



RetailWeek
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REPORTS

In association with



Immersive experiences

The future of the shopping centre

RETAIL WEEK
FOREWORD



JAMES KNOWLES
HEAD OF COMMERCIAL CONTENT OPERATIONS

Today's consumer buys into experiences. Not just within the stores they visit, but also from retail destinations themselves.

As a result UK shopping centres are rising to the challenge by giving consumers more reasons than just retail to pay a visit.

Look no further than intu. The shopping centre operator will open its first Nickelodeon park at intu Lakeside, strengthening its appeal to the family-day-out market.

This is a clear indication that shopping centres are about much more than simply shopping.

While not every centre is going to feature an all-singing, all-dancing fun park, it does mean retailers now have to base store-opening decisions on a whole

new set of criteria; does this centre offer the immersive experience the modern customer wants?

Understanding this is key. What do today's consumers expect from the experience shopping centres provide? And how will these expectations evolve? What are centres doing, and what can they do, to meet these demands?

To find out, this Retail Week report, produced in association with intu, has surveyed a nationally representative pool of 2,000 UK consumers to find out.

Over the coming pages we will reveal how the shopping centre landscape has changed, bringing you the exclusive insights from our survey, identifying examples of centres leading the way, and arming retailers with key takeaways on what they need to consider.



Retailers have to base store openings on a new set of criteria – does this centre offer the experience consumers expect?



RETAIL WEEK CONNECT: IMMERSIVE EXPERIENCES

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Cover image: ION Orchard shopping mall, Singapore

PARTNER COMMENT



DAVID FISCHEL
CHIEF EXECUTIVE, INTU

When we rebranded to intu in 2013 we resolved to put the customer experience at the heart of what we do, recognising that the role of shopping centres was evolving. Eating out, sharing experiences with friends and family, and being entertained within the shopping centre would become the new norm.

Insight from Barclays on the rise of the experience economy shows that the leisure sector has doubled in size between 2011 and 2016, contributing around £200bn to the UK economy. At intu we're investing in our centres to create retail and leisure destinations that offer a day-out experience, whether that's to shop, eat or play. At intu Watford we're adding 400,000 sq ft of space to deliver the UK's biggest in-town retail and leisure destination complete with an IMAX cinema, Hollywood Bowl, and a variety of eateries and retail brands that are new to Watford.

Even without the all-singing, all-dancing leisure tenant, the shopping centre of the future needs to deliver a compelling experience by simply thinking like a hospitality brand, from world-class service to events, as well as working with the tenants themselves to ensure they deliver great in-store experiences.

It's a combination of the evolution of the physical space and the attention to detail that can make memorable experiences every day for customers and help retailers flourish.

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METHODOLOGY

As well as identifying experience trends within the shopping centre realm, this report includes in-depth consumer research.

Retail Week surveyed a nationally representative pool of 2,000 UK consumers in February 2018 to gauge what shoppers expect from their

shopping centre experience today, and what they would like to see from those experiences in the future.



The big destinations simply get bigger, more all-encompassing and almost resort-like in their offers



The Aquarium of Dubai Mall, Dubai

CHAPTER ONE

THE CHANGING LANDSCAPE

- Millennials and Gen Z have new expectations
- The market is now driven by the experience economy
- Food and beverage (F&B) and entertainment will be key

Hit by the inexorable rise of online retail, the shift to an experience economy, the surge in food and beverage (F&B) spend and the growing influence of tech-raised millennials and Gen Z, shopping centres have changed beyond recognition.

Not so long ago, some of the UK's biggest mall operators were still predicting that F&B would not rise above 6% of the total shopping centre mix and concerns were being raised about the risk of having a cinema attached to a mall.

Fast-forward to 2018 and many local centres have been revived and rebadged for fast and functional convenience, while the big destinations simply get bigger, more all-encompassing and almost resort-like in their offers.

Retail resorts

Indeed, Martin Breeden, development director at UK and Spanish shopping centre specialist intu, says the company has coined the phrase "retail resorts" for the most advanced of its mixed-use locations, especially those in sunny Spain.

Many of the UK's top-performing cinemas are leisure anchors within centres, F&B is nudging beyond 20% in some of the newest schemes and fresh leisure options are being devised and executed all the time, from upscale takes on mini-golf to state-of-the-art entertainment centres, such as the upcoming Nickelodeon attraction at intu Lakeside.

Retailers are also embracing the strategy. In 2016, Game launched its Belong fascia, a dedicated space that sits inside its stores where gamers can pay to participate in a series of multiplayer bouts. Belong now

has 19 arenas, and chief executive Martyn Gibbs says the retailer has been encouraged by its popularity. Game views Belong as a key part of its future. In February 2018, Sports Direct acquired 50% of the rights to the Belong IP for £3.2m and entered into a loan agreement to accelerate its roll-out into some Sports Direct shops.

Colin Flinn, regional managing director at intu, says the shopping centre operator has seen a rise in "competitive socialising" – activities where people compete but also have fun with their friends. He adds that, moving forward, intu sees more opportunities around gaming and movies. It has already trialled a successful Christmas VR experience at intu Victoria Centre and partnered with Nickelodeon last summer to create an AR game within its malls.

Lewis Allen, director at agency Portland Design, says that, with a lot of retail work dedicated to capturing the consumer, an element of that will inevitably be digitally led. But he believes it is the narrative –



Fresh leisure options are being devised all the time, from upscale takes on mini-golf to state-of-the-art entertainment centres



5 TRENDS DRIVING F&B

CONVERGENCE

Expect more leisure operators to offer F&B tie-ups with specialists as the pick-and-mix, Deliveroo-style concept comes to leisure.



QUICK-SERVICE COMEBACK

A number of quick-service brands have refreshed their offers after the challenge of casual dining, with higher product quality and the operational capabilities to handle high volumes. New and differentiated offers for McDonald's and, in the coffee sector, Starbucks, are good examples.



FOOD AS PERFORMANCE

Simpler sites and set-ups for F&B operators could be further developed into pop-up spaces where high-quality brands come and go regularly.



THE FOOD EMPORIUM

In the UK, especially London, a number of operators are setting out plans for multiple sites dedicated to dining, gourmet retail and food to go.



VEGAN AND DIETARY SPECIALISTS

Pret a Manger spearheaded this trend with its Veggie Pret outlets and current momentum behind vegan diets could spur on more health- and lifestyle-influenced outlets.



not the medium – that counts, and that physical spaces must tell a story.

As far as destinations are concerned, these changes are best reflected in the biggest shopping centres. Breeden cites the intu Trafford Centre in Manchester as “very much a model of the new destination” – pointing to features such as a cinema, Sea Life Manchester, Legoland Discovery Centre, zip wire, mini-golf and close by Top Golf, Chill Factor and Airkix – and intu Braehead with the UK's longest indoor real snow ski slope and events arena.

Many Chinese and Southeast Asian centres operate with 25% or above dedicated to F&B, while the Middle East's indoor ski slopes, giant aquariums and focus on family days out has become a blueprint for Europe's largest centres.

In the US, New Jersey's American Dream is nearing completion with a leisure mix that may well reshape the North American market.

Closer to home, Spain has also been mixing retail, F&B and leisure. Breeden says one of the best examples is intu's Puerto Venecia in Zaragoza, Spain (circa 2.2 million sq ft), which is set around a lake.

Another is Xanadú in Madrid (1.2 million sq ft and co-owned with TH Real Estate), which has an indoor ski slope and will add Nickelodeon and an aquarium. And the €700m intu Costa del Sol will be a step on with a spa, a beach, big wheel, dry ski slope, theatre, conference centre, a variety of dining locations and theme park attractions.

Joining forces

This migration towards all-encompassing schemes has been reflected in the mergers and acquisitions that define recent times.

Unibail-Rodamco – itself the product of an earlier merger – is acquiring Westfield for \$24.7bn. Klépierre (itself part-owned by US giant Simon Property Group) bought Corio for €7.2bn.

Further consolidation seems inevitable. Tom Leahy, senior director of EMEA analytics at data specialist Real Capital Analytics, says online commerce is polarising investment. This is particularly pronounced for shopping centres, with large locations the most popular.

Jeremy Eddy, head of retail capital markets at advisor JLL, adds that landlords and investors are looking to the types of assets where they can add value, because the opportunities to develop are limited.

intu's Flinn says that with this focus on large-scale projects comes careful consideration of investment, but that developers are more inclined to be



intu Trafford Centre, Manchester

adventurous as they recognise the value of creating differentiation and the wow factor.

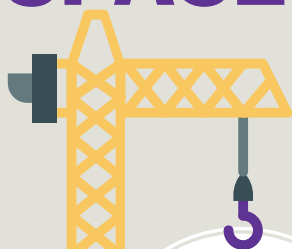
“If a leisure attraction comes with a hefty price tag, then we have to consider what difference it would make,” he says. “We’d look for something with regional appeal, attracting people from perhaps 90 minutes away. If the concept and category has that, we’d be prepared to take a measured risk on it, because trends change so much now that you can’t always rely on old metrics. Sometimes you have to think about how it could benefit all aspects of the centre.”

Theatrical food

F&B has also become a dominant trend, not only reinventing itself in malls and on high streets, but going beyond that to create new, theatrical environments combining retail, dining and gourmet experiences. The forerunner was the 2007 launch of Eataly, a global chain of huge emporiums dedicated to Italian food. The company has redefined the gourmet space with a mix of grocery and products, a range of eat-in and take-out counters and dining areas.

And expansion continues. Eataly will open in Paris with Galeries Lafayette, while in November last year it opened a

SPACE IN NUMBERS



1.3m
sq ft of total
new space
in 2017



1.5m

sq ft of new space in the pipeline for 2018

48% new developments

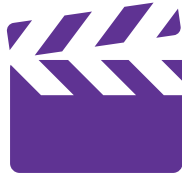
VS 52% extensions in 2017



5 TRENDS FOR LEISURE

MOVIE- AND MEDIA-INSPIRED CONCEPTS

Sensory experience The Void's *Star Wars* tie-up is the clearest example yet of powerful entertainment brands and new technologies, such as virtual reality, offering something new.



AUGMENTED AND VIRTUAL REALITY

From augmented retail gaming, such as Zappar's tie-up with Asda, to compact virtual reality gaming with UK companies such as WePlayVR from AiSolve, AR and VR are gaining traction.



VIRTUAL CONCIERGES

Trialed in US and European locations and at some intu centres as mobile robot hosts or holograms, the benefit for tourist areas is that these assistants are multilingual.



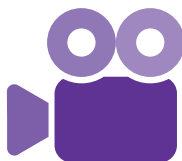
CUSTOMER SERVICE

Centres are focusing customer service efforts on SMS alerts to consumers to notify them about promotions, sales or other information.



PREMIUM AND EXPERIENCE CINEMA

Much of the growth in movie-watching has been driven by the premium sector, from boutique offers such as Everyman to the immersive, quirky Backyard Cinema at Mercato Metropolitano.



massive food theme park in Bologna called Fico Eataly World and described it as the "Disney World of Italian food".

Gourmet food markets are everywhere, from Redevco's polished Mercado San Miguel in Madrid to the crowdfunded Mercato Metropolitano in London, and publication *Time Out's* conversion of a historic market hall into Time Out Market Lisbon. The latter is now being rolled out to other cities, with Miami due to be next following a planning rebuff in London.

There has also been a more radical rethink of space. Boypark – the self-styled "first pop-up mall" – is opening its third location at Wembley with Quintain, having reshaped its original Shoreditch scheme with far more F&B and then translating that remodelled concept to Croydon.

Designer-outlet-led Hackney Walk in east London, meanwhile, is offering a hipster take on the retail destination, while Silvertown, further to the east, has even more radical plans. In Silvertown retail brands will be showcased in environments where perhaps only a quarter of the space is dedicated to sales, and where consumers are instead encouraged to learn and engage.

V22 Silvertown Studios – a set of "starter" sea containers – is being fitted out now and some of these will open this year, while the mixed offices, manufacturing and retail Flour Mill will open in 2019, shortly after the Crossrail station.

Meeting local needs

Breeden concludes that the future for town and city centre shopping will be less about an all-encompassing offer and more about reflecting the needs and supporting the amenities of a given location.

"In Newcastle we've created a dining destination and delivered bowling, gym, sports and climbing amenities, which complement the nearby cinema, theatre, art gallery and of course, retail," he says.

Clearly the future of the shopping centre is going to be defined by efforts to create immersive experiences that provide a compelling reason to visit.

INTU POINT OF VIEW



Today's market is driven by the experience economy and we are likely to see and increase in resort-like shopping centres in the future.

To continue to meet the expectations of new generations, there must be a wide variety of food and beverage operators as well as leisure choices that continue to appeal to shoppers over time.

Ensuring that shopping centre space is flexible means it is much easier to introduce new concepts and operators to evolve the offer and keep customers coming back.

TIMELINE

KEY DEVELOPMENTS THAT RESHAPED LEISURE



1998/1999

INTU TRAFFORD CENTRE, MANCHESTER, AND BLUEWATER, KENT

Game-changing super-regionals began to redefine expectations of the shopping centre in the UK and, in the case of Bluewater, started the move towards the mall as a brand.



1999

EASTON TOWN CENTER, COLUMBUS, OHIO, US

Arguably the first shopping destination to embrace the idea of a lifestyle location, where public space was prioritised along with the idea of visitors coming to 'hang out' rather than simply shop.



2005

MALL OF THE EMIRATES, DUBAI

The indoor ski slope at Dubai's Mall of the Emirates was a precursor to the often outlandish leisure offers available at a number of Gulf malls and set out a roadmap now followed worldwide.



2008/2011

WESTFIELD LONDON/STRATFORD CITY

The Australian-based Westfield Group opened two outstanding shopping centres in London. In doing so, it created a brand in the UK and raised the bar on leisure and, with the latter, F&B provision.



2011

BOXPARK, LONDON

After initial struggles, Boxpark in Shoreditch finally lived up to the hype. After refreshing itself as an F&B-led 'pop-up mall' it paved the way for Croydon and now Wembley, while reshaping ideas around what a shopping centre might look like.



2012

PUERTO VENECIA, ZARAGOZA, SPAIN

Spain's largest shopping centre put leisure front and centre, with a lake at its heart, in a joint venture development by British Land and Eurofund, later acquired by intu.



2012

MOOD, STOCKHOLM, SWEDEN

Small in size but not in stature, Mood brought high-end chefs and treetop meeting rooms to the party in a development that has helped redefine a nondescript corner of the Swedish capital.



2013

TRINITY LEEDS, UK

Land Securities integrated the new shopping centre into the host city and brought the first street food zone to a mall, capturing the zeitgeist for authenticity and constantly refreshed F&B offers.

SURVEY SNAPSHOT DELIVERING ON CONSUMER EXPECTATIONS

In February 2018, Retail Week surveyed a nationally representative pool of 2,000 UK consumers to find out what they want from shopping centres

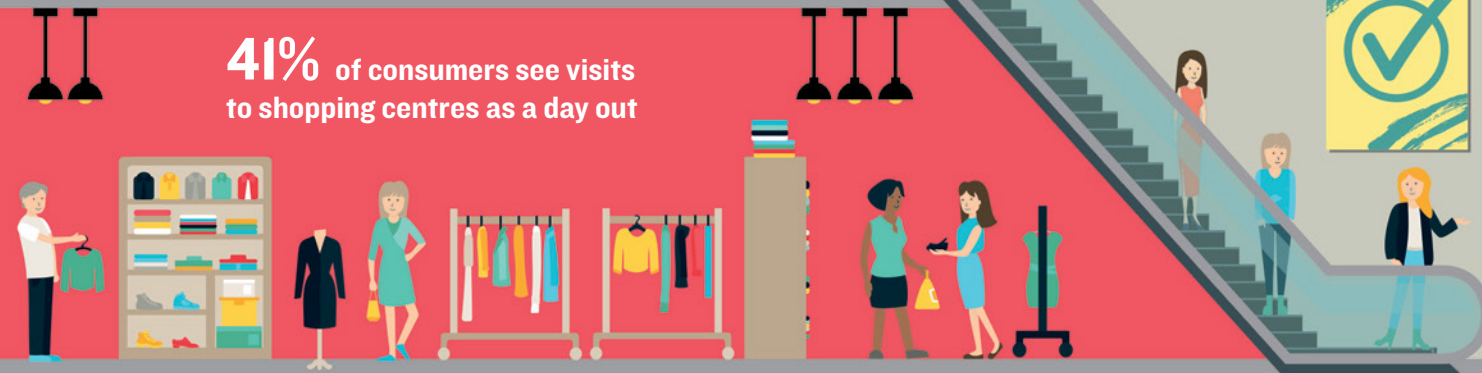
← **67%** of consumers shop at their local high street

66% shop at in-town shopping centres →

25% visit shopping centres once a week

53% want mainstream shops and **30%** are looking for value retailers

41% of consumers see visits to shopping centres as a day out



11% want to see VR attractions and **10%** want AR to be on offer



35% of consumers are 'disappointed' if there isn't an F&B offer



50% of 18- to 24-year-olds and **42%** of 25- to 34-year-olds say the entertainment on offer can affect their decision to visit a centre 'somewhat'



58% want to find restaurants and **21%** want gyms and cinemas



CHAPTER TWO

WHAT THE CONSUMER WANTS

- We asked 2,000 UK consumers what they want from shopping centres
- 41% of those surveyed see a visit to a shopping centre as a day out
- 74% of those surveyed use the F&B on offer at a shopping centre

If modern retail is going to be defined by experience-led propositions that cater to the lifestyles of shoppers, then it is imperative that retailers understand those wants and needs.

To find out what they are, Retail Week surveyed a nationally representative pool of 2,000 UK consumers to uncover just what they expect from their shopping centres today, but also what they want them to provide in the future.

Experience-led shopping is just as important on the high street as in out-of-

town locations, as seen with the extension of intu Watford, which is opening in the autumn.

Town centres are still the most frequent location choice for shopping, highlighting that convenience is a factor. Two-thirds of respondents say that they tend to shop at both their local high street and shopping centre. Online is also a common choice, with more than half saying it is one of the ways they tend to shop.

Out-of-town destinations were slightly less frequented – shopping centres were

intu Victoria Centre,
Nottingham





52%

say the lack of an F&B offer would either leave them disappointed or cause them to visit another centre

favoured (48%) over retail parks (43%).

Budget is key. Around 53% want a mainstream retail proposition, with a significant 30% saying they expect to see value retailers, while just 13% and 5% want to see premium and luxury retailers, respectively.

Unsurprisingly, shoppers expect to see department stores (69%), home retailers (65%) and fashion (62%). But 58% want bars and restaurants, and as many as 21% want to see leisure facilities, such as gyms and cinemas.

So why are they visiting? Just under

half go purely to shop at 48%; however 41% go for a mix of shopping, F&B and leisure, with a further 11% visiting purely for either leisure or F&B.

When asked what they specifically want to see, free parking (59%), a nice environment (57%), and a mix of big brands and independent, local or less well-known brands (54%) all figure prominently.

But 18% want a cinema as part of the offer and 14% hope to see special events and surprises – smaller numbers now, but perhaps indicative of a changing tide in expectation.

That's entertainment

Backing this finding up further is the fact that 32% of consumers surveyed say the entertainment on offer – activities such as rock climbing, mini-golf, cinema, bowling and events – determine whether they visit a centre 'somewhat' or 'a lot'.

Delving into the data further is revealing: 50% of 18- to 24-year-olds and 42% of 25- to 34-year-olds say 'somewhat'. This expectation can be seen jumping between 8% to 10% per age bracket the younger consumers get, highlighting the important role experience will come to play in the future.

Right now, consumers are focused



The opportunity is striking, 25% visit centres at least once a week, with a further 20% doing so once every couple of weeks





Leisure facilities like gyms are increasingly desirable

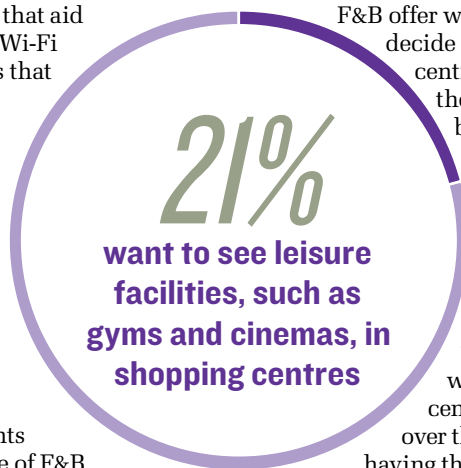
on functional elements that aid experience. They want Wi-Fi (74%) and touchscreens that allow them to find the shops (44%).

But did you know that one in 10 consumers expects to see augmented or virtual reality?

Or that 12%, would like to receive offers sent directly to their phones via iBeacon technology?

Chapter one highlights the growing importance of F&B, and our survey supports this: 74% of those surveyed use the F&B on offer at centres.

Furthermore, 17% say the lack of an



F&B offer would make them decide to visit another centre, while 35% say they would still visit but be disappointed.

In an age where experience is going to be crucial in determining winning spend, we found 65% of consumers are 'unsure' whether they will visit shopping centres more or less over the next 18 months – having them leave disappointed is something centre operators can ill afford and something retailers must consider when choosing which centres to open in.

INTU POINT OF VIEW



People will always visit shopping centres to shop but, as demand for more leisure, F&B and lifestyle offers continues to grow, so does the role of a shopping centre.

Shopping centres of the future will be day-out destinations that offer a place to shop, socialise and live, giving the phrase “going shopping” a whole new meaning.

CHAPTER THREE

INSPIRING EXPERIENCE

- **intu Watford acquires space to expand its offer and add a cinema and bowling alley and a selection of F&B**
- **CityLife Milan opens as the largest shopping district of its kind in Italy**
- **intu Lakeside invests in new F&B and a family-focused Nickelodeon centre**

In today's retail environment, where consumer spend is fiercely contested, experience lies at the heart of how shopping centre landlords, managers and retailers make it worthwhile for shoppers to visit a mall rather than buy online.

However, with so much competition out there, both physically and digitally, what does it take to create a truly compelling destination?

The bid to convince visitors to travel to a centre now starts a long way before the

front door. "For us, it's about winning the breakfast-time conversation about what people want to do with their day," says intu's Breeden.

"So destinations start to work long before people even leave for them. We talk about our centres as a second space for families, a place to spend time."

As a result, shopping centres have dramatically upped their experiential game.

Today, retailers are not just looking at locations with the best transport links and catchment area for their customer group; they are also looking for centres that match the level of customer experience that they offer in their own stores.

Shopping centre developers have taken note and are looking at the market in the UK and overseas for inspiration.

Here we select three examples of shopping centres that are leading the way in the experience stakes, and analyse what the centres have done, how they have done it and, crucially, what the results have been.



For us, it's about winning the breakfast-time conversation of 'What do we want to do today?'

Martin Breeden, intu



INTU POINT OF VIEW



It's the combination of great retail, leisure and F&B that delivers the experience, but it is the finer details of placemaking – the environment, ambience, world-class service, digital connectivity – that deliver a sense of place and belonging, creating a destination where people want to spend their free time.

INTU WATFORD, HERTFORDSHIRE

What you need to know

- **Extension will push Watford into the UK's top 20 retail destinations**
- **It will include a cinema, bowling, 11 restaurants and 13 stores**
- **intu Watford hopes to appeal to its affluent local customer base**

intu Watford opened its doors in 1992. Anchored by a John Lewis department store, the centre has continued to evolve and is home to a wide range of quality retail brands, such as Apple, Zara, Kurt Geiger and Pandora.

The acquisition of the adjoining Charter Place shopping centre in April 2013 has meant that intu has been able to take the mall to the next level, delivering a major retail and leisure destination from morning to evening.

intu has signed up a multi-screen Imax Cineworld and a 113,000 sq ft Debenhams department store to anchor the new extension. There will also be the first bowling offer in town with Hollywood Bowl, 11 new restaurants and 14 more stores.

Once it opens in autumn 2018, the town of Watford will be placed alongside the likes of Edinburgh and Bristol in professional services firm CACI's top 20 national retail destinations, up from around number 40 at the moment.

With a total footprint of 1.4 million sq ft, intu Watford will become one of the UK's largest in-town shopping and leisure destinations.

intu's Breeden says: "We have introduced the first town centre cinema to Watford and we're seeing a change in the leisure proposition in the town, which was previously oriented around the bar scene but has switched to casual dining.

"Watford has a very affluent catchment, with easy access to the M1, M25 and just a short 14-minute train journey to London, making it perfect for commuters."

The plans will establish the centre as an all-hours destination and help drive what is already a busy and prosperous local economy, with 38 million visitors to Watford High Street every year and 83% of customers drawn from the most affluent ABC1 socio-economic group, says Breeden.

The intu Watford extension will open in October 2018



CITYLIFE, MILAN



CityLife Shopping District includes dedicated green space

What you need to know

- **CityLife opened last year as the largest district of its kind in Italy**
- **The development comprises three distinct architectural components**
- **The district boasts a park, as well as beauty, wellness and F&B offers**

CityLife opened in Milan in late November 2017 as arguably the largest and most innovative urban shopping district in Italy, developed by Sonae Sierra.

CityLife Shopping District has a catchment of 700,000, 100 outlets dedicated to shopping, dining, services,

free time and entertainment, and a number of firsts, including Huawei's first European flagship store.

The project's layout is based on three distinct architectural components: the shopping gallery over three storeys designed by Zaha Hadid Architects; the Piazza Tre Torri designed by One Works; and an open-air pedestrian shopping street designed by architect Mauro Galantino. The latter acts as a gateway into the shopping district from the residential area and the rest of the city.

One other distinctive element is the CityLife park, the second largest in Milan, which spreads around the entire project and covers approximately 1.8 million sq ft, providing visitors with a green space that is closed off from traffic and in which people can relax. The

entire project is served by the new Purple (M5) metropolitan line, which stops at Tre Torri in the piazza of the same name.

Health and wellness is catered for by the world's first Nashi Argan salon, a place dedicated to hair and skincare, plus the first Juneco beauty clinic.

Meanwhile, the East River American Pub, run by Brooklyn Brewery, and a number of new eateries have opened in the food hall in the covered mall. This zone, designed by Zaha Hadid, opens directly on to the park.

Despite being a world-class exporter of retail and F&B concepts, Italian development has typically lagged behind its peers. Although the domestic market should be roughly in line with the UK, the development market is actually only about half the size of the British development sector to date.

Improvements aim to give the centre “the wow factor”



INTU LAKESIDE, THURROCK, ESSEX

What you need to know

- **A new 50,000 sq ft Nickelodeon centre will drive family footfall**
- **Seasonal events make the most of outdoor space**
- **The addition of Puttshack, Flipout and Hollywood Bowl will create a day-out destination**

Intu Lakeside shopping centre opened in 1990 and was one of the first super-regional malls to exploit road infrastructure and the growing affluence of the Southeast to draw shoppers away from town centres.

Intu plans to bring children's television media group Nickelodeon to the development, as well as a variety of other leisure choices such as

Puttshack, Hollywood Bowl and Flipout.

“With a large lake and restaurants facing out, we decided to improve the facades with demountable enclosures, which now really optimise the space in all weather conditions,” says intu development director Martin Breeden.

“Now we are turning our attention to creating new public realm between the buildings and surface car parking to produce some really outstanding outdoor space, including lit waterfalls. It gives the centre the wow factor.

“That in turn helps to attract operators such as Nickelodeon and [mini-golf concept] Puttshack, with the latter representing the sort of cooler, grown-up offer that extends trading periods.”

Events are very important, such as its intu Lakeside Summer Beach and all the associated leisure activities, and its Winter Wonderland.

The new Nickelodeon family entertainment centre will provide 50,000 sq ft of interactive adventure zones,

dedicated space for the younger members of the family, numerous attractions and Nickelodeon-themed rooms for birthday parties and family get-togethers.

Character meet-and-greets will feature, including some of Nickelodeon's most popular characters, such as Dora the Explorer, SpongeBob SquarePants, Teenage Mutant Ninja Turtles, PAW Patrol and The Fairly OddParents. Building on intu Lakeside's catering offer, it will also have a dedicated F&B area and Nickelodeon retail space.

“Of course, extensions and reconfigurations require capital expenditure, but at schemes like intu Lakeside we've been able to keep the base build quite simple, which makes it viable to reconfigure and refresh,” says Breeden.

“For us, it's why having prime locations is so vital, because the cost of making changes in a primary or secondary centre are effectively the same, but the potential returns are much higher in a primary centre.”

CHAPTER FOUR

DRAWING CONCLUSIONS

- The developer mindset is focused on experience
- New schemes will follow global shopping centre trends
- Digital integration will be inevitable

To view the transformation of the retail sector is to consider two clear trends: the fundamental recalibration of the UK urban and economic landscape, and the changing behaviours and expectations of consumers.

Many cities had to reinvent themselves in the aftermath of the dramatic and sudden manufacturing decline in the 1980s, especially in the former industrial heartlands of the North and the Midlands. That transformation required radical rethinking and locations such as Manchester, Liverpool, Leeds, Newcastle, Birmingham, Sheffield and Nottingham used retail as a catalyst for regeneration.

Whatever the prospects for retail in an age of consumer caution, the experience economy and multichannel buying, few regenerations have been attempted without addressing retail provision and the rejuvenating impact of fresh destinations.

However, against a backdrop of tough conditions, further complicated by the whirl of contradictory predictions about

the impact of Brexit, developers are focusing on extensions and redevelopments rather than new developments.

There are planned and active projects in Edinburgh, Barnsley and Hull, among others, plus recent completions in Bracknell and Oxford. There is also a slew of local authority-backed schemes as councils become impatient about private investment getting projects off the ground.

Meanwhile, government aspirations for the 'Northern Powerhouse' and promised infrastructure spend, led by the proposed high-speed railway line HS2, promise to improve and speed up connections between cities and the links to London.

Two cities that have lagged behind the general upgrade have major plans under way. In Nottingham, intu has a three-tier vision that includes its completed £40m refurbishment of intu Victoria Centre – with plans for further investment to extend – and its planned redevelopment of intu Broadmarsh. And Sheffield City Council and Queensberry are strategic development partners for the Sheffield Retail Quarter in a scheme that will unite key areas in the city and, combined with Meadowhall, make Sheffield a top 10 UK retail location.

Inclusive and integrated

Many of these projects look very different from previous generations, with significant F&B and leisure built into initial proposals.

Schemes also tend to be outward-facing, integrating with local surroundings rather than closing themselves off. And the vast majority are now in, or on the edges of, city centres as the age of out-of-town centre development largely comes to a conclusion.

Chapter two showed what consumers



Centres are more intrinsic to their locations, better integrated with their surroundings, and a force for positive social and economic change





Hamleys: driving family footfall

want from shopping centres. So, where do these disparate motivations take the market?

The sector is hampered by its investment model, which means many centres are owned by institutional investors which, by nature and necessity (given that many are pension funds), are governed by traditional and previously robust metrics. Experimentation is all very well, but if it comes at the cost of book value then investors may balk – regardless of what consumers and tenants are clamouring for.

Changing outlook

There are signs, however, that this mindset is shifting and developers are more likely to promote the mixed use of their schemes and refurbishments as risk mitigators.

Shopping centres are becoming more intrinsic to their locations, better integrated

with their surroundings and a force for positive social and economic change in their neighbourhoods. intu centres alone support 3% of all retail jobs in the UK.

Furthermore, trends are global. Asia's 25%-and-above F&B quotas no longer look unrealistic in European schemes, Dubai's leisure offers not so outlandish, and the opportunity to just hang out at a retail resort is becoming a reality two decades after Easton Town Center introduced the idea.

Digital integration is also inevitable, be that click and collect, virtual concierges, pre-ordered take-out food or battling aliens in mixed-reality leisure facilities.

Key to it all is for retail destinations to offer visitors something for everyone, without diluting any of the elements that go towards placemaking.

INTU POINT OF VIEW



To deliver compelling experiences for customers involves more than just adding a few restaurants and a cinema.

To make a standout destination the whole scheme needs to complement and be intrinsic to its surroundings. It needs to deliver real value for visitors, the local community, and for the retailers and operators within the centre and the local area.

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