

THE RETAIL LANDSCAPE

EXPERIENTIAL, PHYSICAL AND DIGITAL

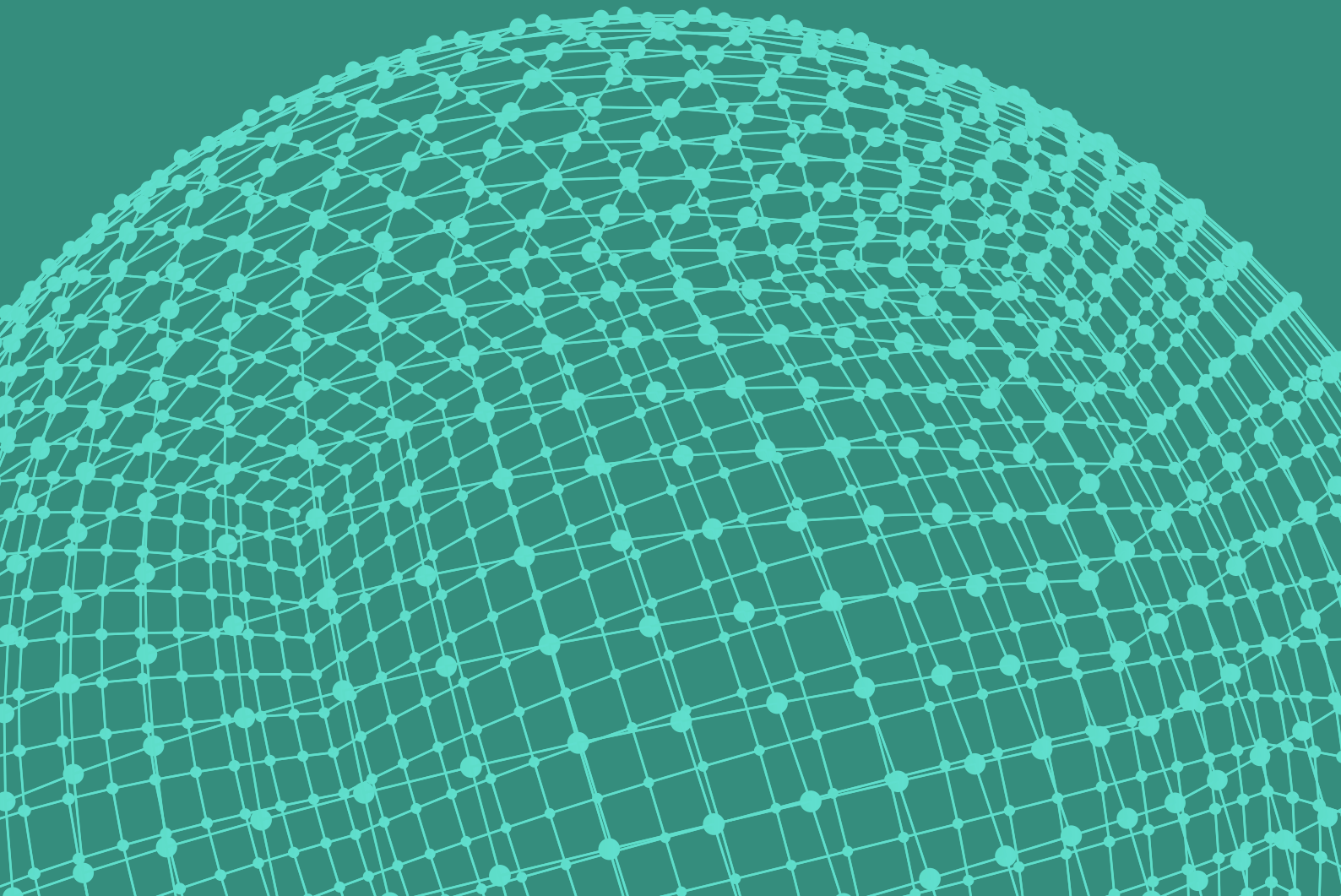
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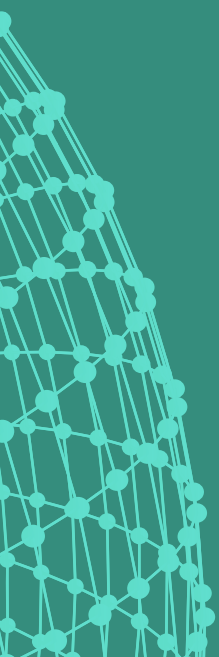
 ruben reddy architects

**Building a
better world
through global
expertise.**



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Ryder Alliance

An entrepreneurial alliance collaborating across seven time zones, employing pioneering research and technologies to redefine architectural practice.

Ryder Alliance provides local knowledge and expertise in four continents supported by a global capability of over 500 like-minded people from seven partner firms. Partner to partner accountability ensures consistency in approach and quality while maintaining the independence of each firm. The structure facilitates cross border capabilities of the partners to serve our clients and develop new business. Each partner's client is considered a client of Ryder Alliance.

The Alliance places collaboration at it's heart, and shares expertise across a wide range of specialisms and sectors providing global opportunities for our people and our clients. Embracing the newest and best technology, information is shared across a common data environment with each practice working to common procedures adapted to suit the requirements of each country.

An annual international summit rotating around the partner locations provides the opportunity for 360 peer reviews of each partner firm to ensure everyone is maintaining the entry standards required to join and be a member of the Alliance. Accreditation in the global Great Places to Work listings, placing exceptional people engagement and client service at the core of each firm, are the foundations on which the Alliance has evolved.

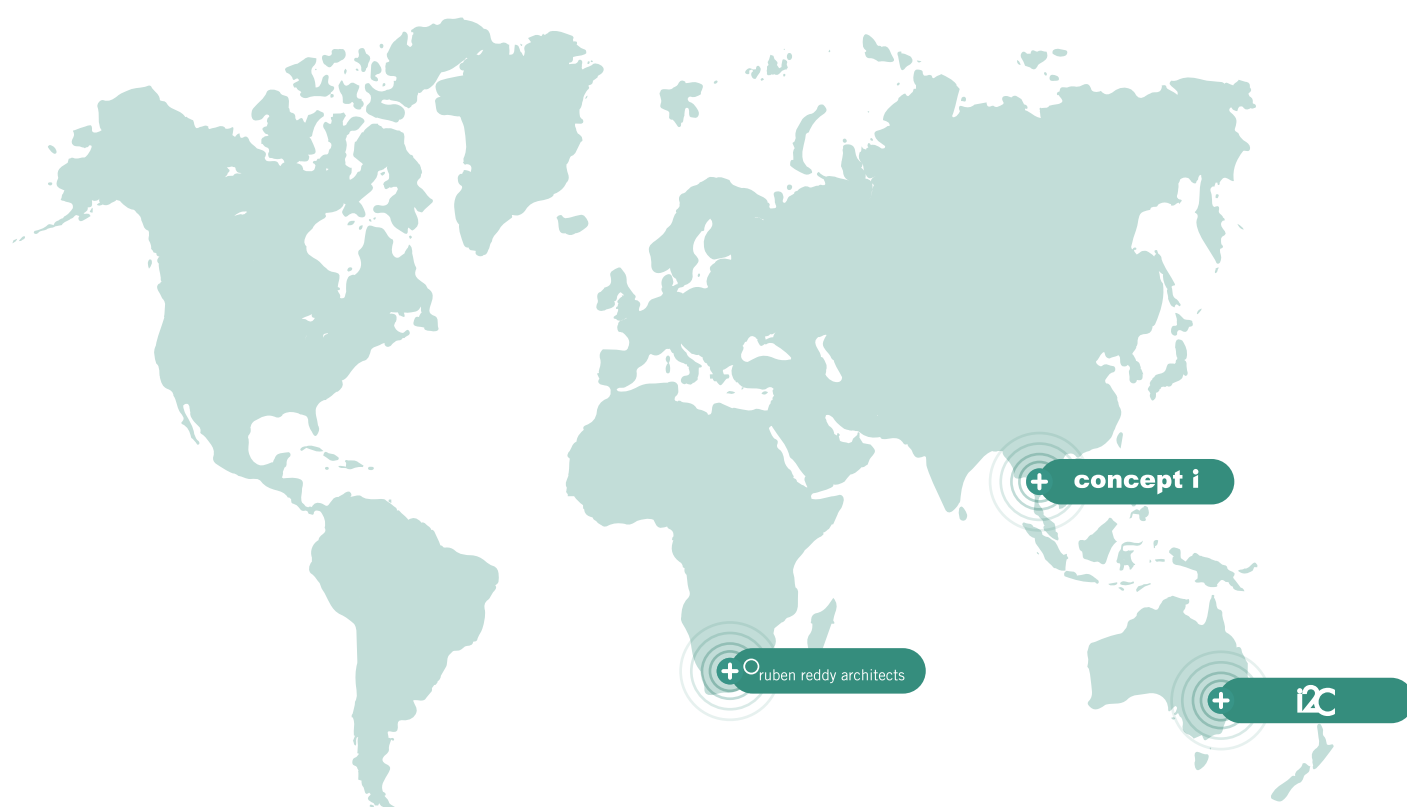


Research Undertaking

Ryder Alliance tackled a review of the current situation of the retail markets across Africa, Asia and Australia/New Zealand by analysing studies of industry experts, our clients and our own projects. As professionals, investigating the current retail landscape is important for us to assess our current direction when planning and designing in our respective regions. What we know now

will allow us to predict what to anticipate and consider in the future. What we discovered through our research gave us insight into the important factors needed to create engaging retail centres in the future that will continually address the consumers' needs and enhance their experience.

Note: The terms "mall", "shopping centre" and "retail centre" mean the same thing. The word "mall" and "shopping mall" are commonly used in most regions of Asia. It is known as "shopping centre" in Australia while "shopping mall" and "shopping centre" are both used in Africa.



Five Transformational Factors of Influence

The following are the factors we used to investigate and analyse this study leading to our discoveries per region.

1. Real-Time Behaviour



Real time data is driving the market instead of traditional demographics.

Marketers are no longer looking at traditional demographics like age and gender as the most common forms of segmentation. Based on real-time interests and location-based marketing tools, shoppers' interests are changing every minute. With real-time analytics, business owners can capture the interests of people within proximity of their centre. According to global management consultant McKinsey, shopping malls using analytical tools have increased their leasing revenues by double-digit percentages and retail centres around the world are transforming to meet the requirements of the new retail experience.

2. Subtle Technology



It simply means technology that is not immediately obvious or in-your-face.

Pushing something too complex on a customer can drive them away. While big technology has its uses, in retail, the use of subtle technology is often more powerful. When a shopper walks into a space, they decide whether they like it or not in a fraction of a second. An overload of information only discourages the customer from making the decision to enter the store or make a purchase.

3. Authentic Sustainability



Shoppers are loyal to brands they feel are doing something 'good' in an honest way.

Consumers are becoming more and more concerned with a brand's impact on the environment and/or their community. There is a greater sense of social responsibility than ever. Data shows that companies with more social responsibility have higher profit margins and lower risk. Shoppers have a lot more loyalty to brands they feel are doing something 'good' in an honest and transparent way.

4. Place, Brand Activation



Redefining spaces to activate brands and engage ever-changing lifestyles.

In a world where anything and everything a person needs is just a mouse click away, what motivates people to go to a retail space? Offering a unique and personalised experience attracts consumers. This could be a green space

within an urban environment, a moment of peace in a bustling area, or turning a retail space into a place friends and families go to spend time together. Malls are no longer just a place to shop – they are an experiential offering for members of the community.

5. COVID 19 / Health and Safety



The pandemic made us realise how important cleanliness to make us all safe especially in public areas.

The health crisis of Covid 19 was truly unexpected. It impacted our behaviour and how we do things. Safety measures and remedies were carried over by shopping centre operators to continue their operation amidst government rules and restrictions. How this will influence shopping centre planning and design is something we can look forward to in new and upcoming developments.



OUR REGIONAL DISCOVERIES

ACROSS AFRICA



Retail First

Secondary town development is a key growth strategy reflected across the continent of Africa to maximise the potential of a growing economy and uplifting communities. The shopping centres initiate the implementation of the site development plans to provide a heart for the communities and entrepreneurial opportunities.

Future Formed by Augmented Decision Making

Forecasting consumer behaviour is what drives development in the retail sector. The quicker the reaction, the quicker the rewards. This notion has caused a rapid increase in investments into data collection and analysis in South Africa to enable higher quality recommendations to reach the decision maker quicker.

Malls Built Around People

To counter the growth of online consumerism, building experiences which draw in the youth of communities has been the key strategy to maintaining the relevance of brick and mortar shopping centres in Africa. As more international brands pull out of the country to reach their market through the online platforms, malls built around people and their experiences will be essential to the survival of the shopping centre.

Innovation and Agility in Times of Change

The Covid 19 pandemic in South Africa initiated a digital transformation throughout the country. The retailers agility was critical to their survival and utilising technology became a vital requirement.

Omni-channel shopping, online shopping platforms and digital payments have quickly become the norm in this time of change.

Forward Thinking Sustainable Practices

South Africa has faced many issues regarding electricity and water and this has forced developers to seek alternative solutions. While retrofitting existing buildings is seemingly challenging, future developments are forward thinking and are reaching to achieve 'five star' Green Star rating.



**Local products
support sustainable
practices.**



Plastic Free

The use of plastic is slowing being reduced in South African stores, with well-known retail brands completely removing plastic bags and straws. The re-use of materials will be essential to eliminating the waste of plastic products and this practice is being implemented in the construction of shopping centres in South Africa.

Balancing the Market

Without a sustainable economy, environmental sustainability is difficult to achieve. The primary monopolisers need to be in balance with upcoming businesses. In South Africa, Small, Medium and Micro- Enterprise (SMME) developments are the key

to slowly achieving this balance and are drivers for diversification, innovation and job creation. This development is readily achieved through the design of the retail environment.

Local is Better

Among unsustainable practices in the retail environment is the movement of products across the world and the effect this has on the environment and the economy. Therefore, localised supply and distribution channels have been established across the African continent. Local African operators are standing their ground when competing with the larger, foreign competition. This is mainly due to their nimbler business structures and better understanding of the local market and consumer.

Resilience to Economic Shocks

The pandemic has been an endless battle between the health and safety of people and economic disparities. Although the deferred success of the emerging middle-class in Africa affects the future of our retail environment, the African market is no stranger to economic shocks and has proven resilient countless times.

Private labels are no longer cheap alternatives, but have evolved into trusted brands.

Michael Wood, Aperio



Photos by Heinrich Wolff and Dave Southwood of Watershed and street running through (Wolff Architects; 2014)

ACROSS ASIA



Paramount New Tech

Retail developers and designers of the future will embrace new technologies and design thinking to enhance the customer experience more than ever before. However, understanding the depth they aim to achieve is critical when selecting the right tech. Different technologies can be used to introduce new customers to the brand, or to drive engagement with loyal customers. Retailers and brands who manage to harness the power of technology and embrace digital transformation, are more likely to compete successfully in the new, ever more connected world. Customer service chat-bots, augmented and virtual reality will be ubiquitous.

Experience Ownership

The concept of experiential shopping has gathered significant attention in Asia's retail market. When it comes to shopping, consumers in Asia are more sophisticated and increasingly looking for additional value - most Millennials & Gen Z are now into experiences over ownership. This changing lifestyle habit and demand for experiential elements has prompted retailers and operators to create a new type of environment, to enlighten consumers within an immersive shopping setting.

Experiential physical stores are already beginning to bridge online to offline integration.

Smaller Stores & Flexible Pop-ups

Design shifts to a more customer focused experience requires smaller tenant spaces and flexible pop-up stores. Smaller shops have an advantage over their larger footprint competitors with their flexibility, quick response time and focused shopper experience. The big-data movement allows these more nimble stores to understand customer trends much more effectively and quickly. Smaller format shops can respond to changing customers' demands in a flash and reduce overheads by minimising inventory and delivering to the customer's home; with the added bonus of lower operation costs.

Small and flexible will become the 'norm' - allowing retailers to respond quickly to emerging trends.

Smart Malls

Sensors that are already embedded into the fabric of the shopping centre will need to be far more ubiquitous and adaptable to changing needs. This will help to enable more efficient facilities management and support a safe and healthy environment, which became particularly important during the Covid 19 pandemic. Buildings will become more intelligent: the customer journey from parking to elevator control, access control, restrooms and shared spaces will all be connected to a cloud based system that can be linked back to a user's smartphone or augmented reality (AR) device, allowing the building and the occupant to communicate more readily with each other.

The rise of intelligent building control and management systems will continue.

Social Commerce

In this changing retail landscape, tools such as personalisation, customisation, and virtual / augmented realities will be used to create social media-friendly spaces that motivate shoppers to share their experiences. Customers will be further engaged by these digital tools due to 'gamification' of real world spaces; another merging of online and offline models. This is already happening in Asia with online companies such as Alibaba, Lazada and Pomelo.

However, further bringing these models into the physical mall and aligning businesses with the needs of the evolving customers will be a way to entice them out into the real-world experience.

Social Responsibility / Sustainable Retail

Learning from history, the ideals of early Chinese societies were built upon a sustainable agricultural economy, where people naturally followed no waste principles. This message is being heard distinctly by both Chinese designers and consumers, who are demanding this more in everyday life. Reports show that for the younger Asian generations, it's starting to turn into a deeply ingrained lifestyle — and a sought-after experience.

Green fashion and association with Green Design is a social statement in Asia.



Fusion Concepts

The future retail spaces will be geared towards more mixed-use, fusion environments for shopping, entertainment, education, connection and community. They will be more creative, informative, and design/ socially-conscious. Products and tenant stores will still exist, of course, but the emphasis will not solely be on sales but rather on creating and nurturing a relationship with the consumer that transcends the store.

The mall will offer all services - mixed-use environments for shopping, entertainment, education, connection and community.

Convenience is Key

All of the traditional retail drivers; price, selection, convenience and experience — are critical to the new retail of today; but one outshines all others - convenience. In Asia convenience extends to all aspects of the customer journey. This standard has been set and customers expect it in all of their interactions.



With convenience at the cross-hairs, retailers and malls must create an intimate and focused customer experience, by tailoring the visit as individually as possible. The mall will offer all services - from banking, retail, health/wellness, culture/art, religion, music/events - to opportunities for learning.

Customers will expect stores to provide the same speed, relevance and personalisation as Netflix, Amazon or Spotify.

A huge trend in Asia, Social Commerce is moving into the physical realm with 'gamification' of real world spaces.

World Class Design

For the Asian market – time spent by designers and operators on building strategies around the fundamentals of history, language, culture and philosophy will be a great advantage in building a consumer centric company if studied and understood properly, or a great disadvantage if ignored or dismissed. Using world-class design within malls and their experiences will draw customers and tourists to cities they might not visit otherwise. Shopping tours can entice

tourists, whilst architecture tours can be offered for design enthusiasts.

Promoting tourism in retail centres will add another layer of success to the developments.



ACROSS AUSTRALIA AND NZ



The Power of LED (Screens)

Regardless of its size, LED screens do not only provide striking visual information to shoppers but also obtain information through retail analytics and augmented reality features that help understand shoppers' behaviour. This helps and enhance customer experience and subsequently improve the centre's performance.

Omni-channel Strategy

A multiple channel marketing and sales approach that unites shoppers from physical store to virtual store. This strategy includes mobile applications offering an offline and online integrated shopping experience. The abrupt

change in the behaviour of the shoppers during the pandemic has made this strategy even more significant.

Retail 'til Late

Retail centres in Australia and New Zealand normally close early as compared to other countries. Now, leading developers have begun holding weekend night markets with live bands and music, food, arts, vintage amusement rides and the like. This is a conscious effort to curate shoppers' experience, bringing vibrancy to the centre throughout the evening.

Going Greener

Shopping centre operators are becoming increasingly conscious of making their centres more energy-efficient by bringing in natural light, cross-ventilation in communal areas, live plants incorporated

in the interiors, solar panel use, recycling centres and the use of low VOC (volatile organic compounds) and PVC content building materials. These are just few of the many start-up strategies to go greener on their developments.

More Space Outdoor

Australians and New Zealanders are known lovers of the outdoors. The occurrence of the pandemic, and the resultant preference for outdoor space has seen shopping centre operators prioritise this in centre design, including - more outdoor experience for dining, entertainment or just simply a place to rest and linger while still observing the social distancing recommendations and guidelines.



Active Entertainment Destination

Though not a new concept in shopping centre activities globally, leasing in local retail centres shows growing demand in technology-related offerings like E-sports and experienced-based retail activities. Whether indoor or outdoor, these are becoming a major pull for shopping centre visitors.

Stick to the Community

Strengthening the ties with its community is what leading supermarkets, neighbourhood and regional centres are aiming to achieve. Carefully addressing the needs of the locality on both goods and services is a prime consideration.

Town Centre Retail

The majority of the shopping centres on the rise are mixed-use projects rather than sole retail centres. Research shows this is the same scenario globally. Shopping centres are masterplanned to interweave with office, residential, hotel or buildings with civic functions such as community or town halls, libraries, social infrastructures such like child care centres and health care, all of which boost foot traffic and activate retail centres.

Authenticity

The history of the place and its local culture is a big factor that ties the local neighbourhood to a place. This attribute is vital for placemaking encouraging shoppers to value the centres they frequent. Developers are seriously considering this aspect to provide a more authentic experience to shoppers.

The mixed use development now is the ‘town centre retail’ in the future.

Greg Tolley, Kiwi Properties

Stores Going Dark

A major supermarket chain has pioneered this set-up in the Australia called “dark stores” which became even more significant during the pandemic. It is still the conventional supermarket but not open to public and only houses goods purchased online for delivery. As online shopping thrives, dark stores are becoming more relevant.

**Sense of place connects
people and space for
meaningful experience.**





OUR COLLECTIVE **FORECAST**

The retail landscape is experiential, physical and digital.



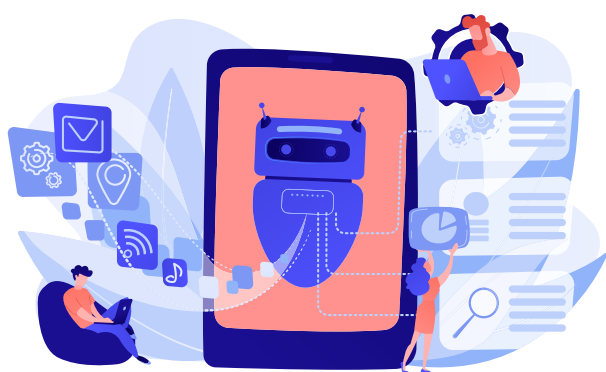
In terms of retail activities, our experience of the pandemic has made us appreciate two things - the importance of health and safety and the benefits of online shopping. Since then, retail operators had given priority on these two factors. It became practical and significant to shop online amidst lockdown and restrictions at the confines of our homes. Internet shopping thrived more than ever but we soon realised our strong desire to go out and physically visit our favourite shops, dine with friends and have a day out with our family. Our realisation of needing a 'place' to hang out with everyone proved that we are social beings. As planners and designers, we love bringing people together in a 'place' where everyone can interact and enjoy dining, playing, entertainment and of course shopping. That is why a shopping centre or the retail environment

in a holistic approach should be experiential, physical and digital.

Our regional discoveries led us to the common discovery that a shopping centre is more than a place to shop. For the empowered consumers, the 'experience' is a crucial factor to choose which centre to visit. That experience is influenced and enhanced by elements and factors which we were able to identify and predict in this undertaking. These factors affect the planning configuration, volume and experience of the retail environment we create. They influence future retail development where the traditional shopping centre is weaved into a bigger development, and quite often will sit at the core of it. Therefore, we have formulated five hierarchical levels that will define the future landscape of retail.



Technology



Future and evolved shopping centres will enhance shopping experience and improve centre performance through breakthrough technologies. State of the art technologies are essential in the operation, promotion and interaction of consumers with the shopping centre. It is inevitable that technology is the first layer that directly impacts both the operators and the consumers in our shopping experience. Technology can often be an intangible aspect of the shopping centre but once translated into design can give a very engaging experience to shoppers visually and provides a sense of fun and convenience. The right technology enhances the centre in how it serves its consumers.



Health and Safety



Shopping centres will focus more than ever on health and safety. The Covid 19 health crisis globally impacted how we move and behave publicly. It is a reminder of how important our own personal and social space is in ensuring our health and safety when mingling with others. Operators and planners need to provide shoppers with ample space to freely move around their centres. Consequently, more outdoor spaces for entertainment, leisure and the thriving food offering will be present on a retail environment. Operators will be very conscious of the safety and welfare of their patrons that every design and planning decision will be pivotal, incorporating a higher standard overall and excellent execution.



Sustainable Practices



Shopping Centres will focus on ‘green’ thinking and people-centred development. Nowadays, consumers are aware of climate change and its effects on our daily lives. There is a growing percentage of people and organisations who are finding means and ways to mitigate the impacts of the deterioration of our natural environment. Shopping centres, where we buy our basic commodities, and the wastes that go with it, provides the best opportunity to minimise the waste that destroys our environment. Operators will take the first step to guide shoppers to participate in any green programs they implement. Solar panels and collection of rainwater will become standard as sustainability becomes a foremost requirement in shopping centre development.



Community Ties



Shopping centres will strengthen its ties with its local community. The right step to follow sustainability is linking the centre with the neighbourhood where it sits. The locality's history and the culture formed by the current residents of the community should be a vital consideration in planning and designing shopping centres. Once the centre is built for the locals, they will value and support it as their own, eventually fostering a sense of place that strongly connects the community to the centre. The centre will offer a novel experience manifesting the culture of the locals for visitors from other communities to experience. Facilities and amenities that support the locals will be a top priority.



Mixed Use Development



Shopping centres will be the major driver of mixed-use development. Malls will no longer be a stand-alone development, but rather an essential component of the larger spectrum of new mixed-use developments. Residential, commercial, hospitality, entertainment, leisure and civic structures will increasingly become interconnected by retail activities 24 hours a day. Most of the proposed shopping centres will carry with them other uses and not the other way around. Arguably, an integrated mixed-use development will soon be known as “Town Centre Retail”. The mixed-use development setting is the last of the layers that defines the retail landscape in the future

Five Hierarchical Layers of Future Retail Landscape





OUR RESEARCH BASIS

RETAIL IN AFRICA

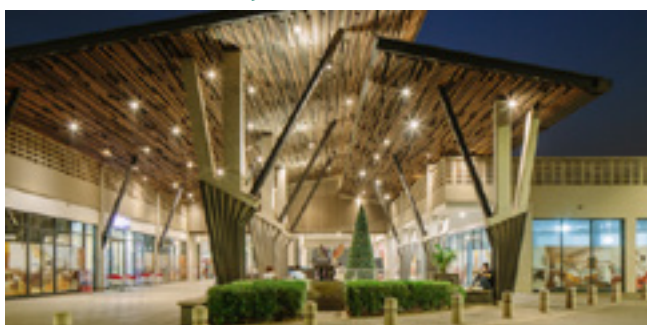
African Urbanisation

Africa is projected to have the fastest urban growth rate in the world, resulting in an additional 950 million people by 2050. The emerging middle-class demographic will encompass a growing number of educated and tech-savvy households, increasing the range of opportunities for investment in the retail environment of Africa as disposable income increases (CFAO: 2017). Most of the growth will take place in regional towns, removed from the overcrowded capital cities and commercial centres. This is currently represented in the existing and ongoing development of regional centres across the continent of Africa (OECD/SWAC:2020).

In Ghana over 75% of the working population in the major cities travel from sub-urban areas, causing commuter congestion and unhealthy, polluted city centres. Moving into secondary town and city developments not only boost the economy in sub-urban areas but also forms a relief for the densely populated CBDs. Opened in 2017, the 18 000m² Kumasi City Mall was developed to decentralise amenities in Ghana. Being the first A-grade shopping centre to be developed in the region, Kumasi has given the 2.5 million residents a vibrant city centre which forms a central hub for northern land locked countries (MARITZ AFRICA & OWC;2016).

“Kumasi City Mall is seen as a key future market for locally produced goods and a business opportunity for Ghanaian entrepreneurs”

Crown Publication; 2017.



LEFT: Entrance of Kumasi City Mall (T.Mclaren; 2020)

ABOVE: Inside Kumasi City Mall (T.Mclaren; 2020)

Developments such as Kumasi are reflected across Africa in the expanding and developing markets and areas. Resilient Africa, property developers, are developing malls in Nigeria in lesser-known areas. Zambeef, a leading food production, processing, distribution and retailer in Zambia is expanding into secondary towns as one of its key growth strategies. South Africa is utilizing the regional centre archetype to establish town centres in segregated zones in the country, addressing issues of continued uneven spatial distribution in the periphery, dysfunctional urban systems across the country and a rapidly rising population (IYER & MIKULA; 2010).

In 2009, the 68,000m² Bridge City precinct development became the centre which services the second largest agglomeration of lower socio-economic neighbourhoods in South Africa; Phoenix, Inanda, Kwamashu and Ntuzuma (INK) areas, situated 30km north of Durban city centre. The development forms a mix of formal residential townships and informal settlements,



housing approximately 510 000 residents. The shopping centre was the first building to be erected on the greenfield site and serves as the anchor of the INK areas and town centre development (IYER & MIKULA; 2010). The aim of the development was not only to bring amenities and retail to the local population, but also to provide opportunity and job growth. Their vision statement “connecting people to opportunity” with mixed use offerings including industrial and commercial as well as key essential services such as medical.



TOP: Main Entrance and informal parking area on Nogwaja Road (Bridge City Shopping Center Website)

SECOND: Roof Parking with taxi rank and surrounding precinct (Crowie Projects)

THIRD: Ariel View of Kwamnyandu Centre (Fundamentum;2014)

BOTTOM: Street View of Kwamnyandu Centre (Fundamentum;2014)

The 23,000m² Kwamnyandu Centre known as the “Heart of Umlazi” is situated in the third largest township in South Africa. The main purpose of situating the mall in this area was to contribute towards the economic development of the region. The development was designed to maximise the potential and growth of the economy. It incorporates 14 kiosks at a pedestrian bridge for full- time trading to unemployed residents, rent free, investing in the upliftment of an economy and creating not only jobs, but entrepreneurs.

Both Bridge City and Kwamnyandu Shopping Centres are linked to major public transport interchanges, accommodating the intense foot traffic moving through the area. These hubs form prime locations for informal trade. Even with this increase of formal retail development across Africa, 90% of sales in 2015 still went through the informal sector through unregulated trade and were not taxed. This highlights key growth within Africa and its developing economy in the current market. This sector will be taken into consideration for the foreseeable future when undertaking development and any government policy changes in Africa.

“Kwamnyandu shopping mall made provision for areas with informal traders, linked to public transport, with programs that migrate those informal traders into formal traders”

Interview with Frank Reardon, Fundamentum Property Group.

GDP is not currently estimated for informal trade in Africa, and therefore makes it difficult for retailers and retail developers to truly understand the economic position of the economy and level of potential future investment.

South Africa in Africa

From an urban study report conducted in 2016 by Dr Dirk A Prinsloo, South Africa has 1,942 formal shopping centres, with general lettable areas ranging from 1000m² to more than 170,000 m², making it the fifth country in the world with the most shopping centres.

South Africa is one of sub-Saharan Africa’s most competitive economies and has seen several retail expansions into the rest of Africa, namely Shoprite, Woolworths, Tiger Brands,

Pioneer Foods, Distell, Clover and the famously branded Nandos. Many companies in Kenya, Ethiopia, Cameroon, Nigeria, Ghana and Angola have been bought by South African based companies however rising local and multinational competition is impacting this expansion (Maritz Africa & PwC; 2016).

Challenges

The trend of African urbanisation reflecting across the continent is dependent on the emerging middle class, whose status is only an educated guess. There is also an increase in population which is leading to an increase in poverty and unemployment rates. It is estimated that 413 million people in sub-Saharan Africa live on less than US\$1.25 per day (Maritz Africa & PwC; 2016). Many South Africans earning this amount receive it on a daily basis, creating an unstable and volatile economic situation. The Covid-19 global pandemic did not help this situation, and job and unemployment rate impacts were heightened.

African economies and GDP growth have been affected by a constant string of challenges, such as oil prices severely impacting the Angolan and Nigerian crude producers, the demand from Europe and China, and security threats in countries such as Nigeria and Kenya.

The slow GDP growth in South Africa and weakening of the Rand against the USD has affected many retailers across the country. The South African economy entered a technical recession in the second quarter of 2018 after a decline in the GDP over two consecutive quarters, reflecting the negative impacts of the increase of fuel prices and VAT. This is followed by years of long and severe droughts that have affected the food production in the country, resulting in food inflation and imports.

“The rand plays havoc in our business as all our soft commodities and the bulk of our ingredients and packaging is priced in US dollars,”

Phil Roux, Chief Executive Officer of Pioneer Foods (page 74; Maritz Africa & PwC; 2016).

In short, the African retail market is being stumped by continued and compounded inequality, inadequate infrastructure, overlapping economic crises and unsustainable energy resources, however a vibrant place of exchange combining rich cultural histories and rapidly advancing technologies is shimmering just below the surface.

Furthermore, South Africa's unexpected battle with energy supply and demand shortages, namely Eskom, has affected retailers who did not account for the need to generate their own power. Shoprite spent R8.1m on diesel in 2015 to run their generators (“Operational overview.” Shoprite Holdings Ltd. February 2015). This has also sparked a trend into retailers looking at other sources of energy, generally from renewable sources. BMW South Africa signed a power purchase agreement with a biogas-electricity producer in 2014, allowing its plant in Pretoria to be 30% powered by renewable resources (page 79; Maritz Africa & PwC; 2016).

“The Eskom crisis has a huge impact on shopping centres in South Africa. There is always a rush to get equipment to help lifts, refrigerators air conditions and lights. We are always on the look for alternative or lower demand electrical and mechanical equipment for shopping centres, although solar panels are still in infancy,”

Frank Reardon, Fundamentum Property Group.

A.1 Real-Time Behaviour

Real time analytics and data collection

Between 2000 and 2004, Angola's middle class grew by 700%. The population is concentrated around urban nodes and not regional towns, in which 70% of the economic activity takes place. Data collection determined Angolan consumers prefer products from Portugal and Brazil, as well as locally made goods that reflect their Lusophone character. Therefore, when Webcor, one of the largest world players in the agricultural commodities market and fast-food products partnered with South Africa's Spar Group, the distribution centre arranged for products to be imported from Spar in Portugal and transformed into Angola's own private labels. This resulted in a €9.2 million turnover in its first year (2015 SPAR annual report).

The first Spar store in Angola opened in 2014 (Maritz Africa & PwC; 2016). The supermarket is open seven days a week and trading has continued to flourish, averaging US\$55,000 a day (Briggs, Fiona; 2014). With 10 schools in the area children are frequently visiting the supermarket during the day for snacks. The shopping experience is held to high standards and can be achieved due to Arch Retail Systems, a leading service provider in Southern Africa, selected for the point-of-sale technology, forming part of Spars aggressive expansion plan in Angola.

The full suite of Arch Retail products has been successfully implemented to suit harsh African retail conditions, provide rich functionality to ensure an optimal store running at peak profitability and is equipped with all the management tools to facilitate aggressive growth.

“We’ve seen a strong drive to formalise retail in a number of African countries, which creates partnership opportunities for us and ties in with our company’s African business growth strategy,”

David Geldenhuys

Investments in the collection of analytics and data collection in South Africa has increased in recent years, (Tontsi, Phumeza; 2014) with varying degrees of success. It is a complex process that

many retailers are still trying to determine data and work out real time analytics, therefore most investments are put towards building up data science teams.

The development of our shopping centres in South Africa is determined by demographic, traffic, expenditure and types of stores in an area. Research companies help with statistics and sophisticated technology which is linked to security systems that track behaviour of visitors. This is critical to the development of all shopping centres and data intensive process at the outset to determine future customer trends and desires.

The research also helps in the financial process with the bank motivation when getting a loan. Big retailers do the research in house and banks also get supporting research to sign off on loans.

Augmented Decision Making

The data and analytic process is wide and complex and people are still trying to find patterns of the ever-changing behaviour of people. Trying to forecast these behaviours in advance is what many retailers are trying to achieve. Martyn Freemantle, interim managing director at IRI South Africa, has suggested that these kinds of data need to be automated and quicker so industries can react quicker (L.Hartzenberg; 2019).

If the industry is completely automated, high quality recommendations based on real-time analytics can be sent quicker to the person who can make rapid decisions.

The demand for data collection in South Africa by retailers has increased rapidly, furthering investments into the development of data analytic companies. These websites allow a range of tools to make it easier for the collection of data and to help forecast future sales and patterns.

A.I rise

Along with these investments artificial intelligence (A.I) is another advancement being used to help the future of retail data collection. In the next 4 to 5 years, A.I. will play a major role in the growth of the demand forecasting personalisation of media and data-driven sales forces as the explosion of data becomes more complex to analyse.

A.2 Technology

Online Retail

Online retail in Africa offers advantages that are unique to third world environments that lack convenient and secure bricks and mortar shopping centres and amicable road networks and infrastructure accessible to regional towns. The availability and success of online retail differentiates drastically from country to country across Africa. The PwC 2016 report indicated numerous e-commerce players across South Africa and Nigeria, but a less developed online platform in Cameroon and Ghana for instance.



TOP: Inside Gateway Shopping Mall (Munstermann; 2013)

ABOVE: Gateway Shopping Mall outside food court (Ridge; 2019)

RIGHT: Aerial view of Two Rivers Mall (Two Rivers; 2017)

The online industry in Africa is driven by pure e-commerce companies, Africa Internet Group being the most prominent with a presence in 26 countries. Research has also shown that although consumers are not buying products online, they are researching the products before buying them in store, therefore there is a requirement for there to be a seamless online and in store presence.

In 2001, the 220,000 m² Gateway Shopping Mall was the first mall to not only mimic the modern developments in the US but to primarily counter online retail in South Africa with additional experience offerings.

The Shopping Centre “created a leisure experience on such a massive scale that it could not help but provoke a reaction.”

Andre Murray, Principal Architect, IOL

Although built in 2001 it has been through many renovations to keep this shopping centre up to date with A.I. real time behaviour, and as a result over two million people visit the mall monthly.

Another Shopping Centre combating the consumer online retail market is the largest mall in Central and East Africa, Two Rivers mall. Deriving its name from the Giichi and Ruiruaka rivers that flows through it, the mall has been designed sustainably to provide a scene where visitors experience the natural environment shared with a cultural, recreational, and retail experience.

African countries like Kenya that are underdeveloped are trying to build up their cities mainly through private sector by introducing forward thinking malls that can boost their economy and community. Nairobi puts the youth as a focus to draw them into these spaces to elevate the success of these developments by introducing high-tech interest.



“A new approach is needed to rejuvenate the city in a way that promotes equity, productivity, and growth of small and medium businesses as well as big businesses through improved quality of infrastructure that is people centric. The beauty of an ultramodern shopping mall like Two Rivers is that in its core, it is built around people, around experiences...not cars, not buildings.”

R. Ndegwa; 2017

Two Rivers acknowledges that it will be the youth of our nation that determines the success for the future prosperity of our bricks and mortar retail environments.

Today, South African Shopping Centres only have a basic website, while bigger regional and super-regional centres have a larger online presence. From 2016-2019, the South African online retail sales have more than doubled, beating World Wide Worx forecasts and reaching 1.4% of the country's total retail (excluding informal trading) (A. Goldstuck; 2019).

Although dismal in comparison to China's 19.6%, the growth rate of the online market is impressive. This is due to investments in online retail, marketing and new mobile shopping channels.

As a result of the Covid- 19 pandemic, stores in South Africa that have been severely affected have accelerated the online process. Middle and high-end stores are closing their bricks and mortar stores and investing in online stores to survive and adapt to the rise of e-commerce. Most international brands are no longer investing in SA as they can reach their market online.

Stores, such as Mr Price, that have been affected severely by Covid-19 have accelerated the online process and Checkers have started online shopping, delivering goods within 60 minutes from order.

“Amazon soon will rise in South Africa and potentially takeover and increase online shopping, putting shopping malls in risk of running out of business,”

Interview with Frank Reardon, Fundamentum Property Group.

Although investments are increasing, not enough businesses are investing enough of their annual turnover into their online stores. Africa comes with unique obstacles when it comes to the online platform, including logistical challenges, unreliable internet connections, a cash-based economy and especially in South Africa, electricity constraints.

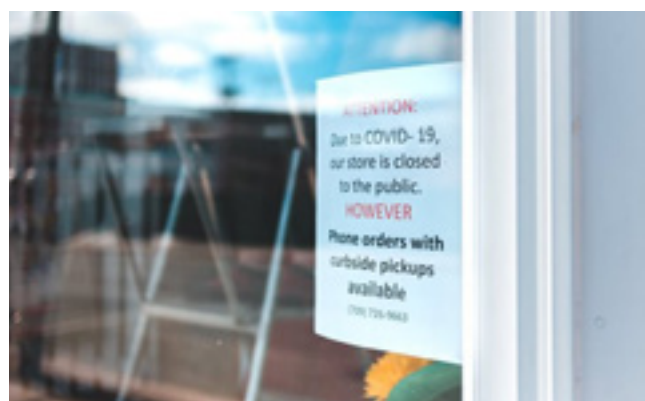
Digital Transformation

One of the most important impacts that Covid- 19 has had on the retail environment in South Africa, is to fast track the need for digital transformation, highlighting the necessity to change the approach to employees, customers and hygiene. The unstable economic environment furthered by the pandemic has resulted in shifting demands which require the retailer to be agile.

Changes in regulations and policies have alerted many people to their consumer rights, and retailers are being differentiated by how they uphold these policies. This can bring about a customer intimacy which will improve the customer loyalty.

Technology has been put at the forefront as a vital requirement to reduce capacity and risk, and shopping centres that have fallen behind the advancements of technology had to make quick transformations (E. Mcleanvia: 2017).

Omni-channel shopping is one of the most recent digital transformations. After the sudden increase in online use in South Africa, many major grocery brands have improvised progressive delivery alternatives. The three main grocers, Woolworths, Pick n Pay and Checkers have implemented these delivery systems with some physical stores being transformed into mini distribution centres. The omni-channel solution has seamlessly integrated online and offline channels, having a permanent effect on the retail environment in South Africa.



Digital payments have dramatically increased, caused by awareness of hygiene purposes due to possible harmful microorganisms that dwell on cash and ATMs.



ABOVE: (GETTY; 2020)

RIGHT: Inside Mall of Africa (Aurecongroup; 2017)

“Snapscan has been around for approximately seven years ... It took a health crisis and the need for contactless payment solutions to see SnapScan make its way into traditional brick and mortar stores on a large scale.”

M. Gabriel; 2020

Covid- 19 has increased the use of apps that assist with cashless payment to South Africans and is quickly becoming more popular to users that, in the past, have not seen it benefits.

The pandemic has jump started the use of technology throughout the generations in South Africa. It has shown us how much closer change is than it was before, and it has painted a picture of the future retail environment. Innovation and agility through the help of technology is how retailers will be able to respond to the rapidly changing and individual demands of the consumer.

A.3 Authentic Sustainability

Green Practices

Green Building Council South Africa (GBCSA) advocates for a better built environment, offering certification that recognises and rewards environmental leadership and forms a recognisable symbol of sustainability achievement (gbcса.org.za, 2020). This has

formed a sustainability drive in the construction industry across the country.

In the retail sector, Mall of Africa is one of the most recent sustainable shopping malls built in one of the highest business section regions in South Africa. The concept of the 131,000 square meters mall is uniquely designed to suit the African geology that consists of the rain forests, minerals, deserts, lakes, and oil and incorporates the new urbanism principles of walkable, mixed-use environments.



The roof of the mall is a key feature that tied the city and mall together with its high-tech diesel/solar powered hybrid innovation as well as its attractive aesthetic appeal. The structure stands out uniquely and is made from an environmentally friendly product made of recycled tin and metal. In future, the roof would be visible from the surrounding high-rise commercial buildings; therefore, it was treated as a fifth façade. Mall of Africa won many awards for its sustainable material use and retail design (M.Pawley;2016).

South Africa has been faced with many issues regarding electricity and water and this has forced developers to seek alternative solutions. While retrofitting existing buildings is seemingly challenging, future developments are forward thinking.

“Green solutions also mean more uptime and less disruption.”

I. Sathekge

The installation of solar PV panels is evident across the country. Massmart has accounted for 60-80% of their building’s energy usage through solar.

Plastic is used in all aspects of the retail

environment; in the transportation, the storage and the purchase process. The use of plastic is slowly being reduced in South African stores, with well-known retail brands completely removing plastic bags and straws.

The re-use of materials will be essential to eliminating the waste of plastic products. Poly AI is an environmentally sustainable way of displaying items in retail stores. Barrow's Global found a solution to reducing the use of materials of temporary displays in store windows by reusing post-consumer long-life liquid cartons. This has resulted in a 37% carbon saving and up to 20% cost saving. This tangible movement is seen in some of the big stores around South Africa such as Dis-Chem, Unilever's multibrand Spring Clean, as well as Red Bull and Celltone Skin Care.

There are small steps taking place as more retailers are being exposed to sustainable strategies. An ever-evolving industry that is finding better solutions to environmental issues that will hopefully bring a better future for retail and the world.

Transparent Supply Chain

Among unsustainable practices in the retail environment is the movement of products across the world and the effect this has on the environment. Africa imports thousands of containers of consumer goods every month however, there is a trend across all categories of retail to invest in assets on the ground and rely on local production. The PwC report of 2016 attributes this to four main factors; The growing democracy and stability, circumvention of high transport costs and port delays, government incentives for local manufacturing to boost job creation and Africa's enormous agricultural potential.

The extensive demand of calling on thousands of small shop owners, as well as distribution to the informal sector, have led to a change in the distribution networks, such as utilising motorcycle representatives to distribute to outlets or supplying a network of wholesalers which the end retailers come to buy from.

"An import model – paying excise and transport costs – can never be as effective or efficient from a pricing standpoint than a locally-owned production and route-to-market business,"

Richard Rushton, managing director of South African alcoholic beverages company Distell, which has invested in local bottling plants in Ghana and Angola. (Page 12; Maritz Africa & PwC; 2016).

In Ethiopia, the wholesale market was dominated by few powerful suppliers, who controlled the inflation rate. To combat this uncompetitive industry, in 2013 the government established the Ethiopian Trading Enterprise, or Alle, a state-owned and privately managed business enterprise which aims to supply food and other consumer goods at a competitive price. It does this by buying the products directly from the manufacturers, locally and abroad, to avoid the market chain. The enterprise, in 2015, had 3000 registered retailers and sales of almost 1 million Ethiopian birr a day.

In South Africa, this rising trend does come with certain complications that have led to the downfall of these systems such as the energy crisis and the minimum wage legislation increasing labour cost. However, with surging competition from international investors, the supply chain optimisation will become crucial. Local production in South Africa is also a sustainable response to the weakened Rand.

"Whoever can manage supply chain in Africa wins"

Richard Brasher, CEO of South African retailer Pick n Pay, which is expanding to Ghana and considering opportunities in Nigeria.

SABMiller is an exemplar for this solution, having partnered with thousands of small-scale farmers to grow sorghum and cassava for its brewing operations, assisting to boost the farming capacity in the country.

South African Shoprite credits its success to its centralised distribution and control of its own logistics. Clicks has implemented a new demand-driven replenishment system, Samsung has opened a manufacturing/assembly plant at Dube Trade Port to supply the greater South African Development Community region and clothing retail groups have developed South African suppliers to increase the speed to market.

These incremental and intimate systems have been able to quickly adapt during times of change, specifically concerning the Covid-19 pandemic.

SMMEs

Without a sustainable economy, environmental sustainability is difficult to achieve. The primary monopolisers need to be in balance with upcoming businesses. In South Africa, Small, Medium and Micro-Enterprise (SMME) developments are the key to achieving this balance and are drivers for diversification, innovation and job creation. This development is readily achieved through the design of the retail environment.

The Alfred and the Victoria Basins, after years of neglect from being cut off from the city of Cape Town, has been transformed over the last thirty years into one of the most visited destinations in Africa, the V&A Waterfront, attracting 21 million tourists a year (Stratecon; 2018). It is the centre of creative enterprise development and supports entrepreneurship and innovation. An economic analysis by Stratecon has concluded a spectacular increase in economic activity as a result of the mixed-use developments at the new Silo and Canal districts, resulting in the largest use of the buildings dedicated to commercial offices.

The V&A Waterfront is no longer a retail mall. It is no longer just a place that tourists visit. Rather it has a mixed use with offices, retail, accommodation, the ocean economy, as well as arts, culture and education.

Page 3; Stratecon; 2018

What is most remarkable about this development is its economic contribution in relation to its footprint size. More than 50% of the precincts footprint is given to pedestrian walkways, open areas and water canals. Of the built areas, retail only contributes 20%. The precinct in total only takes up 0.001% of the Western Capes provincial land area.

In 2015, the R50 million Watershed development reflected the outstanding initiatives of the V&A Waterfront in 'growing incomes and jobs through fostering enterprise development and promoting start-ups,' (page 7; Stratecon; 2018). The design was to move away from tourist souvenirs and

curios to focus on African craft and design. Repurposing a historic warehouse structure, known as the Blue Shed and Workshop 17, Wolff Architects created a new open-ended building of double volume height and 100m long skylight above the new 'street' running through the shed. The street running through the centre creates a market economy in contrast to the mall economy, allowing smaller businesses to thrive.

The focus was kept on the main street running through the building, leaving the individual stalls customisable by the tenants. Above is a floating mezzanine floor which forms a platform for social interaction and education.

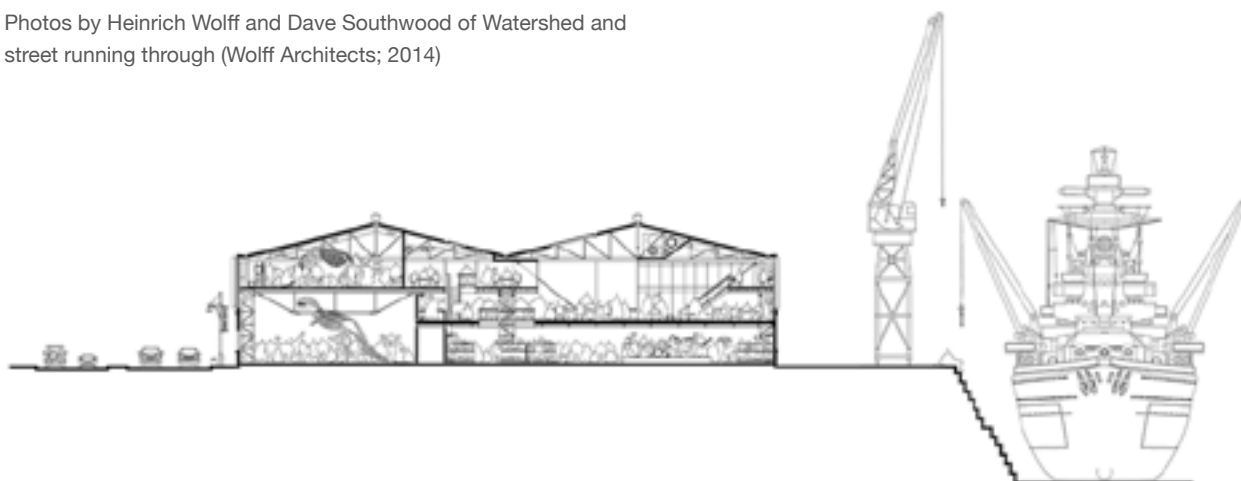
"The diversity and intensity of human interaction had to be improved. To achieve this goal a strategy of collective interest was developed. The proposal was to take over the whole shed, remove the two short end facades and make a street right through the middle of the building."

Architect, Heinrich Wolff





Photos by Heinrich Wolff and Dave Southwood of Watershed and street running through (Wolff Architects; 2014)



A.4 Brand Place Activation

Convenience, intelligence and experience in today's society as well as time constraints is one of the main factors affecting the modern consumer. Convenience becoming the draw icon has placed a greater importance on the Neighbourhood Centre and online shopping.

Of the 1,942 shopping centres in South Africa, 712 are classified as Neighbourhood Centres and 668 are Convenience Centres. Ready meals available in express stores have become a trend across the country, with many of the larger grocery stores such as Woolworths, Veg City and Pick n Pay partnering with petrol stations to open their stop and go stores. For example, women in Cameroon are entering the workforce in fast growing numbers, increasing the demand

for easy-to-prepare food products such as Injera in Ethiopia, a pancake-like flatbread that was traditionally considered improper to buy pre-made.

With access to a wide range of information, the consumer is more aware, empowered and informed, within their retail decision making and purchasing. Technology can provide product intelligence which will affect the customer's decision such as googling product reviews or buying individual parts to put something together themselves instead of buying something fully assembled at a great price, making the market and consumers more demanding. Retailers who do not tap into this demand force the consumer to look elsewhere. According to Mr Brian Coppin, Managing Director of Fruit & Veg City,

retailers that are not purely competing on price will only remain relevant by offering shoppers a unique experience.



Convenience Items (Maritz and pwc; 2016)



ABOVE: Silo District Outdoor Space, photo by Harbour Bay Village

“Successful retailers give customers new reasons to visit with fresh formats, displays and experiences, including tastings, demonstrations, advice, personalised services and discussions. Stores need to engage and entertain – it is about more than just shopping.”

Woolworths

Due to the pressure of high living expenses in relation to high unemployment and the high income to debt ratio, shoppers are adjusting their lifestyles and consumption patterns, seeking value for money.

“What began as a response to austerity in the global economic downturn has become a full-blown consumer trend among the more affluent as well as the less-affluent,”

Richard Brasher, Pick n Pay Chief Executive Officer

From the 2018 SAPOA retail report, it is evident that consumers are visiting regional centres less frequently than before however, more money is being spent per customer per visit. Shopping centres and retailers are achieving this by maximising the dwell time for the customer and created centres that are focused in ‘destinations’

“We don’t need more malls, we need special places that community’s value and gather in.”

Retail futurist Doug Stephens told Retail Dive (Daphne Howland, 2016).

While Super-Regional Centres have seen a growth of 1.99% in the past year, Neighbourhood Centres have declined by -1.64% in trading density growth, bringing forth the emergence of the Lifestyle Centres.

Built in 1984, Cascades Shopping Centre in Pietermaritzburg went under its first phase of a 12 million rand refurbishment in 2003. The Townbush stream was diverted to run next to the Neighbourhood Centre. By creating islands and walkways wrapping the shopping centre, their vision of becoming a lifestyle centre and creating public space was emphasised.

“Our goal is to provide additional facilities and to vigorously market Cascades as a niche community lifestyle centre offering an outstanding retail and entertainment experience in a most convenient location”

Joseph Parsley, Centre manager (Michael Kerkhoff & Associates; 2003).



Backing the Cascades Lifestyle Centre is the Cascades mountain bike park, a large forest consisting of trails that take you down along the stream and to the top of the surrounding hills. Other Regional Centres are mimicking this approach on a larger scale, combining retail, leisure and sports with an international tenant mix.

The 56,859m² Bagatelle Mall is the first major offshore development for South African company, Atterbury, bringing together a mix of international, South African and local Mauritian retail to Africa's top- rated country in the World Bank's 2010 report.



TOP: Aerial view of mall and Voila Hotel (Architecture Studios)

ABOVE: Central food court (Atterbury)

RIGHT: Highway facing facade (Gerhard Britz Photography)

BOTTOM RIGHT: Ice rink with restaurant behind (Galleria Website)

The mall includes six cinema theatres, a food court, a children's play area, an indoor football court and a skate park. International retailers are represented throughout the mall, from Woolworths to Tommy Hilfiger. The development is situated between the capital, Port Louis, and the emerging Cyber City. It is also part of a mixed-use development, being directly attached to a 100 room business hotel, Voila, and has a 697,122 average monthly footfall.

Another example is the Galleria Mall, situated about 20km South of Durban. It is the biggest

shopping centre development in greater Durban since Gateway, opening in 2009. The centre forms part of the R2billion Arbour Town precinct development strategically located adjacent to the N2 highway, a national link between the city and the secondary town. This required R75 million in roadwork infrastructure to build the access off the highway directly to the shopping mall.

The shopping mall boasts a large entertainment and dining area, in a double volume space with a large curtain wall facing the Indian Ocean. Together with the Numetro cinema, an arcade and bowling alley, the shopping mall also boasts an ice rink between restaurants and a Funland for children, which includes a large Ferris wheel which can be viewed from the highway. In 2018, an eThekweni municipal library also joined the malls tenant mix, providing reading resources to cater for a wider audience which is expected to extend to Isipingo and other outlying regions around Amanzimtoti.

On the contrary to successful inclusion, 4km away, the success of the Regional Centre overshadows the declining state of the Town



Centre of Amanzimtoti. The Galleria Mall and Arbour Crossing development has impacted negatively on an already established and

historic Town Centre, which was not taken into consideration prior to the development. Amanzimtoti Town, once the main transportation and economic hub in the South of eThekweni Municipality, has become the epitome of disinvestment as economic activities for a more affluent class were introduced along the South corridor, detached from the town centre.

Local Operators

Local African operators are standing their ground when competing with the larger, foreign competition. This is mainly due to their nimbler business structures and better understanding of the local market and consumer.

“Local players may not make the headlines but they are a very big part of the future of this market,”

Head of a prominent FMCG business in Nigeria

In South Africa, Super-Regional Centres have been filled with private labels as the vacancy rate rises rapidly due to the restructuring and reduction of large retailers previously holding 59% of the GLA (MSCI; 2018). Private labels across Africa have partnered with larger supermarket franchises to sell their products, such as Prosuma's partnership with French supermarket chain, Casino, in Côte d'Ivoire to sell home branded juice and frozen foods, and South Africa's Pick n Pay stocking a range of tiered in-house brands.

“Private labels are no longer cheap alternatives, but have evolved into trusted brands”

Michael Wood, FMCG consultancy Aperio

The Carrefour Market, a French retail group, is the first supermarket in Cameroon, opening in 2017. The store offers a wide range of fresh produce and has a range of 1500 products offered from local channels through partnerships with producers and cooperatives to promote local agriculture. The development is in response to the emergence of the growing 6 million middle-class consumer market in Africa. It has created 250 direct and indirect jobs and 7000 hours of training with 18 Cameroonian partners and suppliers.

A.5 Health & Safety

Quick Changes

As we navigate through and out of the global Covid- 19 pandemic, we have and will still see moving forward an unprecedented challenge of people having to put a pause on their means of earning livelihoods. The trends mentioned above have all been affected in some way by the lockdown, including stumping the growth of the African middle-class, enhancing consumer awareness of where products come from and how this affects the price and how retail centres respect the health and safety of the shoppers and of the staff.

There is already evident implication that the pandemic's effect on Africa's middle-class and the force which is driving Africa's economic expansion. South Africa, Kenya, Nigeria, Rwanda etc. will have years of recovery ahead, according to experts, as the continent's signature achievement of middle-class growth is hindered. The middle-class have resulted in educated and tech-savvy families feeding the demand for consumer goods and economic growth. World Bank experts now expect as many as 58 million people to move below the poverty line due to the stunting with the global 2020 pandemic (Dahir, Abdi Latif; 2020).

“The tragedy is that because Africa is not growing fast, this collapse of the middle class could take several years to recover”

Homi Kharas, senior fellow at the Brookings Institution and the co-founder of the World Data Lab

However, there are optimists like economist, Ms. Khan, who says

“Emerging markets in Africa, no strangers to economic shocks, have proven resilient in the past, and could come out stronger when the pandemic is over”

“We always concentrate on the changes, but in reality, very little changes and most remains the same. Although the cleanliness and hygiene aspect will live with us, people want to get back to where they were,”

Frank Reardon, Fundamentum Property Group.

Consumer Health and Safety

Heavy lockdown restrictions in South Africa put in place to protect the consumer's health and safety have led to the collapse of large retail chains. It has been a message for how unsustainable business practices further moments of crises. 22 000 jobs were lost through Edcon alone.

While these chains of somewhat survived the pandemic, SMME's have struggled.

“Hygiene is an issue that is not going to go away any time soon. Unfortunately, small businesses are being affected,”

Frank Reardon, Fundamentum Property Group.

SAB based their argument to lift the ban of alcohol on the basis that the ripple effect on their supply chain would be enormous. According to Hellen Ndlovu, SAB'S director of regulatory and public policy, 1,345 SMME'S supporting 140,000 jobs, 1,277 farmers of which 757 are emerging farms and 34,000 wholesalers and retailers who are estimated to support 250,000 jobs were all put on the line. The country saw the ban of alcohol lifted before the ban of tobacco (Mavuso, Sihle; 2020).

The pandemic has been an endless battle between the health and safety of people and economic disparities.

One of the key aspects of the pandemic in the retail environment is consumer awareness, specifically surrounding local production of goods and supply chain issues, pricing and shopping centres upholding the health and safety policies. Consumers are more inclined to buy from brands who have taken their safety seriously.

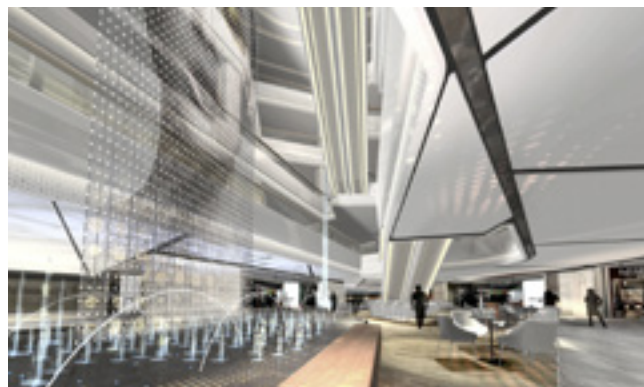


RETAIL IN ASIA

The future of retail stands to be a symbiosis of current social, environmental and technological trends, which was accelerated by the Covid 19 pandemic. Smartphones are increasingly becoming an invaluable extension of ourselves; simultaneously transforming into future shopfronts and personal shoppers. Cashless transactions are instant and non-detectable. Artificial Intelligence sets the product mix and price, whilst smart, targeted advertising is non-invasively being fed to consumer's Augmented Reality devices. The intelligent mall senses people flow, air quality and mood. Physical tenant spaces will serve as showrooms and distribution centres, whilst public spaces will increase, aiming to solidify the human-nature connection that is longed for in this ever increasing digital world. The retail world around us is changing, but research clearly shows which region will get there first – Asia-Pacific.

According to research by Bain & Company, Asia-Pacific is propelling the retail industry, generating about 75% of global growth.

As work, eating, socialisation, shopping, and playing morph and merge into something new, future trends will continue to evolve in response to Real-Time Behaviour, Subtle Technologies, Authentic Sustainability, and Place/Brand Activation. The new task for designers and retailers is to explore this new environment and identify how their brand fits into it. The public realms of retail centers must now provide dynamic platforms for brand expression – ones that integrate social connectivity, real life experiences, and authentic relevance to shoppers.



A.1 Covid 19 / Health and Safety

The Covid 19 health crisis has had a huge impact on retail; in terms of consumers, brands, and typologies. This has already caused consultants to be more creative, think outside the box, and not hold on to old thought processes. Retailers, operators and developers must be innovative, agile, and resourceful in order to create a successful and resilient future shopping environment. There will be a focus on health & wellness due to human concern, adding value and meaning to our spaces. To gain the trust of customers, hygiene and cleanliness is now an essential retail design principle. Open and breathable spatial planning is at the forefront of consumer confidence in retail environments as it is important that people feel safe and secure in highly-populated public spaces. Finally, new technologies will be paramount, and incorporating systems that can support these will play a big part in design. We are entering an accelerated future in the retail sector where designers and consultants should embrace these times to really focus on the customer needs.

The pandemic has changed consumer behaviours. In a post COVID 19 shopping environment, designers and owners must provide healthy and hygienic spaces that are trusted by the public to once again drive footfall.

A survey by Periscope by McKinsey (2020) showed that 50% of survey respondents said they want stores to follow guidelines that will help keep both shoppers and employees safe.²

Many retailers invested significant time and effort into developing new well-being protocols and operating procedures as shopping centres began to reopen. Providing a relaxed and safe experience was critical in alleviating customers' anxieties and enabling a return to in-person shopping engagement. Leading retailers established a set of service and experience standards that are non-negotiable, which can be utilised to create strategic plans to keep their customers safe.

“People are much more conscious about hygiene - so we came up with a ‘Toilet Version 2.0’. We developed proposals to enhance the hygiene in the mall toilets; one place customers must go. Now you have to touch everything – doors, flush, paper towels – so we went through multiple suggestions to ensure the restrooms would be a hands-free experience.”

Alan Lam, K11 Senior Leader

The role of physical spaces has needed to be redefined. The pandemic accelerated retailers to move beyond the traditional view that physical locations are primarily for in-store customer purchases. The pandemic changed consumer behaviours - the ‘New Normal’ showed more people than ever using digital channels. The re-opening of physical stores saw customers mainly go to experience products, rather than out of pure necessity. They appreciate the “touch and feel experience” of physical stores, which augments the functional buying experience with product interaction and tangible brand engagement.

The pandemic meant in a matter of 90 days, we vaulted forward 10 years in consumer and business digital adoption (McKinsey, 2020).

In a post-COVID shopping centre there is a real need to evaluate their value of physical place as a way to accentuate connection with consumers. This begins with their online relationship and transitions into physical environments - focusing on authenticity, experience and more

personalised attention - which will in turn create a powerful sense of consumer loyalty.

“Due to the virus, we immediately updated all the air filtration systems with silver hospital grade air filters, instead of the traditional ones.”

Alan Lam, K11 Senior Leader



Buildings are responding more and more intelligently to changing conditions, both environmentally and also in terms of occupancy densities changing throughout the day. The performance of a building relies on a Building Management Systems (BMS). This technology evaluates the building and how they relate to the occupants environment to keep the space healthy, comfortable and safe. BMS' and the sensors used to communicate with them are already prevalent in modern buildings of today; it is the role of the designers and shopping centre owners to ensure this technology is being leveraged for the heightened safety sense of the ‘New Normal’.

Buildings will contain advanced HVAC systems for optimal air mix, built in air-quality sensors with intelligent feedback loops, hidden walkway sensors for optimal spatial calculations / formats, and thermal entrance sensors for threshold risk assessment and crowd management.

Research by the International Well Building Institute has shown that increased ventilation in a building can reduce the chance of influenza; a study published in 2019 found that ensuring even minimum levels of outdoor air ventilation reduced influenza transmission as much as having 50-60% of the people in a building vaccinated.

Case Study

Spring City 66 is the single largest commercial complex in Kunming, China. It is the city's latest landmark and the ninth Mainland project for Hang Lung Development.

The Project is situated in the heart of Kunming's city center Panlong District, Spring City 66 is a 'Total Lifestyle' shopping, work and play environment. In 2017 Concept-i was commissioned to carry out the interior design for the public areas of the retail space covering a total of over 60,000 sqm. Drawing inspiration from KPF's architecture, the interiors celebrate the city's rich cultural context and unique natural beauty of the surrounding landscape. Concept-i have designed a sinuous, material rich retail environment as a harmonious destination.

A minimalist design aesthetic was developed, suitable for 1st line brand retailing, streamlined in its simplicity, yet vibrant in its passion for natural materiality, art and cultural references. The project celebrates light and dances with space throughout its vast interiors. These large spaces were well equipped to welcome customers back to shopping environments post-COVID 19 with the following integrated design measures:

- » Easy to implement Social Distancing
- » Integrated, easy to use Signage & Wayfinding
- » Wide Circulation Space in Public Areas, making for safe people density
- » Food Court consideration of Space Density Planning & flexibility
- » Physical Experience – Trust and Safety



After transitioning from Covid 19 back into physical shopping, it is likely there will be a continuation of the pre-crisis trend towards retail that creates immersive experiences to help drive foot traffic and physical consumer engagement. New demands for public space will require retailers to shift and make physical and environmental changes to their retail centres, whilst engaging customers both online and offline to gain their confidence and trust. In order to achieve stress free levels of comfort, emerging technologies will help these healthy/breathable shared public spaces provide methods for contactless interaction, natural light, optimal air quality and other design elements that positively influence people's emotions where they are comfortable to shop, relax and dine. Covid 19 accelerated our focus on the shopper's experience. This can be seen as a positive shift in the retail market, one that designers and owners should embrace.

B.1 Real-Time Behaviour

Designers and mall owners are now relying on real-time behaviour analytical tools to seamlessly connect both online and physical shopping experiences. Through the use of these tools and by adjusting traditional methods, owners are seeing enhanced sales growth and extending their brand reach. The physical design environment of the mall's public space and tenant arrangements are also going through paradigm shifts in size, form and customer function. This design shift to more customer focused experience requires smaller tenant spaces, flexible pop-up stores that allow retailers to respond quickly to emerging trends, offer segment focused merchandise and create a more tailored customer experience.

Responsive customer data is driving this disruptor in the market; smaller-sized retail formats and pop-up stores are trends that are here to stay. Smaller shops have an advantage over their larger footprint competitors with their flexibility, quick response time and focused shopper experience. The big-data-capture movement allows these more nimble stores to understand customer trends much more effectively and quickly. Smaller format shops can respond to changing customer demands in a flash and reduce overheads by minimising

inventory and delivering to the customer's home; with the added bonus of lower operation costs.

In South Korea, Lotte Department store has also adopted the smaller-sized format concept and launched three new compact shopping malls "Lotte El Cube". Rather than offering something for everyone, the relatively small shopping malls focus specifically on young, fashion-conscious shoppers (Fung Business Intelligence, 2018).

"In the past it was only leasing managers' experience and opinions, but now with the big-data movement, there are metrics that are quantifiable and can be analysed by our team. This allows us to backup or reject different design and layout schemes of our projects. This can all take place much earlier in the process, to help us strategise and avoid shortfalls later on."

Alan Lam – K11 Senior Leader



With the size of some malls it can feel overwhelming how to navigate these spaces. Real-time analysis of how people move about the mall, at different times of the day, and different times of the week, can deliver valuable insights into layout and form. The captured data is also being used to analyse shopper tendencies to identify the best-selling products, helping with visual merchandising and responding to quick trends. Working from the consumer inwards – there's a large funnel of relevant qualitative and quantitative data to flow from the consumer to company; that can be collected, pooled and analysed. In addition, the use of predictive analytics for realistic assessments of demand can further deploy to smart and relevant channels.

"Data and analytics will be really great to help

have a real curation of a store. People are not going to want to spend hours in a store. They will want to know what they're coming for — potentially in the beginning until things get back to normal.”

Geraldine Wharry, Futurist, Designer & Educator

Consumers' today shop across channels. They might visit stores to look at products and then eventually buy them online, or they might research a product online and then buy it in a store. It's up to the mall to utilise the real-time data to create the right mix to engage the shopper's interest and experience.

All of the traditional retail drivers – price, selection, convenience and experience – are critical to the new retail of today; but one outshines all others – convenience. In Asia convenience extends to all aspects of the customer journey, this standard has been set and customers expect it in all of their interactions. With convenience at the cross-hairs, retailers and malls must create an intimate and focused customer experience, by tailoring the visit as individually as possible.

“With Omnistream providing real-time actionable insights into the purchasing behaviour for more than 1 billion customers in Asia, retailers have achieved up to 24% in sales growth.”

Wendy Chen, CEO & Co-Founder of Omnistream*

The revamped business model should rely heavily on real-time data to capture segmented consumer trends and then focus shifts to offering a physical experience that caters to the ever changing market needs of those consumers. Based on this information retailers and mall owners can work hand-in-hand to curate and stage branded events that connect consumers with a tailored visit to the shopping centre.

As designers and owners incorporate real-time behaviour analytical tools into their design process, they will quickly see the added benefits of customer engagement and heavier footfall numbers to their shopping centres. A customer-forward marketing initiative requires real-time/ social media data analytics, the physical

shopping environment and online platforms to all be working harmoniously in unison. The brands that integrate the flexibility and mobility of offering products to market segments quickly will see the greatest consumer engagement. Customers of now will require an in-store experience that is focused on new and trending merchandise that they can only receive in a physical store. This design shift to more tailored customer experience is here to stay and real-time behaviour analytics will also continue to drive retail design.

Case Study

K11 MUSEA is a self-named “art mall,”. Developed by Hong Kong businessman Adrian Cheng, K11 seeks to create a never-seen-before retail space where the customer experience is immersive and based on each person’s desires.

Together with the work of a K11 task force researching the real-time behaviour of the up-and-coming generation of shoppers, Cheng has created a ‘phygital’ shopping experience, combining the world of e-commerce with in-person shopping. K11 is diverging far from the average mall, moving forward as an ultra-high-end destination with experiential retail, art, culture, and dining – powered by a deeper understanding of the new way shoppers interact with retail.

Real-time behaviour analytics are proving that the new shopping experience must link with real-time public trends. K11 understands how to leverage these tools to deploy a series of engagements for shoppers by providing in-mall digital guided tours, an app enabling customers to click and collect purchases, navigate the art and architecture, and furniture on showcase throughout the mall. There are also plans to add a digital graffiti canvas where visitors can create their own artwork. ‘Millennials want to connect and be with like-minded people. They just buy and spend in their own pattern,’ Cheng explains.

K11 Musea shows that the future of retail is very fluid and lifestyle centres must be both physical and digital to quickly align with ever-changing real time behaviour.



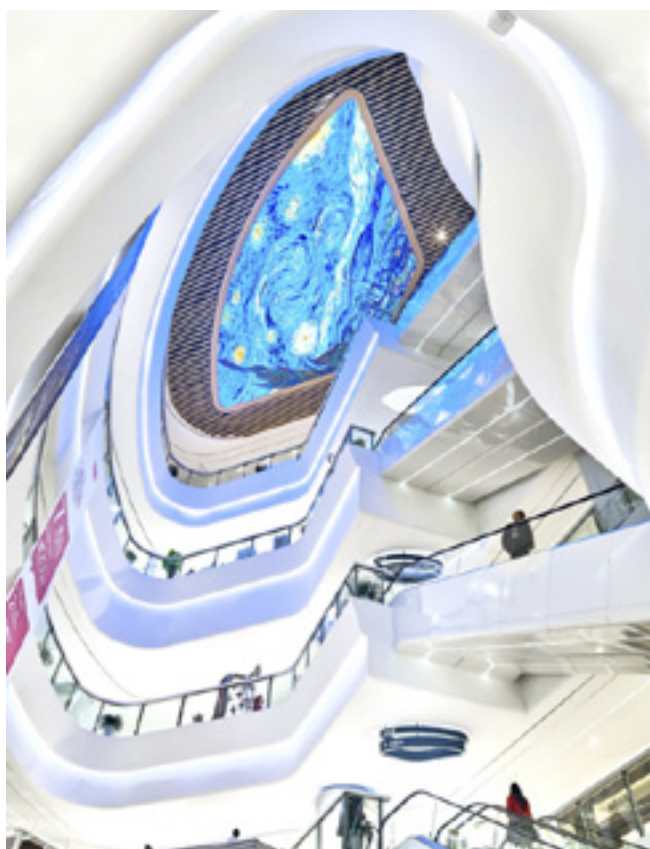
*[K11 and New World Group is a client of Concept-i,
K11 MUSEA was completed before their appointment.]*

C.1 Subtle Technology

Retailers of the future should embrace subtle technologies into their malls and design thinking to enhance the customer experience further than has been reached before. However, understanding the depth they aim to achieve is critical when selecting the right ones. Different technologies can be used to introduce new customers to the brand, or to drive engagement with loyal customers. The retailers and brands who manage to harness the power of technology and embrace digital transformation, are more likely to compete successfully in the new, ever more connected world.

“Technology will be both everywhere and nowhere.”

*Dr. Michio Kaku**



A successful physical shopping centre is no longer a place solely for shopping - it is also a place of entertainment and of technology-enabled elements that facilitate online-to-offline (O2O) integration. O2O has grown rapidly in Asia over the past few years. The rise of e-commerce and new technologies has changed the way consumers shop, blurring the boundary between

the offline and online worlds. This is now making O2O retailing a key principle of traditional retailer strategies. Retailers in Asia are striving to push forward the seamless integration of physical stores and online/mobile channels. Nevertheless, 84% of modern trade in Asia will remain in physical stores in 2035.

Looking towards the future - even if this figure slightly drops - it means that physical stores (and the centres they are in) will still remain important. But it will be imperative that they adopt new technology in order to stay relevant and successful.

This indicates that the rise of smart stores and smart malls will continue. Sensors that already embed the fabric of the shopping centre will need to be far more ubiquitous and adaptable to changing needs. This will help to enable more efficient facilities management and support a safe and healthy environment. Buildings will also become more intelligent. The customer journey from parking to elevator control, access control, restrooms and shared spaces will all be connected to a cloud based system that can be linked back to a user's smartphone or augmented reality (AR) device, allowing the building and the occupant to communicate more readily with each other.

A step further into the journey - robots - particularly customer service 'chatbots' - are becoming the first customer touchpoint for many physical retail outlets. These feed the customer information about the mall, and can be standalone - integrated with digital/augmented signage displaying real-time data about air quality weather, temperature, etc. However the push and demand towards greater personalisation and customisation means that it is more likely they will be integrated into the mall's app and social media pages, accessible anytime and anywhere by the user.

“Everyone in the Philippines spends more time online than any other groups in the world. They're really into social media - Instagram and Facebook - they're number one. So you have to be able to engage them every day. The content is very important.”

Winnie Nazarath - Robinsons

In this changing retail landscape, tools such as personalisation, customisation, and virtual / augmented realities will be used to create social media-friendly spaces that motivate shoppers to share their experiences. Customers will be further engaged by these digital tools due to 'gamification' of real world spaces; another merging of online and offline models. This is already happening in Asia with online companies such as Alibaba, Lazada and Pomelo. However, further bringing these models into the physical mall and aligning businesses with the needs of the evolving customers will be a way to entice them out into the real-world experience.

"If you follow our K11 Instagram or Facebook, we are quite active. We have our team of 11 ambassadors going into the shops to live video promote them and drive people into the mall. Showing people the current seasons must have items, what's going on at the restaurants, etc."

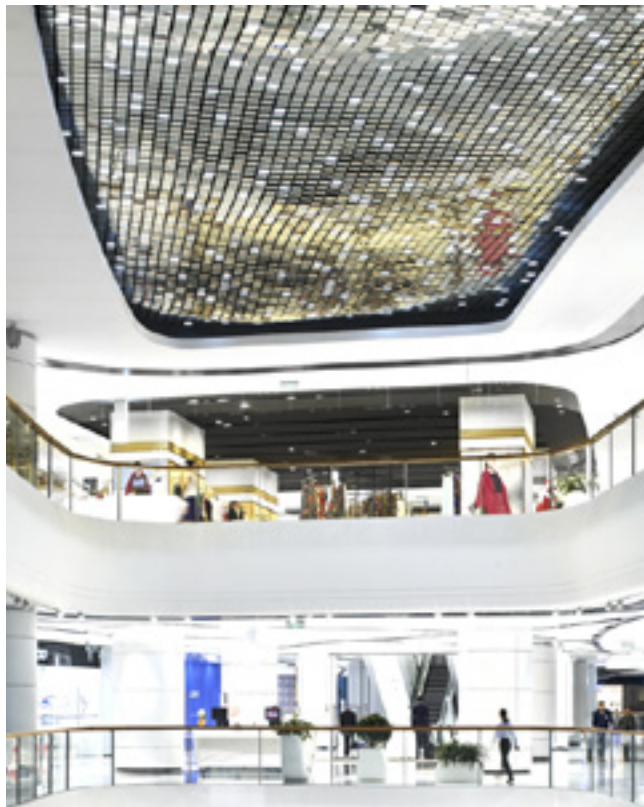
Alan Lam – K11 / New World

In public spaces, retailers and operators will be able to cater to the customers' specific interests, aided by wearable technology and AR. For example, a customer could message a friend from the MRT about a new product they've been thinking about; as they alight the train, their glasses or contact lenses see AR projections of similar-styled products across the mall's ad spaces. Retail spaces will be viewed and designed differently, not only for the technologies embedded into the physical space, but for the technological advancements outside, too.

In targeted experiments by McKinsey & Company, retail technology users fell into three distinct categories: "Full-Service Experience" (5%), "Help me only when I need it" (45%) and "Just need a nudge" (50 %)

'Subtle Technology' should be seamless and non-invasive, enhancing the customer experience - and it is revolutionising retail. Moreover, faced with the higher expectations of their customers, retailers and brands are turning shopping into a personalised and exciting multichannel experience. The impact of subtle technologies behind all this is set to be multi-dimensional, with the integration of digital elements such as AI, Cloud, Internet of Things

and analytics all working in the background of the customer journey. Retail of the future will attract its customers by grounding them in technological experience they can both understand and enjoy.



Case Study

Hong Kong Jockey Club is HK's newest Entertainment/Leisure & F&B development in a ten-story, 27,500sqm clubhouse, exclusively designed for its members in the hills of Happy Valley, Hong Kong. HKJC selected a different international architect for every level of the building; Concept-i was commissioned to design the 7th floor of the project.

The project was conceived as a collection of mesmerising spaces for children, utilising both subtle and observable tech.



Observable Tech:

- » Interactive Wall Games (Valley Hut) integrates skill testing touch screen wall technology. The screens programs are interchangeable and can be varied for repeat use.
- » Augmented Reality (Fantasy Space) uses state of the art sensory projection and augmented reality mapping. A slightly darkened space gives an immersive gaming experience where technology combines with physical movement.
- » Interactive touch screens are integrated into a 'Fantasy Tree' with thematic challenges, games and creative exercises.



Subtle Tech:

Matterport is a three-dimensional camera system you can use to create realistic, fully immersive experiences. Designers can use this tool to capture imagery, collect measurements and process data to create, edit and share a 3D rendering of the location.

Matterport Technology was used post completion of the HKJC, enabling the client multiple subtle ways to gather real-time data about the space whilst enhance the user experience:

- » Building in-use analysis, in conjunction with sensor data
- » Real-time feedback on how the space is used
- » Design purposes, creation of better iterations of existing
- » Lessons for future design
- » Facilities management

D.1 Authentic Sustainability

Consumers are becoming more and more concerned with retailers' impact on the environment and their community. There is a greater sense of social responsibility than ever, however the current consumption lifestyle and generated waste is detrimental for the environment; with Asians increasingly aware of that fact. Beyond being reactive to regulation, Asian consumers now expect businesses to be proactive with solutions – even those that demand effort on the part of the shopper. The young and growing middle classes here will drive this trend even further, by rewarding retailers and manufacturers that demonstrate purpose beyond simply driving profits.



The Asian market is increasingly exposed and responding to these solutions – however retailers and operators need to make sure sustainable retail initiatives can reach everyone. This can be done through well thought-out design. Increased environmental awareness, an emphasis on recycling, and efforts to blend craft and creativity with a sustainable outlook mean more designers are helping create spaces that consumers want to both visit and associate with – again and again.

51% of urban Chinese are happy to rent or buy pre-owned products as it is good for the environment (Mintel Group, 2021).

The same ideologies can be said to be reaching out to malls and retail centres. Learning from history, the ideals of early Chinese societies were built upon a sustainable agricultural economy, where people naturally followed no waste

principles. This message is being heard distinctly by both Chinese designers and consumers, who are demanding this more in everyday life. However, one of the biggest differences between the sustainability movement in the East and the West comes down to self-interest versus altruism. In the West, sustainability is associated with the greater good, such as using recycled materials to save the forests; whereas in the East, the idea of buying green fashion is more of a social statement. Nonetheless, regardless of the initial reasoning, the outcomes are still positive. Reports show that for the younger Asian generations, it's starting to turn into a deeply ingrained lifestyle – and a sought-after experience.

“K11 is the most sustainable retail project in the region, if not in the whole of China. So there are high expectations for that mall. We have a sustainability team that runs programs for people to sign up to and give them tools from the gardens. This is promoted to educate customers with the message regarding sustainability. It's being quite well received.”

Alan Lam, K11 / New World

Younger consumers publicly champion values that align with their own, demand socially conscious mission statements, check the political views of executives, and press companies to make both their products and businesses sustainable. In China this trend has built momentum, where a much younger shopping population has led 80% of consumers claiming to consider a company's environmental issues.

Certain retailers are recognising that if well executed, sustainability measures can lower operating costs, create healthier indoor environments, decrease risks, broaden consumer loyalty, reduce greenhouse gas emissions and ultimately, increase profits. After implementation, they are then engaging their customers on the progress of their sustainability efforts. This transparency is proving encouraging, portraying an authentic standpoint from both retailers and operators.

While the advantages that accumulate from sustainable developments are more widely

recognised than ever before, designing these principles into retail centres still offers specific challenges. These challenges can be more easily met in new construction; however new retail developments currently comprise a lower percentage of the total retail building stock in Asia. Nevertheless, there are still numerous techniques to reduce energy consumption in existing retail operations, including renewable energy use and reducing energy demand e.g. with energy efficient lighting, and recycling waste heat.

“There are certain criteria for the projects now in terms of its being certified as LEED, energy-efficient. They do it for the reputation of being able to do something like that.”

Winnie Nazareth – Robinsons / Ayala

Many global luxury retail brands are applying green building standards such as the international LEED Certification, whilst more and more are developing their own sustainability standards that cover not only operations, but also construction and material use across their entire brand portfolio.

“[For K11] the Gold LEED standard is agreed and I think it’s done well. LEED is the minimum.”

Alan Lam, K11 / New World

The ideal retail project is one that meets the needs of owners, retailers, and consumers, where sustainability is not just an add-on but an integral part of the design, hence coming from a truly authentic standpoint. This is the only way it will reach consumers on a deeper emotional level, meaning it will then create a positive experience / memory, and keep them coming back. The consumers of today and the future will demand transparency, reliability, and consistency. As a result, retail spaces will continue to be more responsive and authentic, energy efficient, and multifunctional. Investors, developers, tenants, and operators are finally catching up and beginning to see the significance of sustainability’s multiple benefits.



Case Study

Concept-i master planned and designed Europe's tallest observation wheel in Newcastle Quayside, UK.

Standing at nearly 460ft (140m) high, the giant observation wheel – dubbed 'The Whey Aye' in celebration of its location – will be 16ft (5m) taller than the London Eye. The project will feature a family entertainment centre filled with trampolines, climbing walls, a skywalk and separate café. In addition, there will be a multi-purpose play and sports complex, with covered five-a-side pitches, tennis courts, as well as a state-of-the-art virtual golf club along with a new retail, dining and entertainment destination for Newcastle called The Giant's Quay.

Sustainability considerations were a major part of this project, including material reuse, green roofs, site vegetation, rainwater harvesting, and passive solar heating/cooling.



A design aesthetic was created which celebrated material re-use and industrial functionality for low energy, and environmental conservation strategies:

1. The Terminus – an innovative low energy courtyard concept, designed for natural ventilation, passive heat gain, adjustable by season
2. The Bins – Indoor/Outdoor sheltered environments with green roofs to enhance views for surrounding residents
3. The Promenade – Reused brick, stone, steel work, timber and railway tracks celebrating the look and feel of Newcastle's industrial heritage
4. Fun Warehouse – Rainwater harvesting from roof to landscape and WC use
5. Site Tree and Vegetation planting play an important role in urban integration, and providing wind control and summer shade
6. The 'opening skylight' provides natural daylight, and controlled ventilation
7. Perforated steel corten minimises the impact of strong winds, rain and allows natural ventilation
8. Existing railway tracks are retained to provide heritage character and a route for parades and food kiosks

E.1 Place/Brand Activation

Technology isn't the only thing that is becoming more fast-paced – the rate at which we change our preferences is also increasing. To match demand, a retail space must be comfortable changing much more rapidly than ever before.

“We always talk about what's important to experience. In the end it's not just a collection of shops. It's the journey and the takeaway; right down to leaving... making sure that there's something new all the time.”

Winnie Nazareth – Robinsons

The concept of “experiential shopping” has gathered significant attention in Asia's retail market. When it comes to shopping, consumers in Asia are more sophisticated and increasingly looking for additional value. Most millennials & Gen Z are now into experiences over ownership. This changing lifestyle habit and demand for experimental elements has prompted retailers and operators to create an “experiential shopping” environment, to enlighten consumers within an immersive shopping setting.

73% of customers will spend more money and time in-stores offering experiences (Marketing Expertus, 2020).



The future retail spaces will be geared towards more mixed-use, fusion environments for shopping, entertainment, education, connection and community. They will be more creative, informative, and design/ socially-conscious. Products and tenant stores will still exist, of course, but the emphasis will not solely be on sales but rather on creating and nurturing a relationship with the consumer that transcends

the store. Customers will expect stores to provide the same speed, relevance and personalisation as Netflix, Amazon or Spotify; with the mall offering all services, from banking, retail, health/wellness, culture/art, religion, music/events, to opportunities for learning. Large, multi-functional, fused concept zones such as Open House in Central Embassy (Bangkok) or SKP Rendezvous (Beijing and Xi'an) will proliferate, allowing tenants to more fluidly participate and change.

“So it's like these big, massive experiences. We're working with some of these guys so that the main attractions are lively and have the contents upgraded; change quarterly, or during festival seasons. Something related to enhance the overall atmosphere.”

Alan Lam – K11 / New World

The experience doesn't all have to be visual tech-enabled holographic elements and AR immersive events, though. Developers and operators that invest in the capacity to integrate green spaces, calm and tranquil spots in the midst of a busy, urban area will create loyal customers in the long run, by creating places friends and families go to spend time together, with lasting positive emotional effects. With individual store sizes trending to decrease anyway, this will not be such a hard decision to make.

For the Asian market – time spent by designers and operators on building strategies around the fundamentals of history, language, culture and philosophy will be a great advantage in building a consumer centric company if studied and understood properly, or a great disadvantage, if ignored or dismissed. Using world-class design within malls and their experiences will also continue to be used to draw customers and tourists to cities they might not visit otherwise. Shopping tours can be offered for tourists, whilst architecture tours offered for design enthusiasts. The Millennial & Gen-Z trend towards a ‘Sharing Economy’ will also shape how retail centres look with stores dedicated to workshops, education, renting (rather than buying), exhibitions and art. For example, Siam Paragon (Bangkok) has allocated a large proportion of retail spaces to “edutainment and exploration”, comprising of

cooking studios, sports and kids' clubs, theme parks, language schools, art, music and dance schools.

“35% to 40% of mall tenants should be retail, while up to 65% should be dedicated to entertainment and food and beverage spaces.”

Allan Zeman - Lan Kwai Fong Group Chairman

The in-mall experience will become immersive, through the staging of meaningful exhibitions and events, marrying art and storytelling with commerce. Branded environments will evolve to provide authentic, carefully choreographed narratives that appeal to the public and benefit their well-being. Place and brand activation will become the key to creating memorable experiences, inspiring people's imaginations and solidifying their relationships to retail environments. Malls are no longer just a place to shop – they can be whatever a customer wants them to be. Each specific type of shopper can and will have a differentiated but positive experience.

Our Now & Future Retail Vision should aim to:

1. Create immersive, social and shareable experiences
2. Prioritise customer engagement over sales, with fusion concepts
3. Stimulate customers' senses with immersive production
4. Defy customer expectations with event centric models
5. Leverage in store/mall events and services
6. Address and enhance consumer needs with the experience



Case Studies



Citystars Mall

Citystars is a living landmark in Cairo, and Egypt's first integrated mixed-use development. Our scope was full renovation design of the retail mall. The renovation focussed on the 250,000sqm mall including a completely integrated approach to architecture, interiors, lighting, wayfinding, digital media, landscape and sustainability.

The project's soaring shade canopies punctuate the entrances and pull them closer to the street. The new areas of the mall use huge shade structures, trees and water for cooling.

Digitised "Chameleon" Spaces

A "pool" of innovative digital themes, acts and experiences were created allowing the mall to be choreographed for change at any moment, like a chameleon. Themes combining the mall identity, with food, discovery and mystery are carefully designed to feed all areas of the mall in a dynamic cyclic way.

- » Themes: Time Traveler, Space Arcade, Movie Stars, Food Flight, Fluid Fashion
- » Acts: Birth of A Star, The Bond, Discovery of A New World, Loneliness, Love
- » Digital Zones: Galaxia, Orion, Starport, Horizon, Eclipse
- » Content Type: Identity, Ambient, Events, Information and Promotion

The context, scale and fusion of new design and technology make the project genuinely innovative. The owners show a bold commitment to the community and people with this inspiring social, cultural and leisure development in Egypt.



RETAIL IN AUSTRALIA AND NZ

Supermarket, services & food are the three standard offerings for a typical neighbourhood shopping centre in Australia. The addition of apparels or entertainment tenancies make up for bigger sub-regional and regional shopping centres. In recent years, much importance for food experience were realised, whether it be alfresco, Asian-inspired hawkers dining or indoor food halls, where retail opportunities are mixed with dining. Major supermarkets are putting more emphasis on its connection with the community - reformatting their store configuration and the type of products they sell. Locally produced goods became highlights of the store. Medical and childcare centres are integrated with new developments. Though online shopping is well-patronised by Australians, physical visits to retail centres are still common practice in neighbourhood centres and sub-regional centres where most customers shop locally. Undeniably, online transactions were turbocharged by lockdowns and restrictions brought by the global pandemic, and its just a matter of time before consumers can experience the many exciting new retail and mixed use developments due to be completed in 2021.

It is becoming the norm now to say that shopping centres are gearing towards the town centre experience of old: becoming a meeting place within the suburbs that house them and offering not only retail outlets but also hotels, office towers, entertainment options and residential spaces. Shopping malls were built to replicate the experience of being in a vibrant town centre.

A Brief History of Shopping Centres in Australia

The first modern shopping centre in Australia opened in Chermside in Brisbane in May 1957 with 25 retailers, including a department store. This new American phenomenon was described by a local newspaper as “an island of retailing in a lake of parking”. Within a few years similar shopping centres had opened in suburban Sydney and Melbourne.

The choice of the suburbs in metropolitan cities was no accident. The post-war immigration and construction boom, combined with cheaper cars and more convenient public transport, meant that cities began to spread. The pioneer shopping centre developers, and the major retailers, recognised that it was more sensible to go into the suburbs, where their customers lived, rather than expecting the customers to continue to come to them in the central business districts.

A new era of retailing was born. These new shopping centres combined both major retailers and small retailers to deliver a ‘one-stop’ shopping experience, usually in air-conditioned comfort, under the one roof. As our cities continued to sprawl, and the services and infrastructure needed to support the growing population were installed and the number and size of shopping centres simultaneously. These new shopping centres were not confined to the cities and they are now an important part of rural and regional Australia.

Shopping centres developed rapidly in Australia because they provided convenient, comfortable and accessible retail opportunities for the communities they served. They met consumer needs with ample, convenient and free or low-cost parking; provided a comfortable shopping experience away from the noise and pollution of the main streets; offered a wide range of retailing

choice; combined shopping with leisure and entertainment; and were generally considered a safe and secure place for shoppers. Not surprisingly they also became a popular community meeting place.

On average, around 22 shopping centres have opened each year in Australia since 1957 and existing shopping centres have expanded through redevelopments. Perhaps the best illustration of the growth and development of the shopping centre industry can be gained by looking at that very first shopping centre in Brisbane. More than sixty years later that centre, now called Westfield Chermide, is home to some 496 retailers, including two department stores; three discount department stores; two supermarkets; a 16-screen cinema; and a major food court. The “lake of parking” has become an ocean with space for 7,200 cars.

Shopping centre owners and developers in Australia have continued to innovate, constantly ‘reinventing’ the shopping centre format in a manner which is the envy of other countries, including the USA, the inventor of the modern shopping centre. These innovations include the introduction into shopping centres of supermarkets and discount department stores, fresh food, entertainment and leisure facilities and restaurants. In addition, working co-operatively with local and state governments, shopping centres have incorporated public facilities as part of their developments and redevelopments, including bus interchanges, libraries, childcare, community facilities and other improvements to the public domain. (Shopping Centre Council of Australia, n.d)

A Brief History of Shopping Centres in New Zealand

The mall made its debut in New Zealand on October 30, 1963. Lynnmall, in west Auckland, was heralded as “New Zealand’s first American-styled shopping centre” and came as Auckland’s burgeoning population was pushing westwards. There was Farmers, Woolworths and Milne & Choyce surrounded by “modern specialty shops” and covered walkways that led to a central garden courtyard. There was parking for 500 cars. The ultra-modern American-style shopping caught on quickly. This scenario

proved that the New Zealand housewife is just as ready to adopt this new shopping conception as housewives overseas.

More malls and shopping centres followed, and there are now more than 150 shopping centres scattered across the country, covering more than 2 million square metres of rentable area. However, New Zealand’s mall footprint has never really reached international levels – with its 0.5sqm of mall space per person, compared to 1m2 in Australia and 2.3sqm in the US.

New Zealand’s unique geography, small population and distance from other major countries have all played a part in limiting mall development. And until recently, popular international brands have been reluctant to establish a presence in the country.

Retail NZ public affairs general manager Greg Harford says: “By international standards, New Zealand is a relatively small market. While it has taken time for global firms to move into New Zealand, the country’s relatively strong economy has encouraged a lot of overseas retailers to enter the market. This makes it even more important for Kiwi retail businesses to provide outstanding customer experiences.” (Bayleys, 2017)

Australian Shopping Centres in Figures

In 2019, According to Baker Consulting there were 1,630 shopping centres in Australia which exceeded 1,000 square metres of gross lettable area (GLA). These comprised:

- » 78 Regional shopping centres (i.e. those that include at least one department store);
- » 291 Sub Regional centres (i.e. those that include at least one discount department store as the major anchor tenant);
- » 1,120 Neighbourhood or supermarket-based shopping centres (i.e. those that include at least one supermarket as the major anchor tenant); and
- » 96 CBD centres.

* The data above excludes Homemaker, Themed and Factory Outlet centres.

These shopping centres comprise more than 65,000 speciality shops. The advantage for

retailers who lease space in shopping centres is that customer foot traffic can be much higher and more concentrated than in other retail locations. Leasehold also has the advantage that retailers don't have to utilise capital to buy freehold, thereby reducing their property risk. This means the real estate risk is being carried by the investors in the shopping centre, not by the retailer.

According to ICSC Research, Australian shopping centres (including Homemaker, Themed and Factory Outlet centres) contain around 26.5 million square metres of GLA, which accounts for approximately 46 per cent of the total retail space in Australia. This equates to approximately 106 square metres of GLA per 100 people in Australia, which is relatively high by world standards although not as high as in the USA and Canada. Below is a table of selected comparable markets:

In 2019, total retail sales made through Australian shopping centres was estimated to be \$141 billion, which was equivalent to 7.4 per cent of Australia's gross domestic product.

The 'Retail Trade' sector accounts for 10.2 per cent of the Australian workforce and approximately two thirds of which are employed in shopping centres. 'Retail Trade' is the single highest private sector contributor to employment in Australia.

According to the publication SCN (Shopping Centre News), the five largest shopping centres in the year to December 2018 by moving annual turnover were:

- » Chadstone (Melbourne) \$2.135 billion (215,056 sq m GLA)
- » Westfield Sydney (Sydney) \$1.252 billion (166,340 sq m GLA)
- » Westfield Bondi Junction (Sydney) \$1.145 billion (131,190 sq m GLA)
- » Westfield Fountain Gate (Melbourne) \$1.053 billion (177,291 sq m GLA)
- » Westfield Chermside (Queensland) \$1.025 billion (176,931 sq m GLA)

(Shopping Centre Council of Australia, 2019)

A.1 Covid 19 / Health & Safety

From the article of Alex Pham, director at Colliers International, states that recent years have seen health and wellness spring up as a vital component of the tenancy mix across shopping centres in Australia. Incorporating health and wellness uses within a shopping centre will not only bring better synergies with other uses but also optimise space efficiency. This trend is further supported by the ageing of the Australian population and increased spending on healthcare services. More than one in seven Australians were aged 65 and over as of 2017. Senior Australians are projected to more than double by 2057. Clinics, healthcare centres, yoga studios, gyms and wellbeing workshops are some of the more popular uses within this category that are taking up significant spaces in shopping centres across the country and will continue to intensify over the next decade (Pham, 2020)

Consumer confidence in the health and safety of retail centres hubs is paramount to the success of the centre and the community it serves. This fact has never been more obvious than during the Covid19 pandemic, where the usual welcome bustle of people through centres and retail strips suddenly became unsafe.

In Australia the pandemic saw a rise in the national average shopping centre vacancy rate from 3.8% in Dec 19 to 5.1% by June 2020, the highest level in more than 20 years according to JLL's 2nd quarter statistics (Doherty, 2020).

Interestingly neighbourhood and large format retail centres have proved far more resilient than other retail configurations in respect to number of sales, collection of rent and general foot traffic (Doherty, 2020).

Although the pandemic saw a significant reduction in development activity across the board, developments that did go ahead in the June quarter of 2020 were convenience based centres with supermarket anchors (Doherty, 2020). This is in-line with where we forecast retail in Australia to flourish in neighbourhood centres with an emphasis on convenience and community.

We predict the retail sector will see an increase in alternate-use conversions of lettable spaces as stakeholders look to source value from their assets (Doherty, 2020). A rise in the flexibility of retail integrated into the design of malls and retail developments is predicted to follow, as spaces that were able to adapt quickly to changing and evolving markets have proven more resilient.

Covid19 has also caused a large-scale shift to shopping online, with 89% more traffic to retail sites in April 2020 compared to April of the previous year (WGSN by Ascential, 2020). Many retailers who had little or no online platform prior to Covid, had to develop an online presence with a seamless and engaging customer service and checkout experience, to survive as a business.

Some retailers developed advanced platforms through tools such as AR, VR, 3D interactive technology, video call software e.g. Zoom or livestreaming, in order to reach their customers (WGSN by Ascential, 2020). We envision this technology will be increasingly used both online and within physical retail space to aid the consumer's choice, and predict individual consumer preference. VR start-up 'Obsess' had 300% increase in enquiries in April 2020 compared with April 2019 (WGSN by Ascential, 2020).

Although the shopping centre 'bustle' is bound to return, we believe a sensitivity and mindfulness around general hygiene will stay. Handwash, trolley wipe and sanitising stations will still be designed into centre and store entrances to some extent. Technology will also advance to scan human temperatures from a distant device on mass. There will also be a preference towards open air retail, greater ventilation and wider circulation paths to aid the customer feeling of health and hygiene.

It is also important to note that with the reopening of retail spaces "per usual" post Covid19, the pandemic has left a permanent change in that shoppers have extensive purchase options and flexibility that did not exist pre-pandemic. Matthew Van Rijswijk of Frasers Property acknowledges the boost to e-commerce as well as the boom in online shopping and 'click & collect' services (Rijswijk,

2020).

"Humans are creatures of habit... what they find suits their lifestyle they'll continue to do. It pushes centre designs to be more relevant to that experience".

Matthew van Rijswijk, Frasers Property Australia

Covid 19 in Australia

The global pandemic that everyone is experiencing now has impacted all our daily activities and our way of life. One of the major industries greatly affected is the retail sector. Being a public destination, shopping centres have taken a major hit. Consumers' perception constantly changed throughout the pandemic as the health situation waved up and down. Visitation and dwell time of consumers are dependent on how shopping centres implement their health measures together with government regulations.

Based on the report published in Australia by Brickfields Consulting in March 2020, since Covid 19 has emerged, retail behaviours have significantly changed in response to constantly changing information and regulations. Social distancing rules have seen shoppers take multiple measures to limit their exposure and time spent in retail outlets. The survey revealed that more purchases are occurring online, with 30% of respondents electing this as a behavioural change. Further to this, 40% of respondents are purchasing less in-store and 31% are purchasing larger amounts but less frequently, particularly in a bid to reduce shopping trips. Coupled with this is a propensity to bulk-buy certain products, typically a means of preparation for potential lockdowns. The changes also present good news for local businesses. With shoppers averse to travelling longer distances to larger centres, there is an inclination to stay local and purchase from local retailers, with 28% of respondents supporting this.

Since Covid 19 has emerged, retail behaviours have significantly changed in response to constantly changing information and regulations.

Brickfields Consulting

The good news about the result of Brickfields' report suggests that when things return to their pre-Covid 19 state, customers are likely to return to their centre of choice. Based on their feedback on the last pre-Covid 19 visit, customers are generally satisfied and loyal. Certainly, the numbers for the NPS+ metrics are no lower than the previous retail benchmarks conducted in 2019.

The final piece of positive news is that customers clearly see a role for retail centres as an essential part of their daily lives: they are not the problem, but part of the solution. When given options for managing the 'openness' of centres, customer endorse the most open option – 32% want to keep all locations open with precautionary measures, and by contrast only 19% want to close all locations temporarily. (Brickfields Consulting, 2020)

Key Actions in Australia

Australia's key retail industry groups have united to release a Retail Recovery Protocol for Covid 19 to assure the community, including retail employees and customers, that they can have confidence that retailers and shopping centres will continue to follow stringent public health guidelines, particularly as the community access essential services such as supermarkets, pharmacies and necessary other goods and services.

The Shopping Centre Council of Australia (SCCA), National Retail Association (NRA), Shop Distributive and Allied Employees Association (SDA), Pharmacy Guild of Australia (PGA) and Australian Retailers Association (ARA) have jointly developed the Protocol to provide a consistent, practical and public-health led guide for shopping centres and retailers that continue to trade, are re-opening or are preparing to re-open when Covid 19 restrictions start to ease.

The key principles guiding the development of the Protocol align with the retail industry's approach to date, which continues to be prioritising public health and safety to protect people against infection, compliance with public health guidelines, working with governments and public health authorities, and helping to prevent the spread of Covid 19.

Key actions will be different at each centre and retailer, noting that each centre, retailer (e.g. café versus clothing versus pharmacy) and retail premises is different, including issues such as location, tenancy mix, operating hours, size, customer visits, open-air / enclosed spaces, customer access points, car-parks, loading docks and co-location with public transport facilities.

10 Key Actions that retailers and shopping centres should take are:

1. Making alcohol-based hand sanitiser at key locations such as store entrances, building entrances, customer service desks and food courts,
2. Increasing frequent cleaning and disinfecting of regularly used objects and hard surfaces (e.g. payment registers, ETFPOS machines, hand-rails, bathroom door handles, shelves, shopping trolleys, counters and benches, food-court tables, staff-rooms) and other key hygiene measures (waste disposal).
3. Facilitating and encouraging social distancing guidelines in accordance with Government or public health authority directions, which is currently a distance of 1.5m. Actions could include signage 'reminders', one-way queuing, and ground markings (e.g. stickers or tape) for queuing.
4. Ensuring public gathering limits in accordance with Government direction are adhered to, which is currently no more than 1 person per 4sqm in stores (inclusive of staff), can be maintained. Actions could include regulating access points, monitoring customer counts at relevant entrances, and displaying signage.
5. Promoting contactless transactions such as 'tap and go' instead of cash for payments, facilitating distancing at counters and benches, and staff wearing disposable gloves when they are handling objects and money.
6. Monitoring and encouraging customer adherence to relevant public health guidelines by security guards and other personnel, which may also include Police visits to shopping centres.

7. Continuing to focus on the community's access to essential services such as supermarkets, pharmacies and health and medical facilities, especially for vulnerable people.
8. Daily check-ins with employees on their well-being, ensuring employees and contractors are properly trained and have access to relevant information and personal protective equipment (PPE). These check-ins will include monitoring customer behaviour to ensure retail workers are being treated with respect – abusive and violent behaviour towards retail workers will not be tolerated.
9. Fostering open and frequent communication between shopping centre management and retailers, including to alert each party to any Government or public health authority directive, to assist authorities when required, and continue to release information and guidance to employees and customers about good hygiene advice.
10. Maintaining relevant essential safety measures such as air-handling systems, exit doors, emergency power supply, smoke alarms, sprinkler systems and fire-isolated stairs. (National Retail Association, 2020)

Safety Measures in Shopping Centres

Australia has always prioritised the implementation of safety measures for both the consumers and the staff working in shopping centres. The common hazards and risks are addressed with proper methods to ensure a safer place to visit for consumers and to work for the staff. Material specifications, slip rating for flooring, visibility of fire exit signs, ramp access are just few of the basic considerations that are carefully addressed by designers and the centre management. But what everyone has not anticipated is the occurrence of Covid 19 that greatly affected shopping centre operations.

The usual practice of 'click and collect' was extended to food services – a dedicated car spot in the centre for consumers to pick up their food orders online. This was implemented by newly opened Easter Creek Quarter, a super neighbourhood centre in Sydney's west. Many of

the newly opened centres and especially those that have been in operation before the pandemic have not put these measures initially as important considerations in planning and design which we will see in the next batch of retail centres coming soon.

B.1 Real-Time Behaviour

In an age where information and data collection is at an all-time high, the retail sector is continuing and will continue to harness information and insight into their customers in order to predict preferences and influence customer behaviour, thus driving sales.

Shopping centres in Australia for some time now have been using door counters, car park boom gates and license plate recognition to collect information on customer numbers, where people are arriving from, modes of transport and how long people are spending there. This data is then used to influence tenancy mix, leasing strategy, and shift patterns in foot traffic accordingly (Hain, 2020).

This is the same with centre wifi, where one is automatically logged in every time they are in the vicinity of the centre after the first sign up. Here retailers can advertise, and if users are signing up via social media accounts, centres will be able to produce advertisements tailored to the particular individual, based on past buying habits, search history etc. This will also help to track customer numbers, dwell time, demographic, and where in the centre is producing the most traffic.

“Personal mobility data collected via smartphone usage .. measures the change in visitation patterns, both positive and negative, almost in real-time”

(Dimasi, 2020)

The connection between the digital and physical shopping world and how the retail sector handles that intersection will be pivotal with many people having moved toward online shopping during the Covid pandemic. We predict tailored advertising will be reflected via in-store advertising, as retail developments will have access to the information of customers that are within their development in live time.

It is also worth noting the changes in the retail sector in light of the rise and development of the online shopping experience. In Australia, the centres that have been the most resilient are those that have been anchored by supermarkets or food based retailers, with Supermarket, Grocery and liquor equating to 37.8% of total retail trade in Australia (Kareh, 2019). Supermarket cash flow makes up 33% of Neighbourhood centre income which is significantly above 6% for regional centres and 18% for sub-regional.

“Shopping centres need to be evolving all the time to remain relevant”

Rob Hain, Director of Hain Property Advisors

We believe the growing demand for convenience in today's society will see Neighbourhood retail developments remain a strong asset moving forward, acting as a community hub with increasing amenity like medical centres, lifestyle centres and gyms, community classes etc. Flexibility needs to remain integral though. As supermarkets continue to expand their offering to include more traditional specialties like butchers, bakers, delis etc. owners need to be able to reconfigure their tenancy mix reactively to ensure specialty tenant viability is maintained (Kareh, 2019).

From the article of Matt Copus in 2019, retail landlords are leveraging big data and analytics to shake-up the Australian retail landscape and gain a more comprehensive understanding of consumer profiles and behaviour.

As well as enhancing customer insights, leading-edge consumer analytics tools are now helping retail industry professionals benchmark competitor performance, increase share of wallet and gauge the effectiveness of marketing campaigns.

While many landlords already collect visitor data using WiFi, bluetooth, beacons, sensors and apps, this gives them insight into consumer behaviour within their own properties.

The latest consumer analytics tools can leverage mass mobile data, enabling shopping mall owners and retailers in major CBD locations to collect intelligence – without any significant capital-intensive hardware installations.

New technology can track movements around the CBD to allow retailers understand how many people pass by or visit a building, as well as the demographic profile of these customers. Importantly, it is also possible to gain insights on where else these customers visit in the CBD, to assess cannibalisation and the additional reach that a new location will provide against an existing portfolio.

These tools also track footfall and other data to benchmark a mall's performance metrics and compare it with competing properties. This information can be used by landlords and retailers to understand key battlegrounds between locations and the steps they can take to retain customers.

This is especially useful for landlords of underperforming malls seeking to diagnose the causes of underperformance in their property; considering a repositioning exercise; and/or wanting to identify and respond to competitors that are affecting their sales.

In an Australian first and major shake-up for the retail industry, CBRE has partnered with mobile data management company, HYP, to launch a new retail analytics based geo-targeting service for digital and out-of-home advertising. This unique service enables retailers to deliver targeted advertising based on the physical movement of customers through trade areas.

With the retail industry already extremely competitive, having the potential to tap into the exact location of customers and position a brand accordingly is huge. This will drive competitive advantage, maximise customer impact and minimise ad wastage. (Copus, 2019)

Global real estate services firm, JLL released a report in 2019 stating shopping centre owners for years have been investing in technology from cutting-edge facial recognition, to understanding how people shop with WiFi – to stay relevant and profitable.

Now, there are signs emerging that the tech is making a difference due to a dramatic improvement in the software that turns data into insights.

“That's the game changer,” says Tony Doherty, Head of Retail for JLL Australia.

“There is no shortage of information that owners and retailers have access to, but it’s understanding the insights and what can be done with them that will see shopping centres thrive in this digital age.”

Forward-thinking shopping centre owners are collating myriad data sets, including shopper behaviour, retailer sales and the performance of retail categories into advanced analytics tools that provide highly visual insights.

One tool analyses sales data to reveal patterns of movement within a centre and the frequency of cross-shopping between different retail categories; another can assess all the possible combinations of stores in an area of a centre to optimise sales; a third, known as ‘right tenant, right location’ can estimate each store’s omnichannel sales as well as model the market rent that should apply in every potential retail mix scenario.

The predictions and analysis that these tools provide can only be as good as the data they are fed, and so alongside advanced analytics landlords continue to invest in methods of capturing critical information.

At Sydney’s World Square an interactive Lunar New Year campaign in 2018 applied Augmented Reality (AR) on a scale never seen before in Australian retail.

Via immersive technology, AR brought to life the precinct’s landmark dragon sculpture as well as an activated an interactive red packet treasure hunt.

The treasure hunt prompted shoppers to scan QR code markers throughout the precinct to collect the digital packets which contained offers that could be redeemed at participating retailers in a gamification-style promotion.

The concept was expanded upon in 2019 when visitors were encouraged to dance with AR Three Little Pigs on the venue’s big screen and share the experience on social media.

Once customers had ‘opted in’ to data collection from the scanning of QR codes, their subsequent interactions created additional data which, when analysed, alongside existing metrics such as heat mapping, dwell times and sales data, provided the catalyst for new opportunities that align with business and customer experience objectives.

Facial recognition is providing owners and retailers

with even deeper insights, says Doherty.

“Developments in facial recognition technology can determine sentiment, which tells us what people respond to and what they find most engaging,” he says.

While many shopping centre owners are still getting to grips with the need to be data-driven, Australia has a brace of trailblazers reaping the benefits of their data-centric thinking, says John Rankin, Chief Operating Officer of Skyfii, which provides data and analytics-driven products to real estate groups.

“Most shopping centre owners subscribe to multiple data sources, but the successful ones are those giving critical thought to how those sets of data come together to make effective and sustainable change throughout their assets and organisations.” (JLL, 2019)

Data-driven rent

As retail moves online advanced analytics is also introducing more rigour around setting rental targets.

A shopping centre owner in Asia was able to achieve a 20 per cent revenue increase over five years by using a tool which set a price range for every current or prospective retailer after drilling down variables such as the type and location of the centre, size and configuration of shops, brands’ price positioning, and multiple other factors, according to a report from McKinsey & Company.

In its Envision 2020 report, the International Council of Shopping Centres outlines other emerging methods for determining rent in this age of online retail.

One is a geo-code model where, as part of an overall rent package, an owner would take a higher cut of sales made in-store compared to those made online. The online percentage rate would be determined by an advanced analytics algorithm that reflects the influence a physical store has on a sale.

Collaboration between shopping centre owners and their retailers in adopting such approaches is key to high performing retail, according to Doherty.

“These new ideas would not only allow owners to monitor their own health, but also

enable them to provide vital information to retailers so they can ensure their strategies are profitable and sustainable for all parties.” (JLL, 2019)

The reports from JLL and CBRE showed that retail analytics have been used by major players in the retail industry for quite some time to boost shopping mall performance, both in physical stores and online. There are several independent firms like WingArc1st that conduct retail analytics for shopping centre operators, to help retailers collect and analyse data on their in-store operations. It leverages the untapped resource as security camera footage (through video analytics), as well as other data sources like Point-of-Sale system, to build a complete picture of customer behaviour within a store or retail centre. That means one can see high and low traffic areas of the store, understand how well you capture passing foot traffic, and how well you convert entrants to sales. The use of the analytics is even significant during the Covid 19 experience to monitor the performance during the lockdown. (WinArc, 2021)

C.1 Subtle Technology

Where the last century's mall and shopping centre tenants used technology in purely logistical and transactional ways, this century's entrepreneurs will leverage technologies allowing them to interface and communicate with consumers armed with their own shopping technologies.

Technology is becoming increasingly integrated into our daily life, and we predict that the retail sector will continue to integrate technological advances into their centre design, marketing and customer experience.

“Technology is a part of everyday life and becoming increasingly so”

Matthew van Rijswijk, Frasers Property Australia

As mentioned, data collection will be the powerful enabler for retailers to understand their consumers better and tailor a retail experience to the individual. Data collection through smart phone and social media usage will be used to predict individual preferences and needs.

Technology advances in the retail sector will make consumerism increasingly instant. Individuals either digitally or in person will be able to scan and checkout instantly and have products either immediately or delivered to a preferred location in a matter of hours, or even minutes. We predict physical spaces for shops will become increasingly intimate, as the in-store focus becomes more about a beautiful product display and larger factories and product storage spaces will be used to deliver selected products, rather than taking them from the display itself.

Technology and social media also plays an influential role in brand reputation and consumer trust, which will become increasingly important in the future or retail in Australia, particularly with Gen Z who by 2025 will make up 21% of Australia's population and 27% of the workforce (McKinsey & Company, 2020). Gen Z are more brand conscious in comparison to past generations, with 40% stating they prefer brands that are popular and well-known (McKinsey & Company, 2020).

60% of Gen Z consumers will always look for discounts before making a purchase (McKinsey & Company, 2020) which creates and increasingly competing market for customer attention and value.

Technology is also being used to change the customer experience through increased development through AR, VR, and 3D interactive technologies (WGSN by Ascential, 2020). VR Start-up 'Obsess' had 300% increase in enquiries in April 2020 compared with April 2019, brought on by Covid 19 (WGSN by Ascential, 2020). VR and similar technologies can be used both digitally online but also in store as an efficient way to sort through products.

Personalisation and Micro-Segmentation
(by Alex Pham, Collier International on “The Megatrends Transforming the Future of Shopping Centres in Australia”)

Retailers and marketers must continuously find better ways to personalise the customer experience. This is because experience resides in the mind of the consumer, and no two shoppers will have the same experience. The more personalised the interaction the richer the experience and the more they will spend.

With the help of advanced technologies in recent times, retailers are now able to obtain deeper insights into customer behaviours. Companies now know what the shopper wants to buy before they might know themselves. New technologies have also paved the way for a micro-segmentation approach. The goal of micro-segmentation is to precisely segment customers into extremely small groups, even at individual levels.

Shopping centre operators have already been trialling new technologies to take personalisation and micro-segmentation to more intimate levels. Biometric and facial recognition systems upon entry into the shopping centre can recall a customer's previous visits and can predict what they are likely to purchase and whether the correct size is available. Smart mirrors and interactive change rooms will allow shoppers to customise their outfits without the hassle of trying them on. Smart beacons can communicate directly with the customer on the go and track their movement within the centre.

Eye scanners and smart advertising screens can detect the mood of viewers, predicts their age and individual levels, in order to maximise the utility of each customer to the business and to satisfy his or her specific needs, gender and how many times the screens were viewed and for how long. Smart speakers and voice shopping technology will be the next big thing in the retail world. It is estimated that around half a million Australian households owned a smart speaker at the end of 2017, a massive increase of 50 folds from less than 10,000 a year prior. According to forecasts by Telsyte, around a third of Australian households (3 million) will have a smart speaker by 2022.

'Dark Stores'

Two leading supermarkets, Woolworths and Coles both increased their online capacity through 'dark stores' to cater exclusively for online orders. This innovative approach has become significant during the time of the pandemic. To improve the turnaround time for picking online orders, Woolworths is investing in a robotic picking system, which can dispatch five times the online order volume of manual pickers. This allows Woolworths to service some areas with the same day delivery.

From the article published by Stuart Marsh of 9 News:

Woolworths has become the first retailer in Australia to launch a "dark" automated e-commerce store designed to pick and pack online orders faster than ever before. Largely automated, the store uses a network of conveyor belts and storage units to deliver products to team members who then hand-pick customer orders. The storage units can hold up to 10,000 grocery products, while team members will continue to pick fresh fruit, vegetables and meat from the shop floor. (Marsh. S, 2020)

Dubbed the "eStore", the new facility is located at the back of Woolworths' Carrum Downs store in Melbourne. It is anticipated the new technology will allow Woolworths to deliver thousands of online orders to customers in Melbourne, including some on a same-day basis. More than 150 team members will operate the eStore, picking and packing orders that Victorians make online.

CEO Brad Banducci said Carrum Downs represented what the future of Woolworths may look like.

"The continued growth in online grocery gives us an opportunity to reimagine what the future of our stores will look like, as customer expectations continue to rise, we're investing in new technology to keep pace with the growth and focusing on building an ever more convenient online offer."

The micro-fulfillment technology in this eStore is a potential game-changer.

It will help us deliver unparalleled speed and accuracy in the online picking process while keeping us close to our customers for faster and more flexible deliveries to the home." Mr Banducci said.

Mr Banducci said an unexpected positive side-effect of the eStore is that there will be less team members in the customer-facing store.

"This speed and proximity is key to boosting the availability of the same day deliveries more and more of our customers want given their busy lives," Mr Banducci said.

“Importantly, the eStore layout also helps reduce congestion in the aisles for our in-store customers, as our personal shoppers pick most items in the back of house.”

Augmented Reality & Virtual Reality

Companies such as Toyota and Amazon have found that Augmented Reality (AR) can not only enhance customer experience, it can also be particularly effective when it comes to minimising the number of returns from online shoppers. This means retailers keep more of their sales because consumers have a better understanding of what they are buying at the initial point of purchase.

Technology in this area is also catching up with brand expectations, with companies like Microsoft delivering second generation AR headsets and wearables that will soon make the technology more immersive than ever before for retail customers, in-store employees and warehouse workers. (Australian Retail Association, 2020)

In a study published in 2016, global consulting firm Deloitte examined the use of augmented reality (AR) and virtual reality (VR) in businesses particularly in retail. This technology is still in its infancy, but it is becoming better, more affordable, more ubiquitous, and customer interest is growing.

While the initial success has been with immersive brand experiences, continued growth has moved from ‘view only’ (e.g. trying out a VR headset in a shopping mall) to ‘interactive’ with increased touchpoints. Future growth will integrate other parts of the customer lifecycle with existing data tools to unlock new possibilities.

We know the omni-channel customer journey begins a long time before customers enter the store and extends way beyond the purchase experience. While the decision to purchase a product is often made before the customer even enters the store, the moments of truth within the customer journey are becoming more frequent, subtle and often go undiscovered by marketers, retailers and sales staff alike. Immersive technologies have the potential to transform these ‘blind spots’ into meaningful interactions, targeted conversations and data-driven decision making.

From the same Deloitte report, AR, VR and MR were defined as follows:

Virtual Reality (VR)

- » Offers a digital recreation of a real life setting
- » Replicates an environment, real or imagined, and simulates a user’s physical presence and environment to allow for user interaction and sensory experiences
- » It’s the most immersive experience – the real world is blocked out so users can only see the virtual world and virtual objects and are unaware of the environment around them
- » VR requires the user (or provider) to have specialist equipment to experience it. This can range from cheap options like Google Cardboard, to the more expensive end of the scale, like headsets from Samsung Gear, Oculus Rift and HTC Vive
- » The focus on VR activity is on experiences and emotional engagement.

Augmented Reality (AR)

- » Is a view of a physical, real world environment whose elements are augmented by computer-generated items (data, graphics, video, sound). The real world is not blocked out, users can see the real world as well as virtual objects. Interaction with virtual objects is limited
- » AR delivers virtual elements as an overlay to the real world
- » AR can be experienced through existing devices (our phones, cameras, laptops, through apps, Snapchat spectacles, etc)
- » AR is more commonly used for product trial and utility.

Mixed Reality (MR)

- » Refers to the combination of virtual environments and real environments
- » Uses a combination of both AR and VR technology to do this
- » The technology uses depth and spatial sensors to anchor interactive 3D digital elements into a user’s environment

- » The user can navigate around virtual objects much easier. They will adjust for size as the user approaches them, for example
- » MR requires advanced sensors for spatial awareness and gesture recognition
- » It has a nascent but growing solutions ecosystem

The diagram below illustrates how AR, VR & MR are applied:

At Westfield Newmarket in Auckland, New Zealand, AR is used to create an engaging experience for shoppers and diners at their roof top F&B offering. At designated areas where you can find artwork on the wall. QR codes can be scanned by your phone and the resulting three-dimensional moving images have music that you can share and tag through in any social media platforms.

LED Screens

As we know Light Emitting Diode (LED) screens are very visible anywhere, sports stadiums, transportation hubs, even in educational institutions and in almost any public places especially shopping centres.

A well-known veteran in digital signage industry, Dave Haynes has listed down five ways that digital signage will impact retail in the years to come in his article Samsung. According to Haynes, the way we shop is steadily being redefined through new and different kinds of stores and experiences, and the use of digital signage technology in retail is also evolving and finding interesting and effective new applications.

There is a shift from predesigned stores adding screens as a new means of sales promotion, to displays that are being thoughtfully schemed into a store's design, with specific objectives and success measures in mind.

Here is one way to think of it: The first wave of retail digital signage was characterised by screens used to fill blank spaces on store walls. Now screens are the walls in some retail environments, used as the central design feature.

The steady change being seen in retail involves everything from payment technologies to new kinds of stores. The use of digital signage

technology is also changing, with new ideas and uses emerging.

Here are five interesting ways retail will be impacted by screens and their underlying technologies in 2021.

1. Shape and Scale

Direct view LED display technology introduces maximum flexibility in shape and scale for store designers.

Conventional flat panel LCD technology is constrained by its rectangular shape and framed edges, which create visible gridlines when they are fitted together as video walls. LED technology, by comparison, comes in building block-like display cabinets that can be fitted together to fill entire walls, no matter how tall or wide. They also have no framed edges, meaning the visual surface is entirely seamless.

LED can be installed in gentle curves, clad on all four sides of a store's support columns, and even installed facing down as part of a store's ceiling — creating visuals like a virtual sky in an otherwise closed room.

The flagship retail locations of major apparel, technology and auto brands have started using big direct view LED video walls as their signature design feature. Shoppers can expect to see much more of that even extending to expanded retail solutions and remote location experiences.

2. Crisp, Vivid Visuals

The size possibilities for screens are changing, and so are the pixel counts. More recently, consumers have experienced a shift from standard definition to high definition, and through 4k, 8k and into Quantum Dots and High Dynamic Range (HDR).

Shoppers will also start to see displays that take the best aspects of LED — their seamlessness and scale — and deliver LCD-like levels of crisp resolution. Samsung's The Wall uses emerging microLED technology to deliver visuals that are not possible with more conventional LEDs, which are best viewed from at least a short distance away. With microLED, viewers can get up close and still not see individual light pixels.

3. Smart and Integrated

Stores are smarter than ever, with retail management systems harvesting data, and then sharing and acting on what all that information reveals.

Sensors now measure how people move around stores and malls, feeding into analytics systems that provide rich, actionable insights on everything from how to optimise store design and staffing, to the profile of shoppers by day and time windows.

What that means in practical terms is that messaging can now be tailored to current viewers in the store. If sensors and store systems produce analytics that reveal different demographics of shoppers during different time and date ranges, more relevant marketing messages will appear on screens, optimising the opportunity to reach all customers.

Some systems are even pushing real-time messaging, using camera-based systems to anonymously recognise, for example, women aged 40 to 60 in front of a display, and then serving a message most likely to interest that demographic.

4. Street Beacons

Displays in windows have been around as long as retail, but using TVs and commercial displays in windows to market to passers-by on sidewalks has always been a challenge.

Bright, midday sun overpowers conventional displays, washing out images and often making marketing in windows pointless until the sun sets. Sunlight, even in more northern climates, also generates so much heat it can cause displays to overheat and fail. Normal displays aren't engineered to handle the thermal load. High-brightness displays for shop windows, which counteract glare and reflection, are not entirely new to retail, but a few things will accelerate adoption in the near future.

First, they're now super-bright and fully engineered for the window application.

Second, they're designed with windows in mind. Old versions were bulky and industrial and didn't fit the aesthetics sought by store designers and window merchandisers. Today's outside-facing window displays are sleek, slim

and look appropriate. Even better, to address concerns that a screen facing outside means shoppers inside see its blank rear, Samsung has developed a unique dual-sided display that has bright screens front and back each running different messaging.

Third, while super-bright screens come at a premium to mainstream displays, they've been growing increasingly affordable.

5. Interactive and Personal

Interactive touch applications long characterised by bulky kiosks are now available in a variety of slim, attractive screen sizes and formats, and interactivity has expanded beyond touchscreens.

Retailers are using interactive displays for a variety of applications — everything from in-store location and navigation to product knowledge stations that enable shoppers to discover the specifications and features on products that help shape their buying decisions.

Interactive stations are also pairing screens with sensors at merchandising displays to provide expanded information about products. For example, a video about the features, benefits and unique attributes of an electric shaver located in front of a screen is triggered and played when a shopper lifts the unit.

Lighting Up Retail

Digital signage is now a mature technology, validated as an effective tool for selling and communication, and central to the ways innovative, growing retailers are delivering on the kinds of customer experiences that translate to boosted sales and loyal patrons.

The particularly good news for retailers and brands is that while there are many technology options, the digital signage ecosystem is set up to help and deliver. There are many companies offering start-to-finish services that take the planning, sourcing and operating burden off retailers, and companies like Samsung, with in-house expertise and business partners who understand retail, are positioned to help drive success. (Samsung, 2019)

Transparent LED Screens

Getting more popular now is the use of transparent LED screens on retail shopfronts and shopping centre exterior facades. It allows users from inside to see through outside, allowing visual connection from inside out and vice versa.

LED Screens on Retail Centres

Vicinity Centres, the developer of Australia's biggest shopping centre, Chadstone Shopping Centre and managing more than 90 shopping centres has embarked on a \$6 million accelerated rollout of digital LED super screens inside its shopping centre portfolio. In 2016, Australia's largest state-of-the-art curved high-definition LED screen was unveiled with an area of 80 square meters and 17 meters long inside Chadstone Shopping Centre. It was placed under the world's largest clear glass grid shell roof and specifically designed to adapt to changing natural light throughout the day.

Justin Mills, Executive General Manager of Shopping Centres at Vicinity Centres, said:

"The aim of these screens is to engage, inform and entertain our customers while they're shopping. We want these screens to become the hub of our centres. It allows our retailers, clients and marketing teams to communicate directly with shoppers while they're in a purchasing frame of mind."

Michael Mackley, General Manager of Mall Space at Vicinity Centres, said:

"The major advantage for retailers and associated brands is they can cut through the busy shopping centre environment. Our clients see the large screens as a cost-effective way to boost their current television commercial purchase, providing an increase in frequency and reach numbers, as campaigns can go to air immediately. Some advertisers have also introduced targeted campaigns, speaking to audiences at different times of the day to promote specific products or events." (Vicinity Centres, 2016)

LED brand signages, directional signages and in-store graphics are starting to be used extensively in supermarkets and fashion retail shops, creating a visual impact to shoppers

and passers-by with major brand in Australia currently rolling out digital screens within their stores.

Omni-Channel Technology

Omni-channel is a multi-channel sales approach that provides the customer with an integrated customer experience. The customer can engage in shopping online from a desktop, mobile device, telephone, or in a brick-and-mortar store and seamless experience.

Consultancy firm, Cohesio Group wrote that Australian logistics who can evolve quickly evolve will be able to stay one step ahead of the local competition and use technology and logistics sector expertise to optimise their supply chain. Omni-channel logistics are increasingly leading the Australian retail down a familiar path. This is because omni-channel commerce replicates traditional retail outlet supply models based around local distribution points or retail goods. Over time, the supply chain shifted from operating across numerous local outlets to single, massive hubs of commerce. But now, omni-channel logistics is reverting the supply chain back to the numerous individual outlets.

This trend is expected to contribute towards employment growth in courier and delivery services of around 3.1 percent per annum through to 2022, according to IbisWorld. Local proliferation will also be fuelled by increased interest in e-commerce in nationwide, with tangible knock-on effects expected on the in-store shopping experience too.

Effectively, the omni-channel; supply chain offers retailers the chance to integrate previously siloed sales channels into one cohesive, data-driven strategy. Retailers are crossing between multiple technologies and channels as they shop, so refining your business' retail outlets are key to meeting this shift.

For many Australians, a few day's wait is no longer an option – Pricewaterhouse Coopers (PwC) claims 60 percent of customers will not offer online again if delivery does not meet their expectations. Courier and delivery services employment is set to grow by around 3.1 per cent per annum through 2022.

D.1 Authentic Sustainability

Authentic sustainability has become an integral factor in most of society's decision making across a variety of industries and continues to play a vital role as sustainability is increasingly regulated and incentivised by government and social pressures.

Reports from Collier International, "The Megatrends of Transforming the Future of Shopping Centres in Australia" states that sustainability initiatives such as green space, alternative and green power, LED lighting and open-air ventilation must be a critical component of the next generation of shopping centres. These initiatives are not only cost-effective but also demand-driven as Australian consumers are increasingly becoming health and environmentally conscious. Research has shown that the provision of green walls and community gardens within buildings will lead to increased levels of wellbeing and happiness of both tenants and patrons. This will increase property values and lower vacancies over the long run. Installation of solar power panels, LED lighting and more efficient ventilation systems will not only heighten wellness levels but also future proof the asset against rising energy costs in the future.

More and more upcoming retail developments are focused to make their centres "sustainable" and to certain extents aim to achieve a 6 Star Green Star rating which is equivalent to world leadership. One of the shopping centres pioneering on this kind of development is Burwood Brickworks in Melbourne in the state of Victoria, working to achieve a Living Building Challenge® certification which is regarded as the most advanced measure of sustainability in the built environment.

Burwood Brickworks

Concept Architect:	NH Architecture
Developer:	Fraser's Property
Retail Floor Area:	13,000 sqm
No. of floors:	2 (including rooftop)



Envisioned to be the most sustainable shopping in the world by aiming to achieve certification under the most rigorous proven performance standard for buildings, the Living Building Challenge™ (LBC™). It offers shoppers with a mix of flagship and localised tenancy line-up focused on beauty and well-being as well as dining and entertainment. Main tenancy anchors include major supermarket and liquor shop and six cinemas.

Sustainability initiatives start by utilising the roof as an urban farm combining architecture and agriculture giving diners an educational experience connecting them to the food served in the restaurant. Instead of populating the roof with the common practice of condensers, putting activities on the roof reduces heat transmission. Natural light and fresh air via skylights and operable windows throughout the centre.

The retail centre is the start of creating a green community, as townhouses and apartments will be part of this carefully planned mixed-use development.

People-Focused Neighbourhood Centre

There is nothing more sustainable than a centre focusing on the consumers themselves, the so-called people centric development. Several retail projects in the pipeline are gearing towards that direction. Recently opened super

neighbourhood shopping centre, Eastern Creek Quarter in Sydney's West a pioneering on that type of development. It was built with the culturally diverse community of the place in prime consideration, to make them confident and comfortable to take pride of the centre built for them.

Eastern Creek Quarter

Concept Architect:	i2C Architects
Developer:	Frasers Property
Retail Floor Area:	50,000 sqm (when completed) 11, 500 sqm (Stage 1)
No. of floors:	1



This new retail centre in a 12-hectare green field site connected to parkland will initially start as neighbourhood centre with a mix of local community service tenancies (i.e. medical centre, gym, pharmacy), food & beverage offering and a major supermarket. A stand-alone child care centre is also part of the development. The next stage will offer large format retail or bulky goods for sporting goods and home improvement with a drive through fast food chain. The final stage to complete the 50,000 sqm shopping destination is a direct factory outlets which will become the third of its kind in Metropolitan Sydney, a unique shopping destination in Western Sydney.

A well-landscaped centralised plaza that brings all the three stages of the centre symbolises the coming together of its culturally diverse neighbourhood, eventually bringing pride to the residents of its suburb. The plaza is surrounded by restaurants with outdoor dining so diners can enjoy the view of the existing parkland.

The centre took advantage of its location by positioning it facing the parkland, bringing

connection of nature to the visitors of the centre. It has been awarded a 6-star Green Star (Australia's sustainability rating) that is evident with natural light and ventilation it brings to the centre's corridor and common areas and solar energy for electricity.

We predict sustainable building, packaging and transportation will be the focus of the future in retail in Australia. In respect to the building itself, there will be mindful sustainable selection of materials, operational energies, construction processes and life cycle assessment of products. At the moment developers are incentivised to build 'green' through long-term energy saving costs for the building, and well as government incentives, performance ratings and recognition such as Green Star, NABERS, WELL and Living Building Challenge. These performance ratings also allow the developers to build a marketable brand that revolves around sustainability that resonates in particular with Gen Z and millennials.

"Sustainability should be about efficiency"

Matthew van Rijswijk, Frasers Property Australia

Studies show that customer demand for sustainability will grow as time goes on. Australia Gen Z show themselves to be more eco-minded than previous generations with 39% of Gen Z consumers admitting they would be willing to pay more for environmentally responsible products (McKinsey & Company, 2020).

The upcoming generations will have an expectation for sustainably sourced and made products. There will be a larger "eco-culture" where consumers will not only expect but demand sustainable and ethical products and processes. We imagine this will also be supported by government regulation which will develop to ensure sustainable process are being enforced and maintained, and also help to ensure brand honesty and trustworthiness.

Retailers are implementing more sustainable packaging solutions and materials to address consumer concerns, reduce costs, and boost brand reputation (WGSN by Ascential, 2020). E-commerce platform Shopify's new mobile app allows customer to carbon offset their orders at

no additional cost, and Vegan brand Oatly is switching to electric trucks for delivery by the 4th quarter of 2020 despite a lack of current government intensives and infrastructure for electrical vehicles in Australia. We will see this trend continue as our planet demands it and humanity becomes more eco-conscious.

E.1 Place/Brand Activation

Place and brand activation is vital in the success of the retail sector, particularly in regard to physical developments in light of the increasing shift to online shopping, which was only accelerated by the Covid 19 pandemic. When everything is just a mouse click away, how will we keep customers visiting our physical retail developments?

For a while now retail centres have been moving towards an experience economy where the focus is on creating a great customer experience. Shoppers are likely to pay more for an identical product if the purchase is complemented by a positive and pleasant shopping experience (Pham, 2019).

“Shopping is a by-product of feeling good”

Matthew van Rijswijk, Frasers Property Australia

With Omni channel strategy working for many retail operations now, fusing online and offline experience for consumers, shopping centre operators are giving reasons for shoppers to visit, linger and experience all that their centre can offer. This is by bringing in more new activities and some are not necessarily related to retail - zip lines, adventure park, urban gardens, or even outdoor sports for example.

High Ropes Course in Sunshine Plaza, Queensland



Late last year, Australia's largest high ropes course 'Next Level', opened in a shopping centre in Sunshine Plaza in Queensland. The course has more than 1km of zip lines, the longest of which spans 135m across Cornmeal Creek, taking participants from all levels back to the starting point on the main tower. It also includes a 22m-high viewing platform offering impressive 360-degree views of the Sunshine Coast, which can be accessed as a separate activity to the high ropes.



According to the Lachlan Dyson, Head of Operation for Lendlease which owns the centre that the course marks the completion of Sunshine Plaza's momentous \$440 million redevelopment and realises their vision for the centre: to create a world class dining, shopping and adventure experience at Sunshine Plaza.

Next Level is a perfect activity for families and those looking to have some fun during the festive season. Tourism trade at Sunshine Plaza accounts for about 20% of all the sales in the centre and that Next Level will be an additional drawcard to bring people into the region.

Retailtainment

One of the most effective ways to create a memorable experience for the consumer is to transform the shopping function from a uninspiring chore into a pursuit of happiness. This can be done by combining various aspects of retail, entertainment, music and leisure to arouse consumer physical and emotional sensations during the journey. This concept is described as 'retailtainment', where traditional shopping is being absorbed by an entire 'day out' experience that incorporates interaction with new products and experiences including food, technology, clothing, new environments, but also social interaction both planned and incidental.

In Australia, retail centres are unreservedly embracing this approach and increasingly anchor their centres around entertainment and leisure concepts. The presence of entertainment activities within shopping malls will not only act as a magnet to attract foot traffic but also entice customers to spend more and stay longer. Museums, indoor sports centres, night clubs, wedding venues, concert spaces, mini golf courses, eSports arenas, etc. are some of the popular retailtainment options that are gaining popularity across shopping centres around the world.

Successful examples overseas include the Xanadu Centre in Madrid, sporting a massive indoor ski slope and 15 cinemas, the Mall of the Emirates in Dubai, home to the world's largest indoor snow park or the American Dream Mega-malls in New Jersey and Miami that feature water parks, live theatres, fishing centres and sports arenas. In Hong Kong, the flagship retail complex "K11 MUSEA" is near completion and will boast an 'ultra-high-end' museum curating world-class art collection from around the world. Cirque du Soleil, the world's largest theatrical producer has recently announced plans to open its first family entertainment centre inside a shopping mall in the Greater Toronto Area. The centre will be the first of many recreation centres to be rolled out by Cirque du Soleil globally. The performance and entertainment centre will offer immersive, creative and participative family experience through Cirque du Soleil-inspired recreational activities, such as bungee jumping, aerial parkour, wire and trampolines, mask design, juggling, circus track activities, dance and more.

Local leasing agents are receiving demands for areas in shopping centres for entertainment tenancies. This is new in Australian retail market but picking up fast for coming developments.

Late Night Trading

Shopping centre trading hours in Australia are relatively short compared to neighbouring countries in Asia-Pacific regions. Average trading hours are usually from 9am until pm on regular days and can extend up to 6 pm in central business district (CBD) areas. On Thursdays, shopping hours generally extends to 9pm or 10pm with the exception of a select few major retailers such as Kmart open to midnight most evenings. Part of the operators' strategy to bring

more patrons in is to extend operating hours until late by bringing night markets with music, food and fun. Stockland opened its highly-anticipated and award-winning NightQuarter on the last quarter of 2020 at Stockland's \$830 million Birtinya Town Centre on the Sunshine Coast.

An article from Shopping Centre News (SCN) on NightQuarter by Stockland stated:

Having attracted thousands of locals and tourists during its three years of operation on the Gold Coast, NightQuarter is positioned to become one of the area's most iconic food and music destinations.

Fiona Papworth, Stockland's Retail Asset Manager Queensland, said:

"NightQuarter is strongly aligned with our focus on bringing curated customer experiences to our retail town centres while supporting local artists and businesses."

"The dynamic, open-air marketplace complements our existing centre offering, and positions the retail precinct as more than just a great place to shop and socialise, but a destination with a range of choice, convenience and entertainment."

The sprawling 7,000sqm space will come to life every weekend with exclusive opportunities to experience live bands and specialty performers across its five stages, in addition to street art, market stalls and food, vintage amusement rides and more.

Adrian Allen, Regional Development Manager Residential Queensland, Stockland, said the award-winning night markets will help to further distinguish the Birtinya community as a key driver for the local economy and a major employment hub for the region.

"We recognised the potential to activate the space adjacent to Stockland Birtinya Shopping Centre in a major way for the community," said Allen. "We've been working closely with local authorities and Food Focus on this \$8 million entertainment precinct, which is projected to bring 400 jobs to the region. We're confident that our community will love it and are looking forward to it officially opening."

Projections by NightQuarter owner, Food Focus, also indicate that NightQuarter could generate an economic impact of \$6 million per year, in addition to the \$12 million injection anticipated from the marketplace's regular weekend offers.

Michelle Christoe, owner of Food Focus and NightQuarter, said: "Alongside Stockland, we have invested millions into NightQuarter, which we see as an entertainment precinct similar to a theme park – or as we like to say – 'a festival every weekend'.

"Our previous venue on the Gold Coast won 2019 Best Regional Venue at the Queensland Music Awards and has been re-imagined in Birtinya as 'NightQuarter Live'. Featuring street food, immersive experiences, regular ticketed live music concerts and special events, we expect the space will reinvigorate the Sunshine Coast's music scene following a year of Covid 19 restrictions," said Christoe.

"The venue has been purpose-built with four stages, three storeys of shipping containers and state-of-the-art production capabilities. We anticipate that NightQuarter will quickly become known as a space that brings the community together and connects them through fun, shared experiences. We can't wait to open."

NightQuarter includes online ticketing and a box office at the front entrance to manage numbers and offer cashless entry. The marketplace will also offer family and seasonal passes and will require guests to adhere to social distancing guidelines while at the precinct.

Allen continued:

"We know that residents choose our communities not just because of the great quality and affordability, but also because we offer infrastructure and amenities such as NightQuarter that help define Birtinya as the highly liveable place that it is."

The marketplace is year-round on Friday and Saturday from 4pm to 10pm.

Town Centre Retail

JLL Research Report on Australian Shopping Centre Investment and Review & Outlook for 2020 revealed that neighbourhood centres accounted for the largest of completions in 2019 and continued to 2020. Majority of brand-new shopping centres in the pipeline (under construction or with plans approved) form part of mixed-use projects rather than solely retail. These projects are in the form of urban high-density developments or are incorporated into town centre developments built to service a growing greenfield house housing estate.

Chadstone Shopping Centre (Super regional shopping centre)

Concept Architect:	CallisonRTKL
Developer:	Vicinity Centres
Retail Floor Area:	211,929 sqm
No. of floors:	3



Touted as the largest shopping centre in Australia and the southern hemisphere, Chadstone Shopping Centre is an integrated lifestyle destination which attracts 24 million visitors yearly. It is an attraction which carries high-end global brands, a good mix of retailers, fine restaurants, a wide choices of food offering, state-of the art cinemas all under a modern designed centre that provides ample amount of natural light. This is a sophisticated centre, one of the best versions of a typical large scale shopping centre.

With its current size and offering, which is a product of its recent refurbishment and expansion, the centre is already a destination but will still keep on expanding and redeveloping. A new hotel has just recently started operating with 250 rooms. Proposed redevelopment is

underway to include more than 1,400 additional car spaces, across two car parks, a new nine-storey commercial office building, expansion of the current dining terrace and leisure precinct, and an upgraded fresh food precinct, with focus on workplace, wellness and lifestyle retailers.

The success of physical centres should be focused around “evolving offers, staying relevant and being local” (Hain, 2020). We will see a move towards convenience based retail developments that integrate a range of community services and amenity to become thriving community hubs.

“It’s like the village. People want to live in a village where they feel a sense of community, still have their privacy, but have convenience. A shopping centre is a village”

Matthew van Rijswijk, Frasers Property Australia

We predict a neighbourhood centre will be a strong and growing asset into the future in the Australian market, particularly when being incorporated with residential and commercial development. Neighbourhood centres tend to offer a stable cash flow through a non-discretionary based tenancy mix, and are somewhat shielded from the threat of rising e-commerce as a third of their revenue typically relies on supermarket offering (Kareh, 2019).

This compounded with their perfect position to take advantage of growing demand for convenience makes them a strong development moving forward, especially when incorporated with mixed-use developments. In 2020, for the first time ever new neighbourhood shopping centres developed as part of strata-titled mixed-use developments will exceed those developed as free-standing (Kareh, 2019). We predict this will continue to be the case, as neighbourhood centres evolve their offering to include medical and health services, with lifestyle, leisure and educational based offerings, catering to ageing population in Australia as well as the up and coming generations which tend to be more experience driven than product driven. Increased focus on centre amenity will create places where people want to be, which will assist in growing foot traffic, spending and rents (Kareh, 2019).

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OUR RESEARCH METHOD



This undertaking is about forecasting what should be done for the years to come. Asking ourselves of what innovations and improvements had transpired during the last decade gave us an idea of the limitations on how far our projections should go in the future. For a start, we went through various reports, studies, and retail specialists' forecasts to have better idea of the current retail scenario on our respective regions. Statistics verified what we already knew and also informed us of what were unfamiliar to us. Interviews with major players in retail industry allowed us to go deeper of what we specifically wanted to find out. Identifying shopping centres and the factors that made them successful were part of our case studies. These comprised our data gathering process.

All the information was shared remotely among the team in a common online platform where we proceeded with analysis and discussed what we discovered. Our regional discoveries revealed crucial factors that eventually allowed us to conclude the Five Hierarchical Layers of a successful retail landscape in the future.

“Start from what we know”, is the guiding principle when we addressed this research.

OUR RESEARCH BASIS

GATHER

Our research was based on a number of sources, these included:

- » Industry Reports
- » Statistical Research
- » Interviews with industry leaders, and
- » Case Study analysis

OUR REGIONAL DISCOVERIES

ANALYSE

Our regional discoveries were the result of investigating the retail landscape of Africa, Asia, and Australia + New Zealand through the “Five Transformational Factors” we have identified.

OUR COLLECTIVE FORECAST

GENERALISE

The collective outcome we reached was the development of the “Five Hierarchical Layers” diagram which define the Future Retail Landscape to be Experiential, Physical and Digital



OUR RESEARCH TEAM

**Interest in retail activities,
Curiosity in what lies ahead &
Generosity in sharing ideas to
open discussion are the driving
forces that motivated us to
tackle this research.**

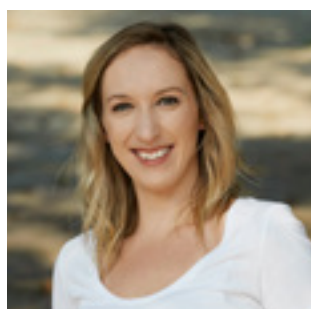
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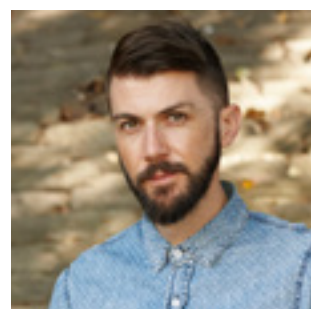
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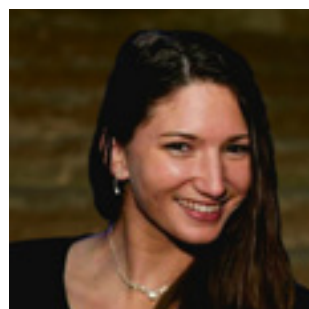
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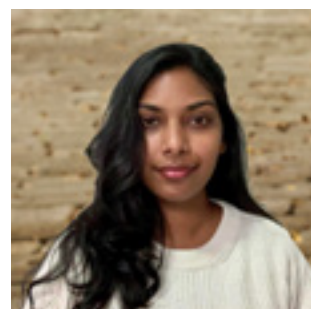
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**Five Hierarchical
Layers encircle the
retail landscape
in the future to
be experiential,
physical and digital.**



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THE RETAIL LANDSCAPE

EXPERIENTIAL, PHYSICAL AND DIGITAL



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