

# Surviving the retail apocalypse

There are many developments which have or plan to have a retail component in their development plans.

So, what can an operational mall do to avoid this "retail apocalypse" which may ensue?

There are five potential matters which a mall management can consider to survive and even thrive. The first is the concept of Experiential Retailing.

## Experiential Retailing

Experiential Retailing is about shoppers visiting malls for more than just transactional (i.e. buying and selling) reasons.

Transactional shopping has been taken over by outlet stores such as Mitsui Outlet Park and Genting Highlands Premium Outlets where shoppers seek bargains.

As such, the conventional mall cannot just target this type of shopper to survive. There is a fundamental need to transform the shopping mall from a place just to buy to a place to be (experiential).

Hence, a mall management needs to work with tenants to create spaces and experiences which excite all the five senses of its shoppers.

Prime examples of those already moving in this direction are iUtama Shopping Centre with its Air Rider and Flow Rider experiences and Mid Valley Megamall with its VR (Virtual Reality) space called The Rift.

To fully transit into Experiential Retail, a mall management needs to first understand shoppers' journey, as in what are they really looking for when visiting a mall? Is it for entertainment, food, relaxation?

Without a keen insight into the minds of shoppers, simply inserting any type of Experiential Retail could prove fatal, not to mention costly.

Another great example of a mall which has successfully integrated tenants that practise Experiential Retailing is the Central Festival Eastville in Bangkok with its Think Space B2S, a 3,000 sq m lifestyle store filled with books, magazines, stationery items, travel accessories, art supplies, headphones, speakers, CDs, vinyl and even home accessories.

The space boasts plenty of spots to relax and read, and small workstations to work out of whilst sipping Starbucks Reserve latte.

## Hybrid Retailing

Just as shoppers today want to be engaged, the way they shop is also changing. They have changed their reasons for visiting and expect to be greeted by in-store activations that are convenient, agile and hyper-personalised.

On top of that, shoppers expect to be rewarded with loyalty and some even hope to complete a journey which began online, to offline.

So, what does this mean for the mall management? The mall leasing team needs to identify



Sunway Velocity has an inviting and exciting frontage design that serves to draw shoppers

- **Avoiding a retail disaster begins with identifying what will thrive in malls**

- **First impression counts for mall operators**



by Pamy Wong and Timothy Liew

tenants that bring something new to the way they do business through a mix and match of different concepts to create new retail experiences for shoppers.

This is Hybrid Retailing. One example The Store ([www.thestores.com/berlin/](http://www.thestores.com/berlin/)) in Berlin which houses a mix of a departmental store, café, hair salon, co-working space and more to create a unique and totally new retail experience for shoppers.

An example closer to home are retailers such as Jaya Grocer and Ben's Independent Grocer. Here, their traditional supermarket shopping experience has been enhanced by the inclusion of food and beverage outlets to create a more diverse and complete shopping experience for shoppers seeking to buy fresh groceries and fill the tummy at the same space.

Concepts such as Hybrid Retailing are essential for the long-term survival and growth of shopping malls.

The ability of the mall leasing team to adapt to market changes and get creative with their tenant mix will ensure customers keep coming back.

## Great first impressions

First impressions count. What

better way to start off the retail relationship with future customers than by offering them an inviting and exciting storefront design which serves as a precursor to what the brand is about.

This is what a mall management needs to convince tenants to do.

How many times has one walked past a store in the mall which one felt had interesting products but ultimately decided not to go in?

That was most likely caused by an underwhelming store front that was boring in design and not enticing.

So what should a mall management do to ensure that tenants have a captivating storefront design?

A checklist of questions that a mall management should ask regarding a tenant's storefront design:

- I. Does it meet the brand image and brand value of the mall and its shoppers?
- II. Does it set the tone for the quality and lifestyle message the brand wants to present?
- III. Does it capture the attention of passersby and invite them in?
- IV. Does the storefront adequately function as a first communication point between customers and the tenants' brand?

We believe that a great storefront design will not physically help sell products and services - that is the role of great salesmanship coupled with great customer service.

Great storefront designs should attract the attention of customers, entice them into the store, retain them as long as possible and influence their purchasing decisions.

However, this is only possible when great storefront designs are envisioned and executed by tenants and the mall management must function as stewards to guide tenants to see this point of view, make sure they understand and agree with it.

## Space for Exploration

When shoppers want to be greeted by in-store activations that are convenient, agile and hyper-personalised, the mall needs to have spaces which encourage shoppers to explore that space.

This can be achieved through the use of interesting pop up stores which are small and unconventional, creating a sense of something new and exciting within the mall.

Pop up stores can be a truly amazing opportunity for a mall management to even try out first time mall retailers and convert them into tenants later should they prove a hit with shoppers.

Introducing these pop up stores are also a great way to generate more footfall traffic especially during the holiday season. A mall management can also use dead spaces within the mall to create pickup points for online vendors.

This is to get online shoppers to set foot into the mall to collect or drop off their purchases, and possibly have them patronising the food and beverage tenants as well as other service-based tenants like the salon or cobbler.

A good example of this is Amazon which has significantly increased its retail footprint with brick and mortar stores in the last few years.

Why? Amazon understands that having a physical store will allow customers to explore its products as well as lure new customers who do not traditionally purchase online.

## Third Place

The concept of "The Third Place" was coined by sociologist Ray Oldenburg in his 1989 book "The Great Good Place."

In it, he introduces the concept that people live predominantly in three spaces.

The first is our home and the people with whom we live.

The second is where we work and spend most of our waking hours.

The third is a public space that hosts regular and informal gatherings for people; in short, any other social space.

This should function as the basis for community building and the celebration of it.

As such, a mall management needs to ensure that the mall and its tenants function as an effective Third Place where shoppers can come together in an informal and social atmosphere to essentially hang out.

For this to happen, what are the necessary characteristics? Three are the most important.

Firstly, it should be free or inexpensive. It should have a good mix of spaces where shoppers pay to partake in its activities, balanced by an equal amount of space which is free for shoppers to gather informally to relax and socialise. The second function is that it should have food and drink establishments which is incredibly important.

Thus, a good tenant mix of food and drink providers across the spectrum from affordable (i.e. food courts and quick service restaurants) to expensive (i.e. casual and fine dining outlets) should be located within the mall to cater to all types of shoppers and culinary cravings.

Thirdly, a great Third Space should be highly accessible and welcoming. Getting to the mall should be easy whether by public or private transport. Otherwise, the mall management should offer pick-up or shuttle services from key transportation hubs.

The key here is to make these pick-up services as consistent and timely as possible.

Another crucial feature of accessibility is to ensure that the mall's parking, ingress and egress is easy for shoppers to navigate and not frustrating. A Third Place being welcoming is also an important point as shoppers should find their wants and needs adequately fulfilled with the right mix of tenants which represents food, fashion, entertainment, services and more.

## Understand market climate

With the pace of development not looking to slow down anytime soon, it is important for mall owners to fully understand the current market climate in which they operate. There is an inherent need for malls today to regard their properties as product offerings and undertake a product differentiation study to understand how they are different from other competing malls in the vicinity.

Malls that choose to explore and implement all or a combination of these strategies are sure to be able to survive and thrive in this new retail norm. **FocusM**

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