past, while tech company NextAtlas took things a step further by launching The Trending Store in July. The temporary space mined data on social media, using artificial intelligence to track influencers and predict upcoming fashion trends. The company then sourced and stocked the top 100 fashion items from shopping centre retailers, such as Topshop and Reiss, based on what was trending online.

NextAtlas’s concept is an example of how the latest technologies can bring multiple retailers together and create a fresh way to sell to customers who are seeking new, engaging experiences in a managed centre environment.



## Linking loyalty

UK shopping centre owners have also developed loyalty schemes and mobile apps as they look to use data to support tenants with new platforms, as well as develop direct-to-consumer relationships of their own.

Earlier in 2019, intu was the first shopping centre landlord to launch an in-store cashback app as part of a drive to grow footfall and sales to its 14 UK retail destinations. Called intu Pocket, the app can be used by shoppers in participating intu shopping centre stores and restaurants to receive between 2% to 10% cashback rewards when making purchases.

Retailers that have signed up to the app can target customers with bonus offers at certain locations on specific days.

intu Pocket collects anonymised consumer data, giving retailers access to real-time insights. The app’s card-linking technology tracks shoppers’ transactions made across intu shopping centres, enabling retailers to understand where else their customers spend.

The cashback that users receive can be withdrawn into their bank accounts once a minimum of £5 has been built up, helping to create a new method of engagement between consumer and shopping centre.

## A bright but different future

The biggest and best regional shopping centres are still places where people can shop high-profile retailers and brands, but they will increasingly also find independent retailers, an extended catering offer and a host of new leisure activities within them.

And there’s further inspiration to be sought internationally, with Dubai’s mega-malls often housing 1,000-plus retail and F&B units, alongside other attractions such as aquariums, dry-ski slopes and skating rinks.

Meanwhile, in Spain the 235,000 sq m intu Costa del Sol development will host 20 leisure attractions, 70 restaurants, two hotels and a year-round circus.

The performance of these 10 brands proves that UK shopping centres remain at the heart of the retail experience.

And examples from both home and overseas show that the shopping centre will continue to evolve long into the future in line with the latest social and technological trends.

# 5 KEY TAKEAWAYS



**KNOW YOUR CUSTOMER** Brands that are growing in shopping centres have a clear proposition and are obsessed with servicing the needs of their customers.



**ONLINE IS NOT A THREAT** Technology can be used to enhance the shopping centre experience through innovations in fulfilment, loyalty schemes and in-store theatre.



**ENJOY THE LEISURE EFFECT** Landlords that offer a mix of established F&B and leisure brands and innovative newcomers can increase footfall and dwell time.



**TEST THE MARKET** Shopping centres are great environments in which to trial new concepts, giving brands direct access to their customers and gaining instant feedback.



**CREATE LOYAL SHOPPERS** By launching their own apps, shopping centre owners can reward loyal customers while developing direct-to-consumer relationships of their own.

