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**REPORTS**

In partnership with **intu** 

# When digital and physical collide

How fresh thinking is future-proofing the stores of tomorrow

# RETAIL WEEK FOREWORD



**LAURA HEYWOOD**  
COMMERCIAL EDITOR, RETAIL WEEK

**P**erhaps nowhere is experiential retail better demonstrated than at Sun & Sand Sports' digitally led concept store in the Dubai Mall.

Enter the store and you'd be forgiven for thinking you'd stepped straight into a gym or training facility. Lycra-clad, exercise-loving runners, footballers and basketball players compete with each other in dedicated interactive trial zones, posting their results to social media in a bid to outdo their rivals.

The centrepiece is a huge event space, complete with a giant LED floor, screen and digital display, that leads customers to the heart of the action. Here shoppers can watch live feeds of the trial zones.

Gracing the cover of this report, Sun & Sand Sports is the ultimate fusion of digital and physical and speaks volumes about what today's consumers are craving from their shopping trips.

No longer content to be passive purveyors of goods, shoppers want interaction, new

experiences and a chance to immerse themselves completely in the spirit of a store.

In the UK, property directors and their digital colleagues are embracing a future of collaboration as they work together to better blend the online experience with real-world shopping.

Such joined-up strategies are ushering in a new era of phygital retailing – where the lines between physical and digital shopping are eroding.

It's this kind of fresh thinking that is future-proofing the stores of tomorrow. In this report, we explore just what the UK's most forward-thinking and imaginative retailers and shopping centre owners are doing to integrate the physical and digital retail worlds, and what they can learn from their global counterparts.

Seamlessly merging the online and offline worlds is the ultimate aim – how retailers and shopping centre owners do that is what makes the retail sector one of most thrilling and pioneering around.



**Shoppers want interaction, new experiences and a chance to immerse themselves in the spirit of a store**



## RETAIL WEEK CONNECT: WHEN DIGITAL AND PHYSICAL COLLIDE

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# PARTNER VIEWPOINT



**DAVID FISCHEL**  
CHIEF EXECUTIVE, INTU

Consumers have a lot of choice today about how and where they do their shopping, how they pay for those goods, how the items end up in their homes and even more interestingly how they spend their time when out for the day on a shopping trip.

As a shopping centre landlord and owner of the UK's first online shopping centre, we see our role as helping these decisions in the best way possible by curating the very best experience regardless of whether you are online or in centre.

The variety of options and choices available matched with the rising expectations of customers means we have to work harder to earn the right to our customers' loyalty. Not simply to ensure our centres are successful, but to ensure that customers either visiting our centre or visiting [Intu.co.uk](http://Intu.co.uk) leave with a smile on their faces, destined to come back time and time again.

For us, that means blending the online and physical experience, and ensuring every touchpoint is a touchpoint with our brand and the difference that brings.

And the point of all this? To encourage longer dwell time, frequency of visits and to ultimately help our retailers to flourish.

As a landlord with its feet in both the online and in-centre experience, and a strategy centered around our customers, this report is very close to our hearts.

It looks at the importance of the physical asset in the digital world and vice versa. It points to the ever evolving retail landscape and how we all need to think differently to realise the potential this has to offer.

We're committed to staying at the cutting edge, continuing to surprise and delight customers however they choose to shop.



**We have to  
work harder  
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loyalty**





## INTRODUCTION

# CREATING SHOWROOMS FOR OMNICHANNEL RETAILERS



**T**he shopping centre has come a long way since 1964 when the opening of the Bullring in Birmingham, with its reinforced concrete structure and network of pedestrian subways, marked the arrival of Britain's first indoor shopping facility.

Today's shopping centres are tourist attractions in their own right, combining the best of retail, eating out and leisure under one roof.

In recent years the transformation of shopping centres

into hubs of social and leisure activity has also been hastened by the growth of online shopping, which was initially viewed as a threat to the bricks-and-mortar retail format. Thankfully, the reality has been different. Developments in casual dining and leisure uses have given consumers more reasons to visit a shopping centre beyond simply the need to purchase goods.

"As a shopping centre owner, you're competing for people's time, which is in itself a precious commodity,

against a trip to a museum or theme park. You have to deliver the very best experience and create places where people want to spend their time," explains Martin Breeden, development director at Intu.

Major landlords have embraced multichannel by creating digital platforms within their shopping centres that enhance the customer experience and enable them to have a far closer relationship with their customers. This can include push offers and discounts sent to shoppers' mobile phones, content-led optimised websites which act as dedicated virtual shopping centres and free wi-fi and mobile charge points.

The result is many retailers view a prominent store in a premium shopping centre as an essential component of their multichannel offer. "Far from seeing a decrease in retailers taking floor space, we're seeing more retailers wanting space," says Hannah McNamara, partner in Cushman & Wakefield's retail team.

## THE BUYING CYCLE

Although offline sales are not growing as fast as online sales, directly or indirectly they still generate a huge proportion of business for retailers.

"Physical stores have become part of a much more complex buying cycle," notes Nick Fletcher, director of multichannel at Rakuten Marketing. "Consumers are now less likely to visit a shopping centre and purchase straightaway, they are spurred on to purchase by a number of online channels and third-party influencers that guide them to the decision to visit a shopping centre and then to buy."

Such new behaviours have fundamentally changed the role of the shopping centre, says Fletcher, with stores being used more like showrooms. The role of the shopping centre itself has had to evolve as landlords seek to make them attractive destinations in their own right, which drive that all important footfall and dwell time.

## SPACES TO SPEND TIME

"We've seen the increasing development of casual dining and indeed more upmarket dining in shopping centres, alongside more and more leisure offerings from cinemas, to theme parks," says Trevor Pereira, commercial and digital director at Intu. "Shopping centres are becoming destinations in their own right, offering places where friends and families can come together for a day out, and find something for everyone."

This report, in partnership with Intu, explores how retailers and shopping centre owners are working together to better blend the online experience with the real-world shopping environment to meet consumers' needs, and highlights the benefits of property directors, chief information officers and ecommerce directors collaborating more closely to create better consumer experiences in their stores.

## Snapshot of shopping centre FACILITIES

Of the leading 500 shopping centre schemes in 2016:



**106**  
have an integral  
bus station



**32**  
have an integral  
or adjacent  
railway station



**101**  
incorporate food  
and beverage hubs



**64**  
include multiplex  
cinemas



**55**  
house public  
libraries



**36**  
feature crèches  
or nurseries

Source: Trevor Wood Associates

## CHAPTER ONE

# SHOPPING CENTRE STRATEGIES UNDER THE SPOTLIGHT

**T**he integration of the physical and digital retail worlds has required the vast majority of retailers to rethink their shopping centre strategies.

This process begins at an organisational level. In April, Debenhams became the latest retailer to merge its online and stores management teams to keep up with the development of multichannel retailing. And the department store chain is not alone among major shopping centre tenants in recognising the need for greater collaboration between executives responsible for physical and digital operations.

“As an omnichannel business, we recognised the importance of retail and online operations working seamlessly together quite early on,” says Jeremy Collins, property director at John Lewis. “We reaffirmed this last year by merging both our online and retail operations together into one directorate led by one director who has sight of everything.”

Effective collaboration between physical and digital teams is now more important than ever, says Cushman & Wakefield’s McNamara. “Customers don’t differentiate their interaction with a retailer using different platforms and don’t care that internally the retailer has split this into different departments.

“It’s one of the most frustrating shopping experiences to take something back in store which you’ve bought online, only to be told you can’t as they’re treated differently internally.”

### FROM ONLINE TO IN STORE

The upshot is that retail property directors and their ecommerce and multichannel counterparts have to work even more closely to meet and exceed customer expectations of the shopping experience by redesigning spaces and offering digitally enabled services that drive shoppers to physical stores and encourage them to stay longer when they visit.

Click-and-collect and reserve-and-collect are examples of services that can convert online sales into store visits, and thus require dedicated space within the outlet itself to accommodate this mode of purchase.

But the impact of online retail on store design goes far beyond making space for a click-and-collect service

“CUSTOMERS DON’T DIFFERENTIATE THEIR INTERACTION WITH A RETAILER USING DIFFERENT PLATFORMS AND DON’T CARE THAT INTERNALLY THE RETAILER HAS SPLIT THIS INTO DIFFERENT DEPARTMENTS”

HANNAH McNAMARA, CUSHMAN & WAKEFIELD

desk. Stores are being designed with new technologies in mind that allow retailers to enhance the experiential side of shopping.

### GAME’S CHANGER

Game is a good example of a shopping centre stalwart combining the best of digital and physical experiences in its stores.

With gaming content rapidly moving towards digital-only formats, the durability of the real-life retailing experience had been called into question. Rather than fighting the digital revolution, Game has embraced it as part of a strategy to build a community of gamers irrespective of the medium.

In 2014, Game hosted 3,200 in-store events including Xbox experiences and eSports events. Such cross-division co-operation is key to Game’s future strategy, of which stores form a key component. As Game chief executive Martin Gibbs puts it: “Inherently the stores are facilitating the digital market.”

For John Lewis the shift to an omnichannel way of thinking reflects the way that customers are shopping. The retailer, which anchors a number of centres including Birmingham’s recently opened Grand Central, says it is constantly innovating to deliver new formats, new experiences, new products, services and catering propositions which allow in-store customers to connect emotionally with the brand and partners.

“This is what sets us apart from our competitors,” says Collins. “Customers are looking for technology to provide things like faster payment speeds, digital receipts and an effortless click-and-collect experience.

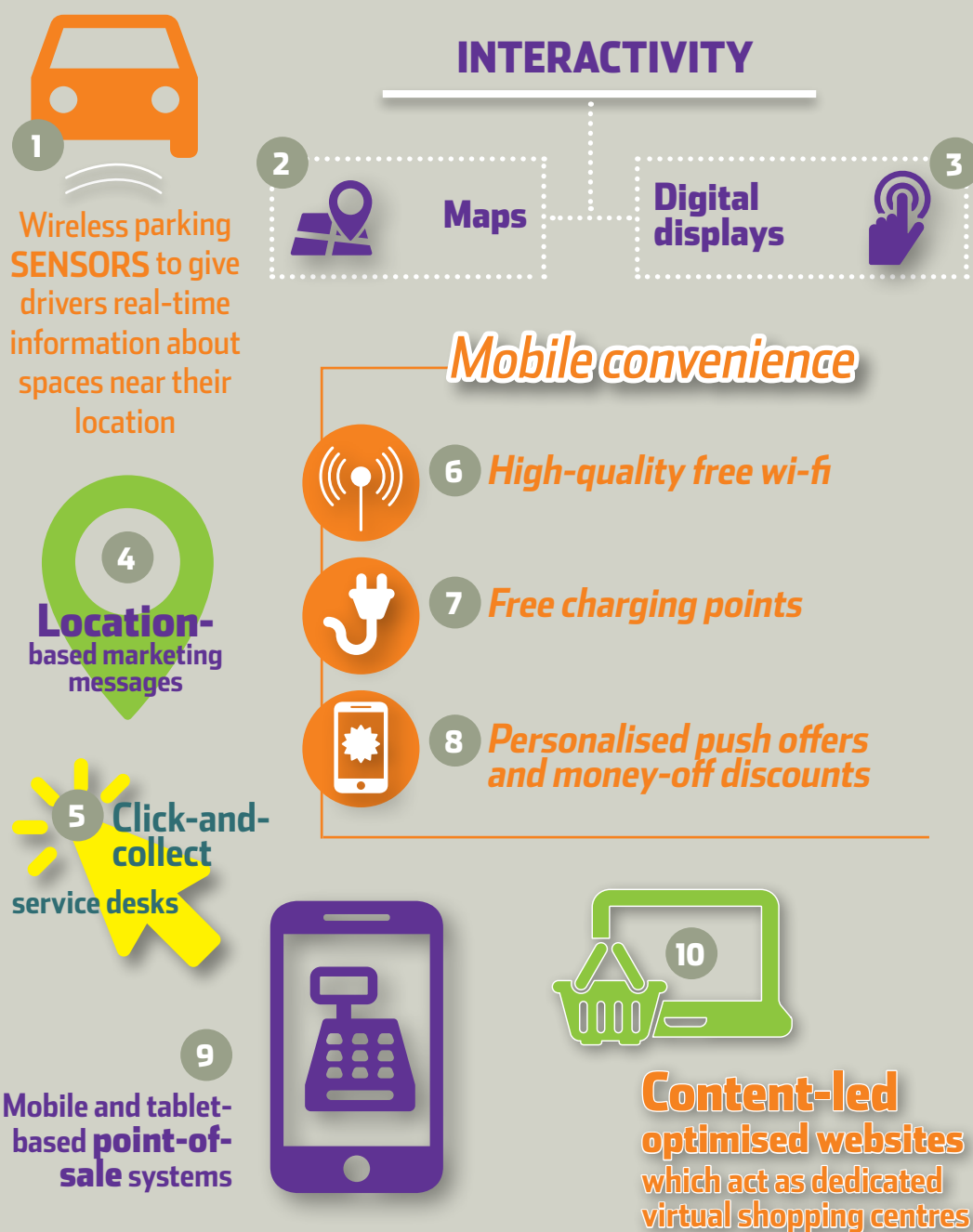
“Building on that, we’re looking into providing our

# TOP 10 WAYS

shopping centre owners are

# > MERGING <

the **online & offline** worlds







partners with more information at their fingertips, whether from tablets, mobile phones or small wearable technology. This will allow them to use technology to help guide customers. We will continue to focus on creating the environment in store for customers to have a fantastic omnichannel experience.”

Effective co-operation between teams responsible for different functions can be notoriously challenging but there are ways of smoothing the path to stronger collaboration.

Collins notes that the merging of both the retail and online operations together into one directorate is one of the biggest factors contributing to effective collaboration at John Lewis.

“Examples of how this is brought to life can be seen in the ease of access for people picking up their click-and-collect items bought online in store, and the close relationship with fulfilment and distribution teams when it comes to replenishing our shops,” he says.

## CUSTOMER BEHAVIOUR DATA

Retailers looking to connect the online and offline worlds should make use of customer behaviour data.

“The key technology for this is actually the most common technology we use every day – wi-fi,” says Juha Mattsson, chief marketing officer at Walkbase.

“By analysing customer behaviour through wi-fi signals in smartphones, retailers can understand the paths customers take in store as well as what they look at. This not only provides vital conversion analytics from inside stores but also enables retailers to segment customers based on their actual behaviour.”

Mattsson notes that this data can be used in many

**“DUNE IS ACCURATELY MEASURING PATTERNS SUCH AS BYPASSER CONVERSION, DWELL TIMES, REPEAT VISITS AND PRODUCT AREAS VISITED IN STORES. IT IS THEN OPTIMISING THE CUSTOMER EXPERIENCE, FROM STORE LAYOUTS TO SHOPPER MARKETING”**

**JUHA MATTSSON, WALKBASE**

ways, from changing the store layout to maximise its effectiveness to sending personalised offers and discounts to shoppers while they enter or move about within a store.

He cites Dune Group as a retailer effectively using data to shape its in-store experience.

“Dune is accurately measuring patterns such as bypasser conversion, dwell times, repeat visits, and product areas visited in stores.

“It is then optimising the customer experience, from store layouts to shopper marketing, accordingly. It is also looking into using the same technology for engaging loyal opt-in customers throughout the online-offline shopping path.”

## EXPERIENTIAL RETAIL

The advent of online shopping has allowed retailers to display their entire product range at the touch of a button. For many this has resulted in a re-imagining of the store whereby the physical shop becomes more of a showroom for the retailer’s wider product range.





Converse recently launched a 'blank canvas' bar at its New York Soho store where customers can work alongside a designer to customise boots and T-shirts

"Experiential retail is the future," says McNamara. "Stimulating and creative retail environments play a major role in convincing today's demanding consumer to spend time and money in store and truly engage with brands. The more you can do this, the more relevant retailers become to their customers."

Uniqlo's reopened London flagship on Oxford Street is an example of a store that prioritises the overall shopping experience over the urge to cram as much stock as possible into the available space. The top two floors, dubbed the Uniqlo "Wearhouse", feature elaborate warehouse-themed visual displays that occupy entire walls. In the rest of the store, many of the elements that characterise the retailer's flagships in locations such as Shanghai and New York are present, such as red scrolling dot matrix displays, lightboxes and mid-shop vitrines. A roof terrace has also been created, where experiential events for shoppers are staged.

Similarly, experiential retail is what characterises Schuh's future-proofed new store design. Digital kiosks which show real-time visibility of stock across the company are incorporated on the shopfloor, with the option to order shoes and pay using cash or card at the screens, while a second screen displays website content and Twitter feeds across the store. Schuh has also reduced the number of cash desks by implementing mobile payments and has armed employees with mobile devices so they can take payments on the shopfloor.

According to Phil Whittle, head of store operations, the new-look store is the most technically advanced store to date, and is future-proofed to anticipate

the use of mobile over the next five to seven years.

Shopping centre owners too are responding to demand for a stimulating retail experience through the design and layout of their sites. Whether it's installing soft seating pods or coffee bars to increase dwell time or increasing the quality and variety of food outlets, efforts to create enjoyable social spaces are central to new developments and improving existing centres.

"A shopping trip is no longer a shopping trip; the impact of digital has meant that shopping is becoming more experiential," says Intu's commercial and digital director Pereira. "Pop-ups, incubators and flexible solutions can make a shopping centre feel more dynamic, but it must add to the customer's experience. How that experience is curated is all-important to ensuring that what we do adds to the narrative of the brand. This is place-making at its basic level, and the role of the landlord is becoming ever more complex as we seek to maximise this."

Leisure is also at the heart of new shopping centre developments. As part of its strategy to re-imagine the role of the shopping centre, Intu unveiled plans to open a 50,000 sq ft Nickelodeon indoor theme park at Intu Lakeside in 2018. The project is a joint venture with Viacom International Media Networks and leisure park operator Parques Reunidos.

## BOOTS: SEAMLESS CHANNEL INTEGRATION

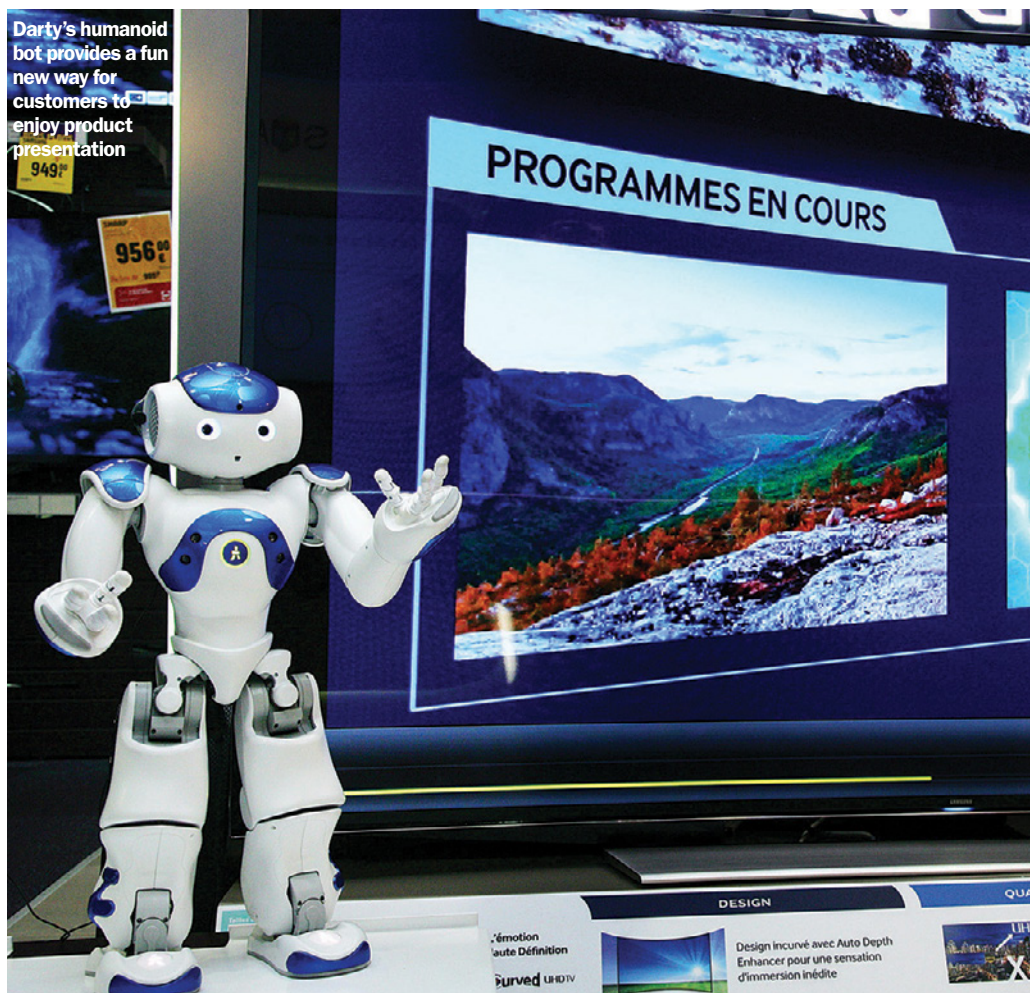
Boots' store portfolio plays an important part in the omnichannel experience, not least through the roll-out of order-and-collect services. "While we are working to develop the out-of-store digital and technology experiences, we're building ways to create a seamless customer journey between the digital world and our in-store presence," says Matt Poole, head of omnichannel product and digital experience at Boots UK.

"An example of this integration already in practice at Boots UK is our online order-and-collect proposition, which offers customers even more convenience and accessibility with our entire online product range available in all stores – from flagship shopping centres, to local high street stores."



## CHAPTER TWO

# BRIDGING THE GAP: GLOBAL SUCCESSES



**U**K retailers looking for inspiration on how to successfully connect the physical and digital shopping experiences should venture overseas.

Dubai is leading the charge in creating digital-concept stores that integrate the most exciting features of online retailing into a bricks-and-mortar environment. The cover image on this report shows Sun & Sand Sports' digitally led concept store in

the Dubai Mall featuring an interactive customer challenge. The store, designed by Birmingham consultancy Green Room, covers 18,000 sq ft and includes three 'interactive trial zones' – for running, football and basketball – where customers can compete with each other and post the results on social media.

The heart of the store is a central event space where the LED floor, screen and 'digital pelmets' can be linked

## VIRTUAL SHOPPING CENTRE ENVIRONMENT A HIT WITH SHOPPERS

Shopping centre landlords continue to find new ways to help their tenants grow sales by merging the online and offline worlds. One way to achieve this is by creating their own transactional websites that allow customers to shop online at a range of retailers through one dedicated website.

Intu created its own content-led affiliate website in 2013 and the site – in essence a virtual shopping centre – has gone from strength to strength. It was named in the top 10 content-led affiliate sites in the UK by global performance marketing network Affiliate Window.

Retailers can integrate with Intu and feature their product range on the site, but increasingly Intu is providing dedicated content for individual retailers. “Retailers are finding it hugely valuable working with us through our affiliate programme,” says Pereira. “Instead of being discount and voucher led, we focus much more on how can we inspire people and setting products in the context of editorial and in that way either drive physical or digital sales.

Intu has partnered with the likes of John Lewis and Boots on integrated campaigns in which the retailers feature in editorial on the Intu website and benefit from digital communications such as wi-fi takeovers, mobile banners or targeted emails to its database of shoppers. Such campaigns have been effective both in boosting the retailers’ online businesses but also in driving traffic to physical stores. “Increasingly retailers aren’t really distinguishing between that, they recognise the role of the store in their ecosystem and where they end up getting the sale is kind of irrelevant now,” says Pereira.

Intu has 24 million visitors a year to its website and more than 500 retailers listed on the site, meaning online has become an increasingly important part of its business model.



to content provided in store by an iPad and where a live feed provides views of the action in the trial zones.

Sephora is another Dubai retailer carving out a reputation for its innovative use of in-store technology. The beauty retailer’s Mall of the Emirates store is noteworthy for its electronic displays, ranging from small interactive screens to outsized ones that serve as digital wallpaper.

## CONVERSATION STARTERS

Closer to home, French retailer Darty is pioneering a number of schemes to boost customer interaction and ensure shoppers are well-informed about its product offer, with electronic price tags and humanoid robots spearheading that aim.

“You have to make the store feel better than the web,” says Darty boss Regis Schultz. “One of the key things for the consumer about online shopping is comparison of price and information about the product – that’s much better on the web than it is in store.

“We are testing electronic labels, where you put your smartphone in front of it and all the rich content comes to you – all the things you will find on the web. You get a video and a price comparison.”

Darty’s humanoid robots provide an equally intriguing, if less cost-effective, method of enhancing the store experience. The retailer currently has four of the bots, which it uses to present products within its busier shopping centre locations.

## KNOW YOUR CUSTOMERS

UK shopping centre owners looking to use data to understand how shoppers are using their malls could do worse than study Kamppi, the Nordic region’s largest shopping centre located in Finland’s capital Helsinki.

By using real-time analysis, Kamppi discovered that the longest dwell time in its mall is around lunchtime, suggesting that people who come in to the city to run errands or attend meetings and appointments spend time in the shopping centre rather than return home or to their offices immediately afterwards.

The data also proved wrong the assumption that the centre’s visitor population was divided into Monday to Friday customers and weekend shoppers. It revealed that pretty much the same customers visited the centre on any given day of the week.

“With customer analytics like this, we understand customer behaviour with much higher granularity and are able to improve our decision making regarding marketing, layouts, tenant locations and much more,” says Heli Vainio, shopping centre manager at Kamppi.

**“YOU HAVE TO MAKE THE STORE FEEL BETTER THAN THE WEB. WE ARE TESTING ELECTRONIC LABELS, WHERE YOU PUT YOUR SMARTPHONE IN FRONT OF IT AND ALL THE RICH CONTENT COMES TO YOU”**

**REGIS SCHULTZ, DARTY**



Vainio adds that retailers are extremely interested in the overall traffic of the locations that they are renting: "With customer analytics we are aiming to understand customer behaviour in the centre, [so] that we are able to improve our activities and marketing locations of our tenants."

## SHOWCASE RETAIL

The US continues to set the gold standard for experiential retail.

Of the many examples of compelling in-store experiences is Open House, Target's new store in San Francisco, that McNamara highlights as a standout retail experience.

The interactive retail space showcases connected home products within the setting of a house, so the customer can see how the individual items connect and speak to each other as they would in their own homes.

"This is experiential retail at its best," says McNamara. "Imagine the scenario; as soon as your baby wakes up your coffee machine switches on, the music comes on, the lights brighten, and you've not pressed a button. All of your devices are speaking to each other – and the store showcases them all together."

In this new hyper-connected world, the Internet of Things is a technology experts predict will have a profound impact on the future of retailing. Cisco forecast by 2020 the number of devices connected to the internet will reach 50 billion, creating huge opportunities for retailers to transform not only the consumer shopping experience but also how they run their businesses.

According to Fujitsu there are four major ways that

connecting people and machines will change the game for retailers. The first is opening up a diverse ecosystem where new services can be co-created with adjacent industries, such as healthcare. Logistics will also be taken to a new dimension, syncing consumers' in-fridge items with their online shop or shipping products even before they realise they need them. Meanwhile, it will create new opportunities to leverage data collected from wearable or ingestible sensors, Fujitsu claims, providing consumers with highly targeted services.

The final benefit will be from connecting in-store appliances and infrastructure for proactive maintenance or energy efficiencies in store or at distribution centres.

## DUAL-PURPOSE CENTRES

The US also provides an example of the growing trend for shopping centres to have a social as well as a commercial purpose.

Westfield is aiming to foster retail tech entrepreneurship by opening a co-working event and tech demo space at its San Francisco shopping mall.

The 37,000 sq ft technology hub is called Bespoke and is split into three areas featuring private offices, shared desks and conference rooms, all of which can also be converted into pop-up shops.

The event space has capacity for up to 1,200 people and is designed to host workshops, runway and trade shows and consumer events.

It provides a space where entrepreneurs and brands can showcase their products to potential customers and features digital walls that Westfield says will "open doors for unique product demonstrations" and allows beta testing and market research.

**"RETAILERS CAN USE LOCATION-BASED TARGETING TO HELP CUSTOMERS NAVIGATE LARGE STORES OF SHOPPING CENTRES AND RECEIVE PERSONALISED OFFERS"**

ANDY JONES, SALMON



## CHAPTER THREE

# THE FUTURE OF 'PHYGITAL'

**A**s we've already discovered, shopping centres are transforming into places where people go regularly to spend their free time – hubs of 'shoptainment' as Mattsson puts it. But just how is the synergy of digital and physical retail impacting on every aspect of the customer journey and benefiting retailers?

With the average UK household having more than seven internet-connected devices at their disposal, and search engines such as Google giving consumers the power to compare brands and prices easily, the next purchase is only ever a click away.

In this context, Rakuten Marketing's Fletcher says the challenge for retailers and shopping centre owners is to encourage tech savvy consumers to see shopping centres as a shopping destination for all of their favourite brands, and therefore a key part of the purchase journey. An example is brands – including Gap and Cloggs – taking advantage of popular voucher sites such as [vouchercodes.co.uk](http://vouchercodes.co.uk) that reward customers for purchasing in a shopping centre with discounts that are only redeemable in store.

### PURCHASING JOURNEYS

The digitalisation of the retail landscape has fundamentally changed every aspect of the journey to purchase. With options such as mobile wallets, click-and-collect and home delivery, consumers have a wealth of options open to them, explains Rupal Karia, managing director of retail and hospitality, UK and Ireland at Fujitsu.

"Customers are now able to select the way in which they want to shop," according to Karia, from researching products while in store, making purchases through an app to having their shopping delivered to their home, a service that has been rolled out by Intu and more recently Westfield.

"Shopping centres need to embrace the digital change and provide their customers with the tools to shop how and when they want," he adds.

Technology is being employed in shopping centre stores to save customers time and lessen any down points, such as queuing at tills. Mobile and tablet-based point-of-sale systems are effective tools for connecting with customers and engaging them while in store, says John Pincott, managing director EMEA at Kibo.

"Providing sales associates with mobile devices for accepting payment not only eliminates the hassle of the queue while creating a more frictionless purchase path, but empowers associates to establish a more personal and engaging in-store experience," he says.

Retailers also have the ability to show an entire

**"ORDERS CAN BE PLACED WHILE THE CUSTOMER IS IN STORE, THEREFORE OFFERING A SALES OPPORTUNITY WHICH MAY HAVE OTHERWISE BEEN LOST"**

**JOHN PINCOTT, KIBO**

product range via in-store devices without having to stock every possible variety.

"Orders can be placed while the customer is in store, therefore offering a sales opportunity which may have otherwise been lost," adds Pincott.

While it falls on the retailers themselves to close a sale, shopping centre owners play an important role in the customer journey by embedding technology that smooths the path to purchase.

Simon Luscombe, trading director of Hobbs, says the women's fashion retailer enjoys collaborating with shopping centre managers who are able to amplify Hobbs' presence and initiatives via broader digital marketing campaigns while raising the profile of the shopping centre itself.

"The covered, flexible space of shopping centres presents good opportunities, such as enabling Hobbs to set up additional pop-up stores," says Luscombe. "Our Canary Wharf shopping centre pop-up was well-received by busy workers looking to fit in lunchtime shopping. The impact of these sorts of initiatives can be greatly boosted by online communications, through the shopping centres' own channels and via Hobbs' direct engagement with customers."

### RAISE YOUR CONNECTIVITY

The key for any centre looking to leverage its digital capabilities is to start with the basics.

In Intu's case this is connectivity. Pereira explains: "It's about making the connection between the online and offline worlds as seamless as possible. Two years ago the business kicked off a programme to retro-fit our centres with powerful wi-fi connectivity and 4G networks, ensuring smartphone users can browse uninterrupted anywhere within the malls.

"We set ourselves the standard of being able to stream video as you walk through a busy centre on a Saturday without buffering or interruption."

There are also major back-office benefits for retailers that offer high-quality free wi-fi. Retrofitting all its centres for wi-fi has meant Intu now has a robust core network running through each centre that allows it to operate other services from it such as CCTV and car parking. This is fundamental in supporting the

## INTU RETAILERS' OFFERS PULLED TOGETHER ON ONE APP

Intu brought the digital and physical shopping experiences closer together in January with the launch of a new app aimed at saving shoppers both time and money by incorporating features such as in-centre navigation, store directory and personalised offers.

While providing blue dot navigation in an interior environment was technically challenging, the real wow factor, according to Trevor Pereira, director of commercial and digital at Intu, is consolidating retailer offers. The app, which is a UK first, was developed in partnership with Apple and enables Intu to map their centres, bringing blue dot technology to a shopping centre wayfinding app for the first time.

"It's also a way of us interacting with the customer and getting more personalised information from them," says Pereira. "Once we know what offers most interest them we can then start to tailor how the app displays for them so they only see the most relevant offers, and all for the purpose of making sure they get the most out of their shopping visit."

Intu's main method of app recruitment to date has been in the centres themselves and, for those who have downloaded the app, Intu is seeing multiple uses each month. The app integrates well with Intu's website and while there are a number of offers that are exclusive to the app, Intu is also populating the app with all the standard offers available on its website.

All of Intu's affiliated retailers feature on the app but they have the added option of working with the company to tag specific content on the app or can simply use it to provide shoppers with richer content, for instance their latest TV advert.



customer experience in its centres by ensuring all the back-office functions and admin areas are joined up, thus providing a more seamless approach for retailers and shoppers.

In addition Intu has made sure that shoppers can research their trip in detail online in advance of and during their visit.

"All our websites are mobile optimised so they render just as well on a 3.5-inch screen as they do on a desktop and the growth in mobile connectivity and how people access our websites has been very rapid," says Pereira. "We've gone from basically nothing a few years ago to two thirds of the access to our website now being from a mobile phone."

## DELIVERING SHOPPER VALUE

Even before a customer enters a centre, advanced digital methods are being used to guide and aid them to get there including wireless parking sensors which give drivers real-time information about spaces near their location and wayfinding technology. Once inside, easy-to-use wi-fi and mobile phone charging points all contribute to improving the customer journey.

The ubiquity of mobile devices is informing strategies to enhance the shopping experience. Beacon technology, that can replicate some of the ecommerce experience in a physical environment, is proving increasingly popular with retailers looking to merge the virtual and real worlds.

"Retailers can create an immersive shopping experience using location-based targeting to help customers to navigate large stores or shopping centres and receive personalised offers," says Andy Jones, director of customer experience at Salmon.

However, it's vital retail businesses are technology agnostic, using different tech tools to suit their needs rather than taking a one-size-fits-all approach to digitise their stores. When deciding between beacons or wi-fi, the challenge for retailers is to engage with customers in the most efficient, attention-grabbing and ultimately profitable way, while not alienating or annoying shoppers.

IT solutions provider Hughes Europe believes wi-fi has the edge over the beacons "as it can be used by staff as well as customers, comes with excellent in-built analytics and is a technology that many retail enterprises already have".

Karia notes that app services from shopping centre retailers are also proving popular, as they tend to offer consumers a reward for downloading them while also allowing retailers to acquire a wealth of data to better target customers.

The downside, however, is that apps are able to be deleted faster than they are downloaded, warns Karia. "What shopping centres need to do is offer customers a service that is useful to them both in the short and long term. This can be from regularly offering consumers personalised offers and rewards, to making it a hub for all of their retailers and services that will continue to deliver value to the customer."

To meet and exceed consumer expectations it's vital retailers keep an eye on the emerging technologies that will undoubtedly impact future customer journeys.

The next five years will be characterised by radical shifts in consumer behaviour, in part fuelled by the rapid increase in the number of people accessing the internet via smartphones and in part driven by retailers offering greater choice, convenience and accessibility through their digital platforms.



Image-recognition technology is one to watch, trend forecasters predict, with the technology helping shoppers track down products in stores using screenshots and phone cameras. In the US, Macy's is pioneering this technology via its Image Search app and Neiman Marcus's Snap.Find.Shop.

Virtual reality is another developing tech that will enable consumers to place retailers' goods, such as big-ticket furniture items, directly into their own homes. For Theo Theodorou, EMEA managing director at xAd, such technology has the potential to completely transform the purchasing experience.

According to PWC, in-store dynamic displays will change beyond recognition within the next five years, enabling customers to access the full range of sizes, colours and features for any product, regardless of location. "As retailers develop their capacity to manage distributed inventory, the lines between stores and warehouses will continue to blur. This will allow them to carry far less inventory. And through dynamic displays, retailers will be able to target promotions to products that are immediately available – to shoppers who value immediate availability," the company says.

However, the technology that could have the biggest impact on the merging of physical and digital is wearable tech, including smartwatches, wristbands, stickers or smart clothing. Almost three quarters (72%) of shoppers believe wearable technology will be the future of retail – revolutionising payments, making it easier for shoppers and store associates to access product information, and for shoppers to receive offers and navigate round a store, according to research by Vista Retail Support.

The survey looking at consumer attitudes to wearable devices found 51% of shoppers believe these technologies will be commonplace in stores within two to five years. For 82%, speed at the checkout is the main advantage of using wearable technology, while nearly half (49%) believe it will improve their experience by allowing them to receive personalised offers when they are shopping.

"Wearable technology is going to change our in-store experience significantly," says James Pepper, technical director of Vista Retail Support. "Faster payments and product information sent directly to a piece of wearable technology are the future of retail."

## CHAPTER FOUR CONCLUSION

In an age where purchases can be made with the click of a button, shopping centres have had to give consumers new reasons to visit. In part this has been achieved through greater 'place making' via the arrival of more high-end food offers, multiplex cinemas, live events or quirky and locally relevant design features.

It's also being achieved through more innovative use of technology that seamlessly merges the online and offline worlds. From mobile phone charging points and interactive maps to location-based marketing, centres are working hard to create an environment in which the digital ambitions of retailers can be realised.

For retailers, the role of the shopping centre store in omnichannel business models is evolving with wide-ranging implications, from store design and product range to how they sell and market products in store.

But if it feels like the symbiosis of the digital with the physical has already been achieved then take heed of the warning from xAd's Theodorou, who suggests that we are far from full digital immersion.

"Encouraging consumers to move outside of what they know is very tricky, particularly in a world where 90% of commerce still happens in bricks-and-mortar stores," he says. "Shopping centre retailers must invest the time in considering the technologies that will resonate with their target market and how they can merge the online and offline experience in such a way that complements, rather than disrupts, the path to purchase."

What are the emerging technologies that could further merge online and offline in a shopping centre environment? While some experts argue that the



creation of more digitally engaging shopfronts and new-generation dynamic displays are one way to meet the expectations of today's connected consumers, others suggest that virtual reality headsets or augmented reality tools that let shoppers view products in their own homes could be the next focal point for retailers looking to recreate the digital experience in a real-world setting. Meanwhile, some trend forecasters predict wearable devices and a growing acceptance of the Internet of Things could be responsible for completely revolutionising in-store shopping experiences.

Centre owners and their retail partners cannot afford to stand still. It's this kind of fresh thinking that will revolutionise the shopping centre stores of the future, and keep customers coming back for more.

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