



IT'S ALL ABOUT THE EXPERIENCE

The making of lifestyle destinations

AN EXCLUSIVE REPORT BY MARK FAITHFULL FOR MAPIC

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OVERVIEW

IT'S ALL ABOUT THE EXPERIENCE

We live in a completely blended age of consumption, where people shop, eat, drink, meet and spend time in many different places – not all of them physical – at different times with different people. Rather than seeking ownership, many consumers prefer to download, stream, share, subscribe, recycle and repurpose.

The make-up and content of MAPIC has increasingly reflected these blurring distinctions, never more so than in 2018. This year's event will continue this approach, as transformation impacts on the relationship between physical space, online, customer behaviour and, crucially, the customer experience.

New retail and leisure names have appeared and become

part of the redefinition of retailing, bringing with them new models, perspectives and attitudes that complement the F&B outlets, pop-up stores, leisure offers, new-generation cinemas, wellness facilities and live-entertainment spaces that now mix with them.

What is noticeable is that these elements are no longer bolted on to the retail but instead are an integrated part of the offer, changing shopping centres into lifestyle destinations. And so this is the approach MAPIC has taken, fully integrating these themes and issues within the event.

In this whitepaper we look at just a few of the key projects and companies helping to reshape lifestyle locations and how MAPIC continues to reflect retail's changing face.



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LEISURE & LIFESTYLE

Leisure is intrinsic to so many projects, whether as an embedded element or as a standalone component, with technology playing an increasingly crucial role in the customer experience.

At MAPIC 2018 the first Leisure Summit took place on the afternoon before the main exhibition opened and in 2019 this promises to be even bigger, with the launch of an International Leisure Day

Speaking at last year's inaugural event, Thomas Rose, head of leisure & restaurants, Cushman & Wakefield, challenged the sell-out audience, claiming: "The traditional mall is dead. You never need to leave your house and the armchair economy is changing everything. If you as a developer are not creating social spaces, nobody will come."

Richard Lang, franchise director at Gravity, says that the experience company is seeing increased appetite for entertainment and activity facilities from landlords looking to "activate" their mall space and stimulate greater footfall for their retail and F&B tenants. Gravity has seen a big spike in interest from Germany and Central & Eastern Europe, and has received interest from landlords as far away as India and the Gulf states.

"Things have really moved on," says Lang. "In the UK market the F&B sector is struggling. It's a big part of the shopping centre offer but it won't activate itself. We can help the F&B and the F&B can help the retail."

Gravity designs and installs a number of different entertainment facilities in shopping centres, including soft-



LEISURE & LIFESTYLE



play spaces and trampoline parks, and its more recent additions such as the sky coaster aerial adventure park at Xscape Yorkshire, which opened over the summer.

Indeed, Tania Kishkin, CEO of Bulgaria-based Funtopia [an adventure park concept] says: “Active entertainment’s the new trend. It’s important to keep kids busy and physically challenged. You can’t climb and jump on a PlayStation.”

Many of the MAPIC exhibitors were also keen to showcase lifestyle projects last year, such as Falcon Malls with its two major schemes. Cascina Merlata is to be built next to the Expo Milan 2015 site. With 192 shops, a GLA of approximately 65,000 sq m and more than 10 million visitors expected annually, the shopping centre is part of a wider urban redevelopment plan for the 900,000 sq m area, located in the north-west of Milan. The west wing and the promenade will house the main retail and food offer, while the east wing will focus on leisure and entertainment activities, a cinema, food court and a supermarket.

Meanwhile, Milanosesto is the largest post-industrial redevelopment project currently in progress in Europe. Milan’s former Falck area is being completely redesigned as a new city. Falcon Malls will build a mall, leisure and entertainment area and a mixed residential/retail area with a total GLA of 131,320 sq m. Falcon Malls intends to introduce an innovative gastronomic offer based on smart food and signature chefs. Technology is also playing an increasing role in leisure. Italian-based WeArena is the first network of digital theme parks dedicated to e-sports, VR and AR games, as well as music, edutainment and events. Its goal is to make the gaming experience a social and educational event.

WeArena opened its first venue in December 2017 in Gorizia, Italy, home to the world’s first permanent gaming arena with 70-plus gaming stations, and more than 200 experience, flight and pro-racing simulators. The edutainment and live area opened at the end of last year, with 1,500 sq m dedicated to gaming and learning activities for families and children, workshops, digital-art exhibitions and live events.

WeArena aims to launch five venues in Italy by the end of 2019 and says it is looking for at least seven international partners to help it expand its network in Europe and globally. Of course much of the innovation has derived from the Middle East. The Meydan One Mall broke ground in March 2017 and is due to open in 2020 but even before the first concrete was poured developer, Meydan Group, was already planning how it can meet the needs and aspirations of a new generation.

Fahad Abdulrahim Kazim, vice president of Meydan Malls, said: “We’re coming from a region where the mall business is super-competitive. There’s no shortage of malls but in the past the approach has been very sales-driven. However, for a new generation of visitors it’s all about experience.”

Not only is Meydan investing heavily in attractions, including Dubai’s largest ski slope, the largest dancing water fountain in the world and a 23,500-sq m multi-purpose sports facility, but it also investing in less-tangible features. “We’re investing in technology, not for its own sake but because it can make the customer experience more comfortable,” Kazim says.



FOOD & BEVERAGE



Get the concept right and growth potential is almost unlimited in the casual dining sector, according to Vincent Mourre, managing partner of Mourre Participations. “The growth potential is wide when you have one of these beautiful casual brands in your hands, you don’t have a limit to your growth potential,” he says.

Although there are still huge opportunities for successful brands to grow, and tired brands to reinvent themselves, he says attention had to be paid to deliver a consistent offer. “Nothing is easy and the restaurant sector is based on consistency and a high standard of execution,” he adds. What is notable is how many schemes are bringing retail, F&B and culture together, nowhere more so than at the Galataport project by the banks of the Bosphorus in Istanbul, in a scheme that was showcased at MAPIC and aims to re-establish the area as the Turkish city’s centre for fashion and design.

With over 250 shops and restaurants planned, plus a 1.2km riverside promenade, two museums, a university, office space, a hotel and extensive public spaces, the mixed-use project will target both the international cruise passengers who already arrive at the port and the youthful, design-conscious local catchment.

Project development director Irem Yucel Kaymak says that on opening in May 2020, Galataport will bring an extensive boutique retail offer to the area, plus a vibrant F&B scene building on the area’s strong heritage in contemporary dining.

“It will be a mixture of the old and the new,” she says of the design approach. “The existing buildings, many of which are old warehouses, are being renovated and brought up-to-date, while the new buildings are very modern, so we have this mix across the site.”

Architectural practice Renzo Piano is creating a new home for the Istanbul Modern contemporary art museum, which is being rebuilt on its existing site at Galataport. The museum was relocated into a temporary building in March while construction takes place.

Kaymak says that beyond the 52,000 sq m retail offer, the intention is to make Galataport a centre for open air events and activities, to re-establish it as a fashion destination.

There are also some major collaborations in progress. Shopping centre owner, manager and developer intu has signed up the first of a new concept from thriving food hall business Market Halls for intu Lakeside’s £72 million leisure extension.

Market Halls opened two major central London sites in Fulham and Victoria last year and its first out-of-town concept, The Hall, will launch as part of a 17,000 sq m leisure development at intu Lakeside this spring. The Hall will bring together dynamic and independent food traders from across the south east and use the big-city energy, theatre and excitement of street-food to create a compelling dining experience for intu Lakeside’s 20 million annual footfall.

Family entertainment centre Nickelodeon Adventure and indoor mini golf experience Puttshack’s first location outside of London are also launching at intu Lakeside’s extension to capitalise on the shopping centre’s transformation into a major retail and leisure attraction. Two more leisure operators, Hollywood Bowl and Flipout, and a range of new restaurants will open their doors there this year.

The Hall at intu Lakeside will take 1,200 sq m and the site will include seven kitchens, a coffee shop, pop-up areas for food trucks, two bars and seating for 680 people. There will be an array of high quality, good-value dining options and relaxed seating solutions to suit families, big groups, couples and lone shoppers alike.

Rebecca Ryman, regional managing director at intu, says: “The Hall at intu Lakeside is a great fit for the centre’s quality new leisure offer and we know it will flourish here. intu Lakeside is already one of the country’s most popular shopping centres and we’re working with operators that share our ambition for innovation in leisure in order to create the best possible customer experience. The calibre of all the brands we’re attracting to the centre’s leisure development is testament to the potential of this new space when it launches later this year.”



ART & CULTURE



The growing role of art and culture within lifestyle destinations is not only more apparent but shopping centre landlords can learn lessons from the worlds of art and culture to add value to their own mall assets.

So believes Arnold Van De Water, general manager for experiential content at the Van Gogh Museum in Amsterdam, who says that bringing in new ways to interact with leisure and culture is “not only a profitable thing to do, it’s really adding value to add culture to a shopping centre. I see sometimes people struggling because they say they want to do this but they don’t know how.”

Gloria Siu, leasing general manager for K11 Concepts, a non-profit organisation that promotes art and culture in Asia, adds that the increasingly influential millennial generation’s keenness for exciting new features in malls such as art installations and interactive cultural installations should be a big factor in the way shopping centres are design in future.

“You need to adapt to change and you need to try to adapt to the preferences and the behaviours of millennials who are your core customer. For the physical store we need to offer them a lot of culture and reasons to gather together and party and to make sure they get into the habit of coming back, and art is a part of that,” she says.

The Van Gogh Museum in Amsterdam has developed a variety of customised content to share the artist’s work within shopping centre environments, as it searches for innovative ways to “bring Van Gogh out of the museum environment and help retail centres create footfall and experience”, says Meet Vincent van Gogh Experience general manager Arnold van de Water.

The museum, which attended its first MAPIC last year, has already transformed the story of Vincent van Gogh into the touring, 1,500 sq m Meet Vincent van Gogh Experience, which introduces visitors to the artists through a multi-sensory, interactive exhibition inspired by Van Gogh’s artwork and letters, bridging the traditional gap between entertainment and high art, and making art accessible to a wider audience.



“There is a real opportunity for culture and retail centres to come together, allowing people to consume art in a completely different way,” says Arnold. “It’s a very exciting time.”

Long-time exhibitor ADG Group is currently developing 39 centres in Moscow located in former cinemas and the first centre, Angara, will open in March/April this year, according to Grigory Percherskiy, managing partner of ADG Group. It will include a market style food offer as well as entertainment. Fit out of the anchor supermarket and the cinema within the centre is taking place.

The centres have also been repositioned slightly. They will now comprise 32 neighbourhood centres, four leisure centres and three shopping centres, with the offer refined for each different concept. “We decided to be more precise with how we were describing the centres,” says Percherskiy.

Typically, the centres will comprise 55% of space dedicated to essentials such as the anchor supermarket, services and daily needs retail, 30% will comprise edutainment such as the cinema and children’s entertainment area and 15 to 20% will be food and beverage. Percherskiy says that as well as the retail, food and entertainment offer concierge services would also be a key feature of the centres as the company aims to improve the customer experience for shoppers.



HEALTH & WELLNESS



Few lifestyle destinations are opening with a fitness centre of some sort within the mix and little wonder. A 4% increase in the number of people having health club memberships helped European fitness club operators record total revenues of €26.6bn during 2017 according to the most recent research in the European Health & Fitness Market Report 2018, published by EuropeActive and Deloitte last year.

The report also showed that the number of fitness facilities in Europe increased by 3.2% during 2017, to 59,055. The largest 30 European fitness club operators accounted for 14.1 million members, representing 23.5% of all memberships. Germany strengthened its position as the country with the highest number of fitness memberships (10.6 million), ahead of the UK (9.7 million), France (5.7 million), Italy (5.3 million) and Spain (5.2 million).

In terms of market penetration, Sweden ranks highest with 21.4% of the total population holding a health or fitness club membership. Other countries with high fitness club penetration include Norway (20.9%), Denmark (18.3%), the Netherlands (17.0%), and the UK (14.8%).

Overall, 7.6% of the total population in Europe were members

of a health or fitness club, with a penetration rate of 9.1% for people aged 15 years and older.

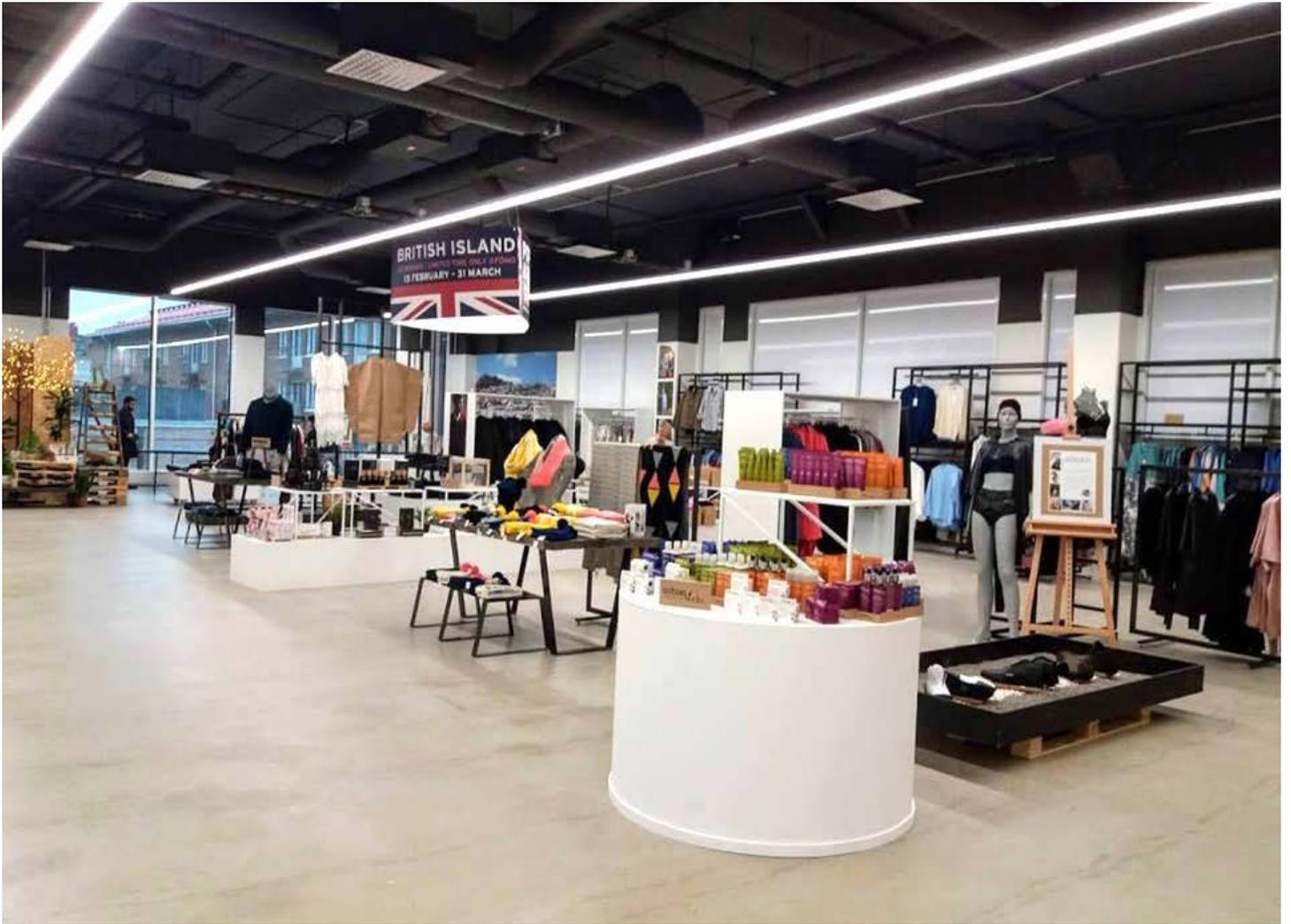
Not surprisingly, athleisure has been a strong retail sector and among the recent success stories has been LuluLemon, which combines retail, F&B and exercise spaces within many of its stores and The Gap Corp looking to expand its Athleta retail brand.

LuluLemon is on target to become achieve \$1bn in menswear sales along by 2023 and is trialling a subscription model for its loyalist customers as it looks to capitalise on an almost cult-like following among its devotees. The company has long fostered a sense of community with free yoga classes, running clubs and other events. It also supports 'ambassadors'—athletes and yogis featured on its website—and organises races and festivals. CEO Calvin McDonald has vowed to take the connection with customers to a new level with the loyalty programme, which has been dubbed "Lululemon practice" for now.

Meanwhile Nike has been testing a number of different formats, notably its new flagship store in New York, plus the Jumpman basketball concept in Los Angeles and Nike by Melrose in one of LA's hottest neighbourhoods.



POP-UPS & FLEXIBLE SPACE



“It’s all about the theatre, a culture in your own space,” says Annelie Gullström, head of business development at AMF Fastigheter, which launched its own innovative place-making idea in April last year. The Lobby, part of the developer’s flagship mall in Stockholm, is all about giving brands a space to show off, to trial new concepts, and to reach new customers by offering them something different

from the usual retail centre. It even has a cava bar. “It’s a mix of small and large retailers who want to engage with customers and test their brands out in a market,” says Gullström. “You can sell things in the Lobby but the main thing is to activate and engage with consumers.” The Lobby is in fact a collaborative project between AMF Fastigheter and Ilona Taillade, partner at Real Estate Partners



POP-UPS & FLEXIBLE SPACE

(REP) and founder of another new arrival last year, pop-up concept store FOMO. Based at the Molndal Galleria mall in Gothenburg, FOMO is another case study worth watching for anyone looking to invigorate their retail space. Why? Because, Taillade says, it has been designed with the future of malls in mind.

She says: "There are lots of companies looking to create innovative products and techniques. Sweden has become a leader in terms of aspirational brands looking to do something different. We've been able to take the opportunity to create this type of space. We are looking to change the formats; how to add to or change the business model. It's about flexible retail."

Reflecting these trends, in February UK shopping centre body Revo launched a scheme to find a new generation of talent to breathe new life into shopping centres. Hatch, by Revo, is a competition that offers free space and expert marketing advice in to up-and-coming businesses.

Entrants will come before judges in May and Hatch is backed by major names in retail property, including Landsec,

Hammerson, Unibail-Rodamco-Westfield, M&G Real Estate, Harcourt and Ellandi, along with the British Independent Retailers Association (Bira). Revo estimates that the UK pop-up retail market is worth at least £2.3 billion.

Revo head of campaigns Samantha Sen, says: "We believe that the retail success stories of tomorrow will come from today's pop-up shops, kiosks, and etailers as dozens of brands and chains we now know and love have proven. However, Hatch is about more than just identifying the next wave of entrepreneurs and talent who will shape – it is a demonstration of the industry's commitment to invest in the communities we are embedded in." Revo says that winners of Hatch will benefit from free rent, with business rates and service charges covered too. They will also receive professional marketing and business support to help promote their concept and a free one-year Bira membership.

Current locations where Hatch will take place include Westfield Stratford City, St David's Dewi Sant in Cardiff, Silverburn in Glasgow, intu Derby, Parkway Shopping Centre in Ireland and Bloomfield in Northern Ireland.

