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# MOVING FORWARD WITH F&B



HOW TO UNDER-  
STAND THE NEW  
ROLE OF F&B IN  
RETAIL REAL ESTATE,  
IMPLEMENT TRENDS  
AND MEET CHALLENGES.

**INTERVIEW** FOR THE CONSUMER, F&B IS ALL ABOUT VALUE AND QUALITY

**DEVELOPMENT** WESTFIELD HAMBURG-ÜBERSEEQUARTIER IS CLOSE TO COMPLETION

**OUTLETS** THE JOURNEY OF THE OUTLET SECTOR HAS JUST BEGUN, ACCORDING TO VIA OUTLETS



# BUILDING AND ELEVATING COMMERCIAL



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# REAL ESTATE WORLDWIDE



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## DEAR READER,

The F&B sector has become an essential part of every shopping destination. F&B boosts footfall and increases dwell time. Space previously dominated by fashion retailers is now occupied by innovative gastronomic restaurants. The pandemic has only reinforced this trend. Nonetheless, the F&B industry is struggling with major challenges. One of them is the enormous cost pressure, as Ian Hanlon, Director of Coverpoint, explains (page 12). Another is the labor shortage, which is partly self-inflicted. Will Odwarka, Owner of Heartatwork Hospitality Consulting, explains how the foodservice industry can find ways out of the workforce crisis (page 19). One of the most exciting and in-demand concepts are food halls. Time Out Market is one of the most successful concepts worldwide. We spoke with Sandy Hayek, CEO of Time Out Market, and Ana Alcobia, VP of Iberia, about their USP and why it is crucial to be selective regarding location and concepts (page 23). Companies like Rioja (page 27), ECE Marketplaces (page 30), umdasch (page 38), and NEINVER (page 42) show how the industry is discussing the topic and implementing F&B trends in an innovative and customer-oriented way.



Besides F&B, leisure is becoming increasingly important in the placemaking industry. Shopping Malls in the USA, Middle East, and Asia have already emerged as epicenters of social interaction, thrill, and recreation. Matthias Clostermann, Owner and General Manager at Clostermann Design, explains that European Malls are inching towards becoming entertainment hubs. But the European way is very different from the international trendsetters (page 48).



Also, MAPIC 2023 has placed F&B and leisure at the center of this year's event with two dedicated areas and industry-leading insights from exclusive research and host speakers from major global brands. The Happetite by MAPIC, the international forum for restaurant chains, will present the latest and most innovative concepts in Cannes, while LeisurUp by MAPIC will highlight the industry's leading leisure players. Another big MAPIC highlight will be the MAPIC Awards. Ana Guedes de Oliveira, executive Director of Asset Management at Sonae Sierra and this year's Chair of the MAPIC Awards Jury, explains which projects are award-worthy and what the transformation of retail real estate looks like (page 94).

Enjoy reading our articles and interviews. We hope you find this edition to be an interesting and profitable read.

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**F&B Insights:** With Jonathan Doughty, Managing Director Viklari Consulting, and Will Odwarka, Owner of Heartatwork, two of the leading industry experts discuss the latest trends, challenges, and most exciting highlights of the F&B industry exclusively for ACROSS readers. Follow the stimulating discussion via video.



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IMAGE: LOSTERIA

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IMAGE: RIOJA ESTATES

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IMAGE: URW/MOKA-STUDIOS

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IMAGE: ROS RETAIL OUTLET SHOPPING

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IMAGE: LICHTBLAU/SPINDLER ARCHITECTEN ZT-GMBH

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IMAGE: SONAE SIERRA

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IMAGE: HEIDEMARIE KRIZ



# F&B AND TECHNOLOGY: TRUE GAME CHANGERS FOR SUCCESSFUL GROWTH

Food & beverage is an important category for shopping centers, increasing dwell time, spending, and driving overall sales. Eating and drinking are something we all do every day, so F&B, in combination with the right digital tools, can present interesting opportunities for shopping centers.



To illustrate the importance of F&B, customers who eat while at a shopping center increase dwell time on average by 27 minutes and spend 18% more. I recently read that even sitting down for a cup of coffee can increase sales by over 15%. In addition, a positive and good experience in F&B drives loyalty and recommendations to others.

Initially, to counteract the impact of online shopping, centers have been increasing the GLA devoted to F&B since the early 2000s. According to a JLL study in 2015, food service across European shopping centers accounted for 15% of the average center's leasable area. A forecast from the same study suggested that by 2025, that number would rise to 20%. Today, many centers in Europe have already reached or even exceeded that forecast. Consumers' changing preferences for "experiences" over "things" have contributed to the increased demand for a greater variety and higher quality of the F&B offering. This is unlikely to change anytime soon, according to a study by ICSC "The main drivers behind the shift to foodservice in retail in general, and shopping centers in particular, are unlikely to diminish in the next decade."

Having so many choices is great for consumers, but F&B is a highly competitive category with slim margins that can create challenges. Technology and digitalization can be a game changer for shopping centers looking to support their F&B tenants. The right strategy, supported by the proper tools, can make an impact in the following areas:

- Broadening the audience
- Increasing outreach channels
- Increase simplicity and convenience
- Keeping F&B tenants top-of-mind with catchment area consumers

- Improving the customer experience
- Increasing loyalty and dwell time

Undoubtedly, technology will continue to play a significant role in food service, such as improving ordering and payment processes and increasing general operational efficiencies. But landlords can prove to be powerful partners for F&B tenants, multiplying the positive impact of technology exponentially to increase customer engagement and create a robust dining "community" through the use of digital tools such as center websites, customer data platforms, loyalty programs, and mobile apps, to name just a few of the many possibilities.

A strong digital foundation provides vital support to all F&B tenants, whether locally owned or national franchisees, or whether a coffee shop or a fine dining restaurant. Initial investments can pay off with low-cost, high-impact F&B partnerships and tenant support.

## HERE ARE SOME OF OUR FAVORITES TO SUPPORT F&B:

1. Add a dining guide or attractive restaurant pages with integrations to OpenTable and links to menus and reviews.
2. Loyalty clubs can be a great way to support tenants. Consider exclusive "members only" tasting events and discounts to loyalty club members.
3. Make it easy for F&B tenants to provide event and promotional content through a tenant communication app that can be used for social media, email, and other center communication channels.

PROPTech COLUMN BY SUSAN HAGERTY BONSAK

4. Use an online game or scavenger hunt in a shopping center app to encourage shoppers to try a "taste" from every restaurant.
5. Create a dedicated "Foodie" program with frequent daily meal updates to dedicated profiles in the shopper database.
6. Share insights and reporting with F&B tenants so they can get to know the center's customers better.
7. Use preference and behavioral data to target dining-related invites and activities such as monthly dining events, restaurant openings, and happy hours.

Technology, digitalization, and true partnerships are the key ingredients for creating a lasting impact, which can be a game changer. For us at Placewise, seeing how our clients can support their F&B tenants using our platform, The Marketplace Performance Cloud (MPC) is encouraging. Together with them, we are very committed to developing relevant technology that creates a win for everyone: F&B tenants, landlords/owners, and the ever-important consumer.



Susan Hagerty Bonsak, CEO of Placewise

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# THE VITAL ROLE OF FOOD AND BEVERAGE AT MODERN MALLS



Moving forward with food and beverage: The F&B sector has changed significantly in recent years, not only in terms of the size of the market, but also in the variety and quality of the offering. Space previously dominated by fashion retailers is now being occupied by trendy gastronomic restaurants. People have evolved from collecting “things” to collecting “experiences”, and shopping centers have adapted to this change by improving and expanding their gastronomic offerings. F&B will play an even more crucial role in the success of retail real estate.



There are several reasons for the growing importance of F&B. First of all, it boosts footfall. By offering a variety of dining options, malls can cater to a diverse range of customers and keep them engaged for longer periods. F&B also increases dwell time. When people visit malls, they spend hours browsing through different stores. Furthermore, F&B enhances the shopping experience: Dining options provide

customers with a break from shopping and add to the overall shopping experience. Ultimately, F&B is as essential as retail in a mixed-use environment. Nevertheless, F&B must contend with major challenges – just like classical retail.

In the past, F&B at shopping centers was more of a retail accessory that was true to the motto: People have to eat. In the last decade, the im-

portance and role of food service has grown significantly. This change is largely driven by the need for shopping centers to offer more than mere shopping facilities in the face of e-commerce and has only been reinforced by the coronavirus pandemic. In recent years, a large number of stores have had to close, including entire shopping centers. Tens of thousands of square meters of prime retail space was left vacant. Suddenly, there was a realization that retail would not fill the vacant spaces, so the importance of F&B and leisure was amplified.

## F&B PLACEMAKING AND ENVIRONMENT

F&B was already being delivered in a well-executed manner at some centers around Europe prior to the pandemic, but that was typically restricted to large, regional assets where the dwell time was three or more hours, states Ian Hanlon, Director of Coverpoint Foodservice Consulting. Every landlord and asset manager needed a compelling F&B offer, relevant to the respective catchment and demographic, that could retain and attract footfall. The function of F&B was growing and changing to one that could provide a critical differentiator from the competition. The same brand fascia from center to center would no longer cut it as guests were looking for experiences when dining out, especially after years of lock down. F&B placemaking and environment were moving to the top of the agendas of asset managers, which was a huge move away from the functionality of the past.

The way landlords approach the topic of gastronomy has changed tremendously. Some of the former large department store spaces have been re-energized by the introduction of new leisure offers, particularly in the competitive socializing and experience-making sectors. Shopping centers have completely revamped their F&B concepts to include significantly more food and beverage space.

Let's not forget food halls, which are making all the headlines in redeveloped retail environments, such as Manifesto Market at Brookfield's Potsdamer Platz, The Playce, and Arcade at Battersea Power Station. “In these instances, F&B has become one of the key anchors of the develop-



IMAGE: INGKA

*INGKA Centres Saluhall Food Hall – a new global F&B concept: Saluhall will be Ingka Centres' first food hall concept that will not sell beef. The menu will be 80 percent plant-based at launch with the ambition to evolve to 100 percent, and zero waste to landfill and zero single-plastic usage. Through lectures, cooking experiences and a cookery school, Saluhall will be a natural location that brings people and local businesses together.*

ments, driving footfall and creating a halo effect on the adjacent retail and leisure offers,” states Hanlon. The function of F&B is a world away from where it was a decade ago, and it illustrates the critical importance of getting the quantity of space, the location, the tenant mix, rental levels, and the concept correct for individual assets.

## UNDERSTANDING F&B OPERATORS

Not only has the role of F&B changed, but so has the relationship between center management and food service operators. Dialogue and cooperation between F&B tenants and center management has never been more important. At a time when the hospitality industry is still recovering from the pandemic, the dynamics of doing business have changed, and center management needs to understand that. In the past, management focused on retail, particularly key anchor tenants and fashion. Food service was viewed as a functional add-on offering, with little variation across centers. While asset managers had tremendous knowledge of retail tenants and their business models, food service operators did not. Landlords and center managers have had to







IMAGE: SONAE SIERRA



IMAGE: WHATABURGER

Left: Concepts that combine international food trends with regional elements are on the rise. This “new wave” of enhanced food courts was developed by Sonae Sierra at Cascais Kitchen, where international fast-food players in the food court trade alongside local and regional tenants in the integrated Hala Hutnik space.



learn that there is a big difference between the business models of retailers and food service operators, and, therefore, the challenge for center management is still understanding how their support for food service tenants differs. Cooperation and agreement on key elements such as CAPEX requirements, rent levels and mechanisms, turnover thresholds, shorter lease terms and flexibility, and day-to-day operations are critical to enabling food service tenants to operate successfully and profitably. Food service is complex compared to retail – it uses more energy, produces more waste, is noisier, more staff-intensive, more difficult to forecast, and, in some cases, involves the management of common areas – but, when delivered collaboratively, can make all the difference over the competition. “Groups like ECE, British Land, and Echo Investment now have teams dedicated to F&B, newly created roles overseen by people who have experience in the hospitality industry and can speak and understand the language of food service tenants,” says Hanlon.

**FOLLOWING F&B TRENDS**

The driver of all change is the consumer. More than ever, people are looking for an experience that combines price, quality, origin, innovation, and personalization. They also expect connected experiences in which the physical and the digital coexist in the same customer journey.

That is precisely the point at which great opportunities for the retail real estate industry lie. Without a doubt, there are certain trends that the industry needs to follow.

One of the biggest trends is the move towards healthier and more sustainable food. Some companies like INGKA have made this their brand essence. With their Saluhall Food Hall concept, they focus on plant-based meals served in a sustainability-oriented environment (see INGKA Centres Saluhall Food Hall). Other trends include combining local offerings with international one (see Cascais Kitchen), creating environments that are suitable for social media, which creates a completely new value for customers (see EL&N Café) and, last but not least, integrating digital elements into ordering options (see Whataburger).

The integration of digital elements, in particular, is a controversial topic. Consumers and operators are currently experiencing opportunities that are causing congestion. Is a robot in service, for example, an experience that only excites in the short term, or can it really relieve employees in the long term, especially during times of labor shortage? In which concepts does service gain as a result? In which concepts does service lose out? Which consumer groups have accepted this technology? The same applies for artificial intelligence (AI). While fast food chains were early adopters of AI, it has since become

more prevalent and more important throughout the entire industry. The benefits can extend to all stakeholders in hospitality businesses, as AI helps to improve margins, increase profits, and even discover new revenue streams. Harnessing the power of data and connectivity might be essential, especially at a time in which labor and produce costs are more expensive.

Above all, however, the focus on the specific location is most important when it comes to the success of a concept. In addition to their statements on trends, challenges, and the potential of technology within the F&B industry, F&B experts Ian Hanlon (page 12) and Will Odwarka (page 18) explain the situation in a particularly exemplary manner using the topic of food halls, a concept that is currently being considered by every shopping center and urban planner. Sandy Hayek, CEO of Time Out Market, and Ana Alcobia, VP Iberia, show what a location needs in order to run a truly successful food hall (page 23). Time Out Market designs and operates what is probably the most sought-after and successful food hall concept in the world. ECE Marketplaces shows how different gastronomy concepts are approached and planned in a site-specific manner (page 30). Likewise, outlet operators, such as Rioja (page 27) and NEINVER (page 42), show how they design things in a modern and innovative way.



IMAGE: EL&N CAFE

Example of the value of intangibles: Consumers seek “instagrammable” moments at EL&N Café.

# NEINVER IS THE WAY

We brought a whole new dimension to retail real estate in Europe, introducing a brand new shopping format that marked the start of a new era in the sector. Devoted to leading the way, we are continually reinventing and upgrading our assets for our customers, retailers and communities.



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# “VALUE AND QUALITY – THAT’S WHAT IT’S ALL ABOUT”

The biggest challenge facing the F&B industry is the cost of doing business. While the coronavirus has run its course through the markets, operators are struggling to return to profitability in the face of current economic challenges. Ian Hanlon, Director of Coverpoint, explains how the current challenges can be addressed and highlights trends in the shopping center food scene using best practice examples from the industry.



**ACROSS: THE ROLE OF F&B HAS CHANGED FOR RETAIL REAL ESTATE. WHAT DOES THAT MEAN FOR ASSET MANAGERS?**

**IAN HANLON:** Shopping centers need to focus on providing a food service offering that “fits” their respective surroundings and meets the expectations and requirements of their guests. Regardless of the concept, asset managers need to be aware of the food service trends that are shaping the industry and that will permeate the shopping center world, such as the trend toward healthy eating, the importance of sustainability, the need to provide an experience, the increased use of technology, and the growing importance of “local heroes” to serve as differentiators from the “mass market”.

**ACROSS: HOW DOES A SHOPPING CENTER DETERMINE THE RIGHT F&B CONCEPT?**

**HANLON:** There is, of course, no “one size fits all” solution. Each asset has a unique set of characteristics that must be considered when developing the strategy, the concept and the target tenants that will bring the concept to life. A city center location requires a different concept than an out-of-town location or a location that requires driving to, and an asset that is daytime or retail/grocery focused is different from a center that is late evening focused, etc. In addition to the characteristics of the shopping center itself, the size of the catchment area and the demographic makeup of the district are very important at the macro level. The analysis of office populations, residential levels and locations, as well as food service competition follows at the micro level.

**ACROSS: COULD YOU GIVE US AN EXAMPLE?**

**HANLON:** Let’s take the concept of a food hall as an example, as it is very trendy and every landlord and developer seems to be interested in incorporating one into their asset. Food halls are not a golden ticket to success in the restaurant industry, as they require a number of specific variables in order to be feasible. Typically, revenues from food halls with only one primary tenant, in which the operator curates the food service mix itself and subleases kiosk space, are composed of about 70% food and 30% bar sales, with the primary tenant operating the bars and keeping the profit generated from them. Therefore, an evening economy is critical. To ensure that there is all-day and evening business, food halls need large office and residential populations for take-out breakfasts, strong lunch business, post-work drinks, and late dinners and socializing. Larger food halls also require a boost from the tourism market, which is why most food halls are located in city centers. They also typically require architectural accents, usually historical features, which is why there are so few of these types of food halls in shopping centers.

**ACROSS: WHAT F&B CONCEPTS DO YOU THINK ARE THE MOST EXCITING AT THE MOMENT?**

**HANLON:** The area of fast-casual concepts is by far the most exciting, especially at shopping centers. It is still the fastest growing food service category in all European markets. Fast casual is a step above “traditional” fast food in terms of



IMAGE: HOLY GREENS



IMAGE: BEETS & ROOTS

product quality and price point, but it falls below the cost of eating and dwell time length of the casual dining sector. It is typically focused on one product type that is prepared extremely well, such as better-quality burgers, Korean fried chicken, and poke bowls. Many of the best examples in this sector have their roots in street food and food trucks before becoming growth-funded and opening brick-and-mortar restaurants at shopping centers, such as Pizza Pilgrims and Bao in the UK or Pasibus in Poland. What’s exciting about concepts like these, particularly in the fast-casual sector, is the entrepreneurial spirit and the love for the product and service – that’s what hospitality should really be about.

**ACROSS: WHAT ARE SOME OTHER EXAMPLES?**

**HANLON:** In terms of specific F&B concepts that are really standing out right now, the steady movement toward healthier lifestyles and feeling good about yourself has seen the rise of concepts like Holy Greens and Beets & Roots. Poke concepts are high on the agenda of shopping center leasing teams, and there is a growing pool of quality operators ready to take on units like Island Poke in the U.K., Hawaii Poke in Sweden, and Ma’loa in Germany. Healthy, vegan, and vegetarian food used to be a category often overlooked at shopping centers, but now it is experiencing tremendous growth. INGKA Centres’ opening of the first Saluhall Food Hall in 2024 at its Meeting Place in San Francisco is also a sign of this healthy movement.

**ACROSS: WHAT DO YOU THINK IS THE BIGGEST CHALLENGE IN THE F&B INDUSTRY?**

**HANLON:** Without question, it’s the cost of doing business. While most operators have returned to pre-COVID-19 revenue levels, profitability certainly has not. Rising costs across the board, including energy hikes, business rates, ingredient cost increases due to food inflation, higher labor costs and staffing shortages, and COVID-19 debt hangover – it really is a perfect storm of cost challenges. Moreover, we cannot ignore the effect that COVID-19 had on the industry, particularly COVID-19 debt. We currently find ourselves in a situation in which some operators are spending 6% of their annual turnover to service the debt accrued, while making less than a 5% margin as a result of all the other cost increases. It is an unsustainable model, and that is why we are still seeing swathes of F&B closures across Europe. The pandemic culling of mediocre brands, particularly in the broad menu and mid-market sector, should have paved the way for the stronger, more agile, and more relevant brands and concepts to survive, thrive, and grow. However, the combination of legacy debt and current cost pressures is, in some cases, severely impacting the ability to break even, let alone make a profit.

**ACROSS: IN ADDITION, THERE IS AN ONGOING LABOR SHORTAGE IN EUROPE.**

**HANLON:** The perception of the hospitality industry as low-paid and with long, unsociable hours has made it unattractive, especially to the Generation Z labor market. That particular demo-

Left: Holy Greens is a 27-strong restaurant chain that is based in Sweden and focused on health and sustainability. The ingredients are primarily (preferably) seasonally grown in Sweden and are available at stores featuring a cool Scandinavian design.

Right: Beets & Roots specializes in healthy bowls, salads, and wraps and has 14 locations in Germany.







graphic makes up 32% of the world's population, but only 11% of the workforce. Over 40% of Gen Z want jobs with purpose that are linked to the planet or the community. That must be taken into account when it comes to the battle for talent.

**ACROSS: HOW SHOULD SUCH CHALLENGES BE ADDRESSED?**

**HANLON:** It ultimately comes down to improving the bottom-line margin, and there are only two ways to achieve that goal: Raise prices to maintain sales, or cut costs – or both. With consumer spending on eating out squeezed due to their own cost pressures, F&B operators are naturally reluctant to increase sales prices, but it quite simply must be done in order to ensure survival and to create a foothold for growth. Those cost pressures are being felt throughout the entire industry. The most price-sensitive sector, fast food, with its low average spend, was the first to react. McDonald's in the UK, for example, increased the price of its classic single cheeseburger in the summer of 2022 – for the first time in 14 years, from 99p (€1.15) to £1.19 (€1.38), an increase of 20%. Accordingly, the refuel & relax sector, which includes Starbucks, Pret a Manger, and Caffè Nero posted higher coffee prices; then the fast casual sector, which includes some popular dishes made by Nandos, increased by over 20%; then casual dining, featuring brands such as Zizzi and The Real Greek, followed. Consumers have gotten used to paying more, but persistent price increases will be difficult to maintain and justify.

**ACROSS: THE FLIP SIDE WOULD BE TO REDUCE PRODUCTION COSTS.**

**HANLON:** We are finally seeing signs of food inflation slowing down in Europe, but unit cost prices will inevitably still be higher than they

were pre-pandemic. There is a distinct trend towards fast casual, an area in which a short menu of one or two key ingredients is executed well to ensure both quality and more efficient waste management. It also requires less labor. We are seeing this fast casual movement at both shopping centers as well as in the makeup of all the new food halls that are trading across Europe.

Regarding waste costs, there is increased collaboration between center management and F&B operators. In 2021, for example, in order to improve upon their zero waste to landfill policy, Westfield Stratford City in London introduced the WasteMaster system at the asset. The anaerobic digestion system creates green energy, diverts tons of food waste produced by the F&B operators away from sewers, and has reduced food waste volumes by 70%. With energy cost savings in mind, we are seeing a trend towards more self-sufficient initiatives. McDonald's, for example, opened its first net-zero restaurant in the UK in 2021, powered by a combination of wind turbines and solar panels for its everyday operation.

In terms of the labor shortage situation across the industry, we are seeing the increased use of technology to replace functions previously carried out by staff members. Digital order screens are now commonplace at the big fast-food chains. It is a trend that has filtered through to the fast casual and ready-to-eat sectors. However, all examples of this trend are all predominantly found at the QSR, high volume, high production, high throughput operators. It has not really engrained itself in casual dining offers, because that sector is more about the guest experience and staff interaction, and less about functionality and convenience. In this scenario, staff retention is critical.

**ACROSS: LOOKING BEYOND THE CURRENT MARKET CHALLENGES, WHAT MATTERS MOST TO CONSUMERS?**

**HANLON:** Value and quality – those are the two key drivers that have been fed back to us from numerous guest surveys that we have been involved in around Europe, from F&B at shopping centers to the high street, at retail parks, and in the office market. As both value and quality mean different things to different people, and even different things to the same individual depending on the purpose of the meal occasion, it is difficult to define. At one end of the scale, McDonald's, KFC, Subway, etc., provide value and quality through convenience, price, product, and service. It is functional and predictable. At the other end of the scale, value and quality may be driven by the experience itself and the intangibles.

**ACROSS: WHAT TRENDS ARE CONSUMER-DRIVEN?**

**HANLON:** In recent years, consumers have become more focused on health and sustainability. The rise of entirely plant-based menus among F&B tenants can be seen in concepts such as Flower Burger, Neat Burger, and Odd Burger, whose unit numbers are steadily increasing in their respective territories, with fast-food giants also getting in on the action with McPlant and Vegan Royale. As previously mentioned, the rise of poke chains across Europe that focus on healthy bowls and salads is due to the appetite of consumers looking for “clean” food alternatives. Another big issue is sustainability and the F&B industry. Food service and the food industries account for 30% of the world's total energy consumption and about 22% of total greenhouse gas emissions. The days when cheap, single-use plastic packaging was the preferred choice for food service operators are long gone. Germany has made reusable packaging mandatory, and France forbids food from being sent to landfills. In terms of the consumer, studies have shown that 85% of consumers have become “greener” with respect to their purchasing habits in recent years.

**ACROSS: FURTHERMORE, CONSUMERS HAVE COME TO APPRECIATE LOCAL RESTAURANTS THAT OFFER REGIONAL PRODUCTS MORE THAN EVER SINCE COVID-19.**

**HANLON:** COVID-19 made local gastronomy the



IMAGE: TRINITY KITCHEN

Trinity Kitchen in Leeds, UK, is one of the oldest examples of local offers being successfully combined with international offers within a shopping center.

new normal, and consumers discovered the great operators and local heroes that were right at their doorsteps. As a result, when diners returned to towns and cities, they wanted more choice and variety, as well as local and authentic offerings. This is not a new phenomenon, however, and there are many great examples of how national brands can coexist and benefit from incorporating offerings from local heroes in shopping center environments. One of the most successful examples is Trinity Kitchen in Leeds, UK, which has just celebrated its 10th birthday and has really broken the mold in terms of F&B offerings at shopping centers. Covering an area of 2,000 square meters, the former upper floor of a pharmacy was transformed into an “urban” food court that combined seven permanent kiosk tenants with five “pop-up” street food concepts. The permanent kiosks had leases of 10 to 15 years and generated an annual rent, but the “pop-up” tenants rotated every eight weeks to keep the overall food offering fresh, which resulted in many patrons coming back to see what was new or if their favorite operator was back. The “pop-up” tenants were sourced from the street food scene, were predominantly independently owned, and had never worked in a shopping center environment before. Instead of paying rent, the street food operators paid a fixed percentage of their sales, which contributed to the clearing and cleaning of the 500-seat shared space. Trinity Kitchen won numerous awards for its innovative approach of combining national operators with independent offers.



IMAGE: STONEGATE GROUP

**DYNAMIC PRICING IN THE HOSPITALITY INDUSTRY:**

The Stonegate Group, UK's largest pub group, started charging 20 percent more for a pint of beer during busier times, in order to help to cover increased costs during those times, predominantly increased staffing levels. While dynamic pricing is commonplace in the aviation and hotel industries, as well as with companies such as Airbnb and Uber, this is, perhaps, the first time it has been done in the F&B sector. The response has been mixed, with more negative than positive comments from competitors and consumers.





**ACROSS: HOW HAS TECHNOLOGY IMPACTED F&B CONCEPTS, AND HOW HAS IT HELPED OVERCOME CHALLENGES?**

**HANLON:** As discussed earlier, technology has made its biggest impact on the fast-food sector of the industry. Technology assists in speeding up processes, methods, and service. Therefore, it has quickly progressed into more areas of the market. As stated before, digital screen ordering or QR codes on table tops can help reduce cost. We have also seen evidence that there is a slight increase in the average spend when guests use digital ordering as there is no queuing, and the numerous “upsell” prompts on the screen drive incremental spend. Technology is great in F&B environments, where time and convenience are key for the guest, but less so in a front-of-house setting, where the personal touch of staff is required. We’ve all seen the robotic waiters at some QSR units, which are great as they deliver food to tables, but if you add steps, outside seating areas, or other obstacles, they’re just a bit of a gimmick. The same is true for the robotic arms shaking cocktails in Vegas – they are fun for a one-off experience, but they will never replace the human interaction that hospitality is all about.

**ACROSS: WHAT IS THE VALUE FOR THE BACK-OF-HOUSE KITCHEN AREAS?**

**HANLON:** For the areas the guests do not see, technology has certainly improved efficiency in areas such as production and waste management and heat recovery. Technology that can undertake time consuming, repetitive production methods are an obvious win. In an ever-shrinking labor pool, particularly for kitchen staff, technology is picking up the slack. More energy-efficient equipment has an obvious impact on reducing costs, as does the technology used in the creation of more energy self-sufficient units.

**ACROSS: HOW IS DATA BEING USED IN F&B, IN DAILY DECISION MAKING, AND IN STRATEGIC DECISIONS?**

**HANLON:** Data is important now and will only become more relevant in the future as F&B tenants look to become as nimble as adaptive as possible in an ever-competitive market. Data is a huge asset for F&B operators in terms of decision making. Data allows operators to curate menus that maximize appeal, profitability, and guest satisfaction. Analysis of guest demographics, preferences, and buying behaviors can provide valuable insight when it comes to creating targeted and personalized marketing campaigns for a user base. Furthermore, data can help to shape the staffing levels and rotas required to meet peak trading times and minimize wasted labor during low periods.



IMAGE: COVERPOINT

**IAN HANLON**

Ian Hanlon specializes in retail food service development, and his forte lies in the shopping center food service arena. He is the Director of Coverpoint, a dedicated food service consultancy team that has worked in every international market over the past 25 years. Among a host of other issues, sustainability has become an important part of their consulting work. Coverpoint recently published its annual report, “Sustainability in Food Service – for a Better Tomorrow”, to shed light on the issue.



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# "INVEST IN PEOPLE, NOT JUST THE LOOK"

The European shopping center market overvalues design and investment but needs to pay more attention to atmosphere, interaction, and service, says Will Odwarka. This hurts the centers and especially their gastronomy section. The founder and CEO of Dubai-based Heartatwork Hospitality Consulting explains in his conversation with ACROSS why excellent, personable service is the prerequisite for everything in the field of gastronomy.



L'Osteria is a good example of holding a good relationship with employees



**ACROSS: WHAT FUNCTION HAS GASTRONOMY TAKEN ON IN CENTERS?**

**WILL ODWARKA:** Gastronomy in the retail real estate sector has developed from a straightforward supply option to a real destination business. This has a lot to do with entertainment. The 1980s saw the emergence of food court concepts, which were non-plus-ultra for a long time in their original form. These have changed completely. Service and offerings have become much more important. Food courts pay much more attention to the shopping center's goal of increasing the length of stay.

**ACROSS: IS GASTRONOMY NOW A REASON WHY CUSTOMERS ENTER A CENTER IN THE FIRST PLACE?**

**ODWARKA:** Absolutely, there are some center examples for which gastronomy is the core. This is more pronounced in Dubai, Bangkok, Thailand, or the USA than in Europe. Here, people go to the malls to eat because they love the place and, if they are already there, they do the shopping at the same time. So, the motivation to go to the malls is the reverse. Those shopping centers or outlets that have thought hard about who their customers are and have created food and beverage offerings accordingly measurably increase destination traffic.

**ACROSS: SO, THE TREND IS FOR RETAIL PROPERTIES TO BECOME COMMUNITY MEETING PLACES, WITH FOOD AND BEVERAGE OFFERINGS AT THEIR CORES?**

**ODWARKA:** That's one way of putting it. In Europe, we have a lot of catching up to do. We overvalue design and investment. At the same time, we undervalue atmosphere and interaction. We talk a lot about service. But service is more than just getting goods from A to B. It's about hospitality. Behind service is hospitality, and in business and private, that means being generous, doing something for the guests, and not strictly following a procedure. It's about responding to the other person's needs so that they feel comfortable. In my experience,



IMAGE: GPOINTSTUDIO

The current lack of employees has much to do with the fact that the catering industry invested little in them.

this kind of generosity is still rather rare. The industry builds fantastically designed buildings, but there is no interaction happening in these buildings. A straightforward example: A host who has understood his role, for example, offers a drink to the people waiting for a table in front of his restaurant. The effort is minimal for him, but the feeling he conveys is worth a lot.

**ACROSS: HOWEVER, THIS REQUIRES MORE AND GOOD PERSONNEL. THIS IS CURRENTLY IN SHORT SUPPLY IN EUROPE, AND THERE IS MORE DISCUSSION ABOUT THE INCREASED USE OF ROBOTS IN THE CATERING INDUSTRY.**

**ODWARKA:** The current lack of employees has much to do with the fact that even before Covid, the catering industry often paid them poorly, invested little in further education and training, and set poor working hours. It is therefore not surprising that they did not return after Covid. Still, some concepts work. These are concepts that do a lot to retain their employees. One example in Europe is the Asian concept of Ishin Sushi, which puts a lot of thought into what the needs of the younger generation are that they want to attract as employees. When it comes to gastronomy, employees are and always have been a challenge because they must bring personality and qualifications. There is a lot to the statement that you have to be born for gastronomy. For clear concepts like McDonald's,

it doesn't matter as much, but an open and friendly personality is essential with other concepts that rely on interaction. An employee who laughs in an interview is more important than one who can carry five plates. He will learn to do the latter. Every employer must think hard about how to attract today's generation. You must do more than simply offer better pay.

**ACROSS: IN YOUR VIEW, WHAT ARE OTHER EXAMPLES OF CONCEPTS THAT ALREADY DO THIS?**

**ODWARKA:** Among the large chains, Starbucks does this very well in many parts of the world. In Europe, the L'Osteria chain is very concerned about its employees. The company has an excellent reputation as an employer, something a comparable concept like Vapiano has never managed to do.

**ACROSS: WHY HAS SYSTEM GASTRONOMY CUT BACK SO MUCH ON EMPLOYEE DEVELOPMENT IN THE FIRST PLACE?**

**ODWARKA:** This is a problem of the entire retail real estate industry. As I said, a lot has been invested in the look and feel but not that much in those who are supposed to convey that feel. The person sitting at the information desk in a shopping center is the most insignificant in the overall structure, often a temporary employee. For the customer, however, this person is the first point of contact, mediator, and host or







IMAGE: JASON TSAY/ZUMA PIZZA

If you want to use robots, you have to think about the current process and adapt it to the robot.



hostess. This is true throughout the industry but is most noticeable in the restaurant industry. Not only did it save money, but it also worked for a long time to keep the training periods short or to offer advanced training solely based on videos. There was always a supply of employees in the labor market. When the first problems emerged and no more employees were found in Germany, the companies looked for foreign employees. Turning around now after the Covid experience and the consequences for the labor market is as difficult as it is necessary. That's when it helps to ask why I keep going to a particular restaurant. Certainly not because of robots, which are quickly deployed in these situations – that appeals to you just once. But because of the friendliness of the people and the excellent food.

**ACROSS: CAN ROBOTICS BE A SOLUTION?**

**ODWARKA:** A robot's purpose is not to take something away or replace it; it is there to make something easier so that people can focus on the core of their task. Robots cannot be integrated into an existing process. If you want to use robots, you have to think about the current process and adapt it to the robot. Otherwise, the robot will get in the way. Robotics can be a boon

in shopping centers if managers can rewrite the time schedules. Otherwise, a robot remains a mere gadget.

**ACROSS: SHOPPING CENTER GASTRONOMY IS DOMINATED BY BIG INTERNATIONAL PLAYERS. CORONA WAS A BIG PUSH FOR EVERYTHING REGIONAL AND LOCAL IN THE RESTAURANT BUSINESS. HOW CAN THE TWO GO TOGETHER?**

**ODWARKA:** I am convinced that the individual location still needs to be addressed more. Regionality is a good example: the trend is recognized, and some local business is integrated. But the effect on the consumer and the quality of his stay is nil. Gastronomy must be individually tailored to the location. For example, it doesn't work for an operator to say that 15 percent must be gastronomy, eight percent must be international, and the rest must be supplemented with regional concepts. Especially with locality, you have to take a close look at the customers and create holistic concepts.

**ACROSS: THIS MEANS THAT MANY CONSULTANTS IN THIS FIELD ARE NOT DOING THEIR JOBS.**

**ODWARKA:** Unfortunately, that's true. In this industry, you have to deal with many prominent international players. When the CEO of such a company flies in for a meeting and presents his ideas and views, which are wrong or outdated, it takes guts to tell him that and put the plans up for discussion. But this is precisely the task of a decent consultant. A lot of money is spent on restructuring. I wonder why they don't dare to set up something new with an innovative operator who fits into the region. Of course, every mall needs big anchor tenants like McDonald's, whose concepts will still be relevant in ten years. But I would like to see more creativity in the rest. It may help to remember the origins of the foodhall. The idea of the foodhall was simple. I look for innovative and super concepts, which may have little money, and offer them the opportunity to open anyway. But these concepts don't have 10-year leases; it's up to the lessee to decide whether to continue after a year. Foodhalls have always been a lot of trial and error. Also the examples of successful foodhalls concepts show that these only fits in

some places and is not a sure-fire success. The location and its operator are crucial to whether the concept can be successfully integrated.

**ACROSS: SO, IT ALWAYS COMES BACK TO THE ESSENTIALS OF INDIVIDUALITY AND HOSPITALITY.**

**ODWARKA:** Gastronomy is part of hospitality, and we have to look at it as such. Hospitality needs to be looked at in the same unified way as the design of a shopping center. As customers move through the center, why aren't there more touchpoints with hospitality that aren't just gastronomy? Keywords like cozy and inviting are not just hospitality themes; they need to be part of the center's DNA.

**ACROSS: LET'S RETURN TO ROBOTICS AND ARTIFICIAL INTELLIGENCE: WHERE DOES IT MAKE SENSE TO APPLY AI IN THE HOSPITALITY INDUSTRY?**

**ODWARKA:** At its core, AI is about making better decisions or optimizing processes based on data. In the hospitality industry, these topics



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are purchasing, marketing, or sales forecasts. What can be presented within minutes in these areas is incredible, and the potential is far from exhausted. Primarily, topics like sales forecasts can even become safer. The past has shown that people make mistakes here due to the large amount of data. These mistakes can potentially become very expensive. If a business has to deal with data, it can use AI to make the entire business planning much more efficient so that the employees can plan and implement better in the time gained.

**ACROSS: WHAT APPLICATIONS ALREADY EXIST?**

**ODWARKA:** There is an inflationary development of applications in the hospitality sector, from point-of-sale systems to marketing and training tools to merchandise procurement systems. The issue is that AI can be a biased system. Results depend massively on what data is provided to the AI. You need to think about where the data comes from and how layered it needs to be when preparing to use it to work efficiently with the results. For example, if you leave weather data out of the sales forecast, you will get a poor outcome. Weather data is essential but only meaningful if it is local data. The decisive factor is who accesses the system. Who feeds it with what data? It will take a few more stages of develop-

ment before we can actually use AI to access what we need quickly and efficiently.

**ACROSS: FINAL QUESTION: IN YOUR OPINION, WHICH CONCEPTS STAND OUT IN THE SHOPPING CENTER SECTOR?**

**ODWARKA:** Well-designed food halls are still the best concept for shopping centers in urban areas. Regarding gastronomic concepts, I see a need to catch up with Asian concepts in Europe. At the same time, there is too much burger and pizza. That doesn't mean they are bad concepts; there are just too many of them. Wagamama, on the other hand, is an established Asian concept that still attracts people and thus changes the environment. Asian is not just the classic Chinese buffet. Asian cuisine hits the zeitgeist by using fresh ingredients and lots of vegetables. In addition, food-to-share is a big theme in Asian cuisine, furthering the consumers' need to come together. Another area with growth potential – and here Austria and Germany may be an exception – is bakery concepts. Up-and-coming concepts tend to be small and have only a few products, but they are very inviting and cozy. These intimate places in large centers are very popular. There are enough cafés. But there are still too few places focusing on freshness, and customers feel that these goods have just been prepared for them.



IMAGE: HEARTATWORK HOSPITALITY CONSULTING

**WILL ODWARKA**

Will Odwarka is the Founder and CEO of Dubai-based firm Heartatwork Hospitality Consulting since 2019. He was born and raised in Vienna, Austria. He has 30+ years of experience leading international strategic growth and development, Franchise and partner management, and F&B operations. He successfully opened over 1000+ outlets in over 40 countries for renowned global players such as McDonald's, Starbucks, Burger King, Costa, and Wendy's and smaller players like Creamscafe and Coffeeshop-company. He strongly focuses on international market entry for F&B players, brand and investor scouting, and AI in hospitality in the Middle East and Europe. Will Odwarka is a guest lecturer at the Academy of Hospitality in Dubai and trainer at the Gregory Vogt School for retail professionals in Dubai. Furthermore, he is a Co-Owner/Operator of Mozart-Hospitality Management, overseeing the operation and development of new food concepts.



# WE RUN A BUSINESS OF ROCKSTARS

Time Out Market is one of the first food hall concepts in Europe. From Lisbon, it has expanded internationally. The list of interested parties, from cities, operators, and restaurants, who want to be part of this success story is long, but new locations are carefully chosen. Sandy Hayek, CEO of Time Out Market, and Ana Alcobia, VP Iberia, explain the USP of their concept, the criteria they use to select locations and restaurants, and why being a media house at its core is so crucial for their success.



**ACROSS: INITIALLY A MEDIA COMPANY, YOU CREATED THE TIME OUT MARKET CONCEPT IN 2014 AND STARTED A FOOD HALL REVOLUTION. WHAT IS AT THE HEART OF YOUR CONCEPT?**

**SANDY HAYEK:** We started with our first food hall in Lisbon in 2014. Today, we are a leading food hall brand that represents and highlights the best of the city. This clearly goes beyond food – it is a food and cultural market. Time Out Market is about the space; it's about activating our markets and representing the city's culture. It goes hand in hand throughout the entire aspect of the concept, including the design. Today, we have six operating markets: Lisbon, Boston, New York, Chicago, Montreal, and Dubai. We also have nine sites in development: We are close to opening markets in Cape Town and Porto. Barcelona, Vancouver, and Bahrain will follow next year, and Prague, Abu Dhabi, Osaka, and Riyadh will follow at a later point in time. We also have a few more exciting markets in negotiation, which I cannot mention yet.



IMAGE: TIME OUT MARKET

Ana Alcobia, VP Iberia at Time Out Market and Sandy Hayek, CEO of Time Out Market.

**ACROSS: HOW HAS THE TIME OUT CONCEPT EVOLVED SINCE THE OPENING IN LISBON IN 2014?**

**ANA ALCOBIA:** Though change and growth is part of the process, our unique selling point has ultimately remained the same: It's about gathering all of the experiences people love in each city at one location – we bring the best of the city together

under one roof. I was part of the opening team in Lisbon, and I'm doing the same things right now in Porto and Barcelona. Providing new content on a daily and weekly basis and focusing on local activities, companies, tenders, agencies, and teams is unique. It is essential that the locals feel that their cities are well represented. A significant





IMAGE: TIME OUT MARKET

IMAGE: ALIGARBER

IMAGE: TIME OUT MARKET



The oldest Time Out Market is in Lisbon

Time Out Market New York

Concert at Time Out Market Dubai



measure of success is whether or not they are proud of what they see inside Time Out Markets. That is the same level of commitment that we, as a media company, have followed with our Time Out publications for decades and how we manage our websites and social media nowadays.

**ACROSS: YOU'RE OPENING LOCATIONS ALL OVER THE WORLD. WHAT CRITERIA DO YOU HAVE IN TERMS OF LOCATION SELECTION?**

**HAYEK:** First of all, we look at the basic structure of every concept: the existing footfall, population density, the actual food scene of a given city, and the potential of that city. The building must be a heritage or an interesting building in some way or another, providing the location with many stories that can be integrated into the concept. That's what done at the outset. Then, we dig a bit deeper to understand the culture and the food scene. Is it mature enough to fill the market with what we want to offer there? Demographics have a significant impact on our decisions. What type of people live in the area? Post-COVID-19 recovery has recently become an important indicator for us. Our relationship with the developer of the project is another crucial criterion. We must have the same synergies in terms of who we are and what our objective is. Are the right elements being supported in order to get the project off the ground? Ultimately, it's about creating a unique cultural and culinary experience.

**ACROSS: HOW ARE THE CITIES AND THE MUNICIPALITIES INVOLVED?**

**HAYEK:** We maintain good relationships with our local editorial teams. Our global reach ensures

that we have an incredible network of people and partners who are very well connected on the ground and can refer us to the right sources. We also work very closely with government entities and tourist boards. Not only do we look for the cities that are the most exciting at the moment, but we also search for up-and-coming cities. Such local insight is important when it comes to making a decision on a particular city. Any decision made on a location is based on all of the data metrics we look at, especially in relation to the surrounding area and our local teams' predictions of where things are headed.

**ACROSS: WHAT MARKETS ARE YOU PARTICULARLY INTERESTED IN?**

**HAYEK:** We are currently discussing some locations, but I can't name them yet. Cape Town, which opens in November, is a perfect example of what we are looking for. It is in itself a very unique city with a lot of potential. For example, the Michelin Guide has not yet explored the gastronomic scene. There is a list of the top 50 emerging chefs, but there are not enough opportunities for them to make their marks internationally. We can be the first to put these fantastic chefs on the radar and help Cape Town's gastronomic scene flourish. This is a once-in-a-lifetime opportunity, and we have a stellar lineup for the opening.

**ACROSS: HOW DO YOU SELECT THE RESTAURANTS?**

**ALCOBIA:** We already know the city and its gastronomic scene through our media, which includes a global network of specialist journalists

on the ground. The key is to find out which restaurants the locals want to see combined in one place. Our Our experts on the media side are able to tell us exactly what the perfect mix is for each city. Of course, we follow a certain structure and try to include a city's classics. However, the surprising and unique thing about our markets is that we always try to come up with concepts that bring together restaurants that you never would have thought would be in the same place. Time Out Market knows exactly which classic restaurants will receive a Michelin star in two or three years, and places it next to a restaurant that doesn't have a "classic" chef, but a long line of locals waiting outside the restaurant every day. We can transform a regular food hall into something much more than that - it's a great experience. It is content that people want to share.

**ACROSS: WHAT IS THE DIFFERENCE BETWEEN THE OUT-POST AT TIME OUT MARKET AND THE ORIGINAL VENUE?**

**HAYEK:** They have to bring their names along with their DNA. They need to provide the same feeling that exists at their original locations. Some will have to adapt their offers, because they will be aimed at more people with a different service infrastructure. Having said that, they have to come to the table with what they were chosen for, and they were selected because they have track records at their original locations. We try to provide offers that people are used to in a given city. That includes chefs who don't necessarily need a brick-and-mortar establishment, but they may have a story to tell and be influential in the city. In Porto, for example, we signed a chef who closed her restaurant but will reopen with us, which means there are a lot of people in the city who already love this chef and her food.

**ACROSS: WHAT DO YOU EXPECT FROM THE RESTAURANTS?**

**ALCOBIA:** We expect the highest quality. Restaurants must focus on exactly what they were invited to do. Let's say you're a fantastic chef. We generally don't want to see you making burgers, but what you're known for. We also value long-term relationships. In Lisbon, there are some concessionaires who have been there from the beginning. A concept like Time Out Market has to focus on more than sales quotas. That's the big difference between us and the other real estate concepts with food halls. A Mc Donald's or a Burger King would drive sales, but that's not what we're about - we want to provide a different experience. We want people to learn and discover, and our concessionaires are in line with that goal - and as a result we drive growth together. We want people to learn and discover, and our concessionaires are in line with that goal.

**HAYEK:** We do not necessarily call it a lease with our concessions. It's based on a completely different concept, where we pull together to create a community experience. A food hall is more than just a big space where you open store after store.

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Concession management, the whole area in which we work with them, is often underestimated, but it brings the place together. Becoming a concessionaire is by invitation only. There's a long list of people who want to come into the market. However, there's a lot of due diligence up front in terms of quality; even if you have a highly regarded chef, will the menu work? As a team, will they be able to adapt to that volume?

**ACROSS: ON WHAT CRITERIA IS THE LEASE STRUCTURED?**

**HAYEK:** Our contracts are all based on shared revenues. We drive that together. The more we build and drive the markets, the more successful they are. It's an ecosystem that's built over time, and we make sure that we take care of all the other things that the chefs would rather not do. We allow them to do their thing and to do what they do best – and we take care of everything else.

**ACROSS: YOUR COMPANY IS DRIVEN BY A LOT OF CREATIVITY: CREATIVE MEDIA PEOPLE AND CREATIVE GASTRONOMES. HOW IS EVERYTHING STRUCTURED?**

**ALCOBIA:** On the operational side, we have always said that we run a company of rock stars. That's exactly what we want and what drives us. Creativity is the basis for future success, and that's also what sets us apart from other concepts. Management is something that anyone can learn. However, when it comes to creativity, it's usually the hardest thing to learn. We can't stress enough how important our media background is. The creativity is in place – it's just a matter of how you manage it.

**ACROSS: AS THE LARGEST FOOD HALL OPERATOR, SIGNIFICANT FUNDS ARE REQUIRED TO BUILD YOUR OUTLETS. HOW DOES THAT AFFECT THE PROFITABILITY OF THE INDIVIDUAL OPERATOR?**

**HAYEK:** That's true. It's a significant investment for developers. Our brand stands for quality. We make sure we achieve the success we always aim for. Each market must be unique and perform at the highest level. We guarantee success that goes beyond return on investment. The value we provide to a client beyond the project itself is much more than the numbers we agree upon. We focus on long-term commitments, not just

future revenue, but also a considerable halo effect and value that we spread around that specific location.

**ALCOBIA:** Lisbon is an amazing example of that. The market was opened in a neighborhood that was hyped at the time. Today, the square meters have risen more than three times since we opened. We have changed the neighborhood scene and have the ability to do just that every time we open a market. We see ourselves as an elementary part of the process of neighborhood development. We work closely with a lot of government entities and tourist boards. We share our data and know-how. Our concepts are about more than just opening our doors.

**ACROSS: TIME OUT MARKET WAS THE CATEGORY INITIATOR, WITH COUNTLESS INDIVIDUAL CONCEPTS POPPING UP; WHAT WILL YOUR COMPETITIVE EDGE BE IN THE FUTURE?**

**HAYEK:** We have a wealth of expertise in food halls, food hall management, marketing, and media. We will continue to build on our leadership role. We are in a fascinating time in which different formats continue to differentiate themselves. That has presented us with a lot of opportunities. However, just as in the past, we will not enter every exciting market. We will remain selective and scrutinize locations and concepts. One fascinating aspect from our point of view is the rising popularity around community food halls. That is more about developing a neighborhood. Building communities and creating long-term places are the motivations behind our concept. We build for the long term and want to grow with our locations and cities.

**ACROSS: SO, THERE MIGHT EVEN BE TWO CONCEPTS IN ONE CITY THAT ARE COMPLETELY DIFFERENT AND ATTRACT DIFFERENT CUSTOMERS.**

**HAYEK:** Sure. That is an option. For example, a big city like New York offers many opportunities. We already have a flagship there. There is the option to develop other formats as well. We already have the expertise there through our local team. The demand would also be there.



Leisure facilities act as magnets, drawing more visitors to outlet centers. This increased foot traffic can significantly boost sales at the retail stores within the outlets.

IMAGE: RIOJA ESTATES

# THE ARGUMENTS FOR AND AGAINST LEISURE FACILITIES AT OUTLET CENTERS

The development of new outlet centers is always an exciting prospect, both for consumers looking for great deals and for developers seeking to create profitable ventures. However, an ongoing debate in the realm of outlet center planning revolves around whether leisure facilities should be an integral part of these retail destinations. Giles Membrey, Managing Director of Rioja Estates Ltd. explains the pro and contra arguments.

BY GILES MEMBREY



On one side of the argument, proponents champion the idea that leisure facilities enhance the shopping experience and attract a diverse clientele. On the other side, critics argue that leisure amenities may detract from the primary retail focus, increase costs, and pose logistical challenges.

**THE ARGUMENTS FOR ...**

**Enhanced shopping experiences:** One of the most compelling arguments for including leisure facilities at a new outlet center is the potential to enhance the shopping experience. These amenities, which can range from cinemas and bowling alleys to indoor playgrounds, create a

comprehensive and immersive experience for shoppers. Families, in particular, find these attractions appealing, as they provide entertainment options that make the visit more enjoyable and prolonged. When visitors have the opportunity to engage in leisure activities alongside their shopping, they are more likely to view the outlet center as a destination rather than merely a shopping venue.

**Increased foot traffic:** Leisure facilities act as magnets, drawing more visitors to outlet centers. This increased foot traffic not only benefits the leisure amenities, but can significantly boost sales at the retail stores within the outlets. The synergy between retail and leisure can







IMAGE: RIOJA ESTATES

Critics argue that incorporating leisure facilities may divert attention away from the primary purpose of the outlet center.



create a positive feedback loop – more visitors leads to higher sales, which, in turn, drives further investments in both retail and leisure offerings, and that can lead to increased revenue for the entire development.

**Diversification of activities:** Another advantage of incorporating leisure facilities is the diversification of activities available to visitors. This diversification can transform the outlet center into a one-stop destination for shopping, entertainment, and dining, making it an appealing option for consumers seeking a day out. This is especially enticing for groups, where members have varying preferences for how they spend their day. By offering a blend of shopping, dining, and leisure activities, the outlet center caters to a wide range of interests and becomes a versatile and inclusive destination.



IMAGE: RIOJA ESTATES

Giles Membrey is Managing Director of Rioja Estates Ltd

### THE ARGUMENTS AGAINST...

**Distraction from core retail focus:** Critics argue that incorporating leisure facilities may divert attention away from the primary purpose of the outlet center – shopping for value-priced brand-name goods. This shift in focus could potentially dilute the unique selling proposition of the outlet, which is to provide a retail haven for value-conscious consumers. Shoppers might become inclined to spend more time engaged in leisure activities rather than exploring the retail offerings, thereby undermining the very essence of an outlet center.

**Higher costs and maintenance:** Building and maintaining leisure facilities can be expensive. Critics suggest that the funds allocated for these amenities could be better utilized to improve the retail infrastructure itself. That might involve enhancing store offerings, maintaining cleanliness, and improving both parking facilities and access to public transport. By channeling resources into retail-centric improvements, outlet centers can create an environment that more effectively serves their core purpose.

**Congestion and space constraints:** Some opponents of leisure facilities within outlet centers express concerns about overcrowding and congestion. Additionally, dedicating space to such amenities might limit the expansion of retail offerings, potentially leading to missed revenue opportunities. Outlet centers, especially those located in high-demand areas, may find it challenging to allocate space for leisure development without compromising their retail capacity and car parking constraints. Furthermore, dedicating space to leisure facilities and associated parking could restrict the room available should there be a desire to expand the retail outlet through additional phases.

**Local business competition:** Out-of-town retail centers often compete with local businesses, and critics argue that introducing leisure facilities could further exacerbate this competition. Local entertainment businesses

may find it challenging to compete with the allure of an outlet center's integrated leisure amenities. That can impact the viability of nearby entertainment businesses, potentially leading to economic repercussions for the local community.

In the overall debate, it is essential to recognize that the two can be mutually beneficial. One need only look at successful examples, such as Cheshire Oaks, where the outlet center and leisure facilities are adjacent, allowing visitors to easily move between shopping and leisure activities. However, striking the right balance between retail and leisure can only be achieved if careful consideration is given to the preferences of the target audience and the local market dynamics surrounding the proposed outlet development. It is crucial to conduct comprehensive market research to understand the specific needs and desires of their potential customers. That includes analyzing the demographics of the area, consumer preferences, and the competitive landscape. By tailoring the inclusion of leisure facilities to the characteristics of the target audience, developers might be able to create a harmonious blend of retail and leisure that maximizes the center's appeal.

A thorough feasibility study should be conducted to assess the financial viability of incorporating leisure amenities. That includes a cost-benefit analysis that weighs the potential revenue generated by leisure facilities against the initial construction and ongoing maintenance costs. In some cases, it may be more prudent to focus on enhancing the retail infrastructure and shopping experience, rather than diverting resources to leisure offerings. Additionally, careful urban planning and efficient use of space can mitigate concerns related to congestion and space constraints. Strategic layout design and adequate parking solutions can help manage visitor flow and ensure a positive experience.

As you can see, the question of whether leisure facilities should be part of a new outlet center is a complex one, with valid arguments on both sides of the debate. While leisure facilities can undoubtedly enhance the shopping experience, attract more visitors, and diversify activities, they also present challenges related to maintaining the core retail focus, managing costs, addressing congestion, and competing with local businesses. Ultimately, the decision to incorporate leisure facilities into a new outlet center should be based on a careful and thorough assessment of the specific context and objectives of the development. It requires a deep understanding of the target audience, local market dynamics, and financial feasibility. Striking the right balance between retail and leisure is possible, but it demands meticulous planning and a commitment to creating a destination that fulfills the desires of both shoppers and the local community.



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# SHOPPING CENTERS: FLEXIBLE SPACES FULL OF OPPORTUNITIES

Today, more than ever, a first-class location, excellent management, and continuous further development are decisive for the future of a retail property. In addition to the location-specific sector and tenant mix, the gastronomic offer is crucial for success – as ECE Marketplaces shows.



The performance of the ECE centers in the first half of 2023 once again proved how successful and resilient shopping centers are: Tenants at the ECE centers saw a substantial increase in sales of 15 percent compared to the same period of the previous year, and a third more space was leased overall than in the first half of 2022 – a total of 380,000 sq m. This shows that many well-known brands rely on the attractive mix of affluent clientele, strong visitor footfall, and the attraction of mutually stimulating retail, gastronomy, and entertainment offerings. This is confirmed by the 3.4 million visitors who frequent the 200 ECE centers situated in Europe's top locations every day.

## EXPANSION MADE EASY

Shopping centers also owe their high attractiveness among tenants to their adaptability, which, unlike department stores and high-street properties, enables them to flexibly respond to new trends and requirements. They offer major international retailers room for growth and expansion. For example, the European retail chain Pepco recently signed 17 leases for new stores at ECE shopping centers as part of its expansion in Germany – and there are more to follow. Another current leasing highlight: In November, the successful Inditex brand Stradivarius is due to open its first store at an ECE center in Germany at the Milaneo in Stuttgart, which is the first Stradivarius store opening ever in Germany. Start-ups and smaller brands will find an ideal platform from which to present their concepts via pop-up stores and mall stands. Whether international retailers or local heroes and start-ups –

all tenants benefit from the promotion of sales, weather-independent conditions, such as a bright, clean atmosphere, uniform opening hours, perfect infrastructure, and numerous other advantages. They include, for example, digital and analog advertising options at the point of sale, target group-specific marketing along the customer journey, and in-house research activities.

According to a population-representative online survey conducted by ECE 2023 in all ECE countries, shopping center visitors see the short distances and the fact that everything can be found under one roof as the main advantages of shopping centers compared to other local retailers.

## FIT FOR THE FUTURE

Today, more than ever, a prime location, excellent management, and continuous development are crucial for a retail property's future. That means always being up-to-date, optimizing, modernizing, or even repositioning, and doing so in a way that fits perfectly – depending on the respective location and customer structure. ECE Marketplaces acts in accordance with this philosophy. The current construction and planning volume amounts to more than 400 million euros, with which the company is advancing its shopping center portfolio in a sustainable and future-oriented manner. The investors' strategic goals, the changing demands of the center guests, and the ESG criteria are always considered. The recipe for success is value preservation and value enhancement through further development.

## A PERFECT MATCH: SHOPPING AND CULINARY ENJOYMENT

One of the decisive factors for the success of a shopping center is the perfect location-specific sector and tenant mix. Therefore, its expansion and optimization are essential for a center's further development. In addition to entertainment, leisure, and non-retail offerings, gastronomy perfectly complements stationary retail. Today, attractive and trendy culinary offerings are essential to ensuring a successful visit to a shopping center. Therefore, implementing new and exciting food & beverage concepts at the centers is a worthwhile investment in the future.

The latest figures back this up. For example, sales in the gastronomy sector at German ECE centers in the first half of 2023 increased by 33 percent compared to the same period of the previous year and by 18 percent compared to the first half of 2019. That also corresponds with visitor surveys. A personal survey of more than 50,000 visitors to German ECE centers between August and November 2022 revealed that 81 percent use gastronomic offerings when visiting a shopping center. A population-representative online survey conducted by ECE 2023 in all ECE countries concluded that 77 percent of shopping

center visitors see gastronomic variety as an advantage of centers over the rest of the retail trade on site.

Today, customers focus more on quality and ambiance than they did a few years ago, and they are more willing than ever to pay higher prices for more individuality and service. Innovative casual and fine dining concepts, which go beyond the classic food court with dishes such as pizza, fries, and Asian snacks, significantly enhance the quality of a customer's stay.

The concrete positive effect that a gastronomy and experience concept tailored to the property can have is proven, for example, by the successful development of the sales and footfall figures of the FOODTOPIA floor at the MyZeil shopping center in Frankfurt am Main, which opened in 2019 after extensive restructuring. In addition to increasing the quality of stay and, thus, the length of stay, one of the goals was to create a new attraction at the center and, therefore, to sustainably revitalize the fourth floor, which had previously been less frequented – and that has been achieved: Sales on that floor increased by around 180 percent and footfall by about 60 percent in 2022 compared to 2015. The investment also created a new USP for the center.

# CURRENT EXAMPLES OF NEW AND EXPANDED F&B OFFERINGS AT ECE CENTERS

## START OF CONSTRUCTION OF THE FOOD GARDEN AT MAIN-TAUNUS-ZENTRUM

In Sulzbach, near Frankfurt am Main, construction work has begun on the new Food Garden, which will enhance the Main-Taunus-Zentrum (MTZ), one of Germany's largest and highest-turnover shopping centers. A new lively and urban center featuring a high-quality, varied range of restaurants and food outlets is being created on an area of around 7,000 sq m in the middle of the open-air center. A pre-letting rate of 70 percent has already been achieved for five planned freestanding restaurant buildings equipped with partially covered, partially open terraces, attractively landscaped outdoor areas, and sophisticated architecture. The completion of the food garden, in which the owners have invested around 20 million euros, is scheduled for 2024.



IMAGE: ECE







**L'OSTERIA IS COMING TO RHEIN-NECKAR-ZENTRUM**

In Viernheim, ECE Marketplaces is further developing the Rhein-Neckar-Zentrum and optimizing the center's leisure and gastronomy offerings. At the end of June, the foundation stone was laid for an entirely new, free-standing restaurant building, complete with attractive outdoor terraces, which will be built on the site formerly occupied by a Bauhaus market located directly at the center. L'Osteria, a successful pizza and pasta concept has been secured as one of the operators. In addition, two new tenants, bicycle retailer B.O.C. and the experience concept JUMP House and another indoor entertainment provider, will complement the Rhein-Neckar-Zentrum's offering. Attractive new outdoor areas with green spaces and seating areas will also be created as part of the further development. The gradual opening of the new concepts is scheduled for 2024. Deutsche EuroShop, the owner of the Rhein-Neckar-Zentrum, and the new tenants are investing more than 10 million euros in the further development of the center and the expansion of the leasable areas



IMAGE: ECE

**GASTRONOMIC VARIETY AT THE PLAYCE**

The Playce, a new hotspot located in the heart of Berlin, which was created by Brookfield Properties and ECE on the site of the former Potsdamer Platz Arkaden, demonstrates the fusion of entertainment and retail into a trendsetting mix of innovative, unique stores with international entertainment players and gastronomic urban diversity. In addition to Manifesto, Europe's largest food hub, featuring 22 restaurants and four bars spread over 4,400 sq m on two floors, The Alchemist, a British-born bar known for its extravagant cocktail creations, opened its first location in Germany at The Playce in spring 2023. Regional heroes have joined tourist favorite Caffè e Gelato, a tenant of Potsdamer Platz Arkaden from the very beginning. Special highlights include the Berlin-based company Brammibal's Donuts, founded in 2015, which created Europe's first vegan and climate-neutral donut and has been a successful tenant with a large following at Potsdamer Platz since 2019, and Burgermeister, which demonstrates the location's sales potential.



IMAGE: ECE

**EXPANDED AND MODERNIZED FOOD COURT AT OLYMPIA BRNO**

Due to the high interest of visitors for gastronomic offers – especially on weekends – the food court at the Czech ECE center Olympia Brno was enlarged and modernized this year. In addition to the expansion of the seating area, the renovation included the complete replacement of floor surfaces and furniture and the installation of a new escalator and of a children's play area. A new, variable, energy-saving lighting concept also creates a unique atmosphere. The project was completed at the end of September.



IMAGE: ECE

**NEW GASTRO HOTSPOT AT ROSENGÅRDSENTRET ODENSE**

Rosengårdcentret in Odense, Denmark, has added a new upscale restaurant to its diverse Food Avenue, celebrating a major food festival in September. In doing so, the popular and successful shopping center has responded to the increased demand for quality and ambiance in the food service sector and has also met the general trend toward a healthier lifestyle. Thus, the new Gusto restaurant, equipped with indoor and outdoor seating areas, offers Mexican and Mediterranean dishes made using high-quality, healthy, fresh ingredients in a stylishly elegant atmosphere.



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# MUCH OPTIMISM FOR THE CURRENT YEAR

Frequency, length of stay, atmosphere – there are many reasons why gastronomic offerings are an essential part of retail. Olaf Hohmann, Head of Retail Gastronomy Research at the EHI Retail Institute, uses Germany as an example to show the development, trends, and potential of retail gastronomy.



Retailers in Germany have reached pre-Corona levels with their restaurant sales in 2022. This is one of the findings of the EHI white paper "Retail Gastronomy in Germany," which was produced in cooperation with GfK. For 2023, the surveyed retail caterers continue to expect a significant increase in sales.

significant extent by price developments. For example, increased spending on food and energy has also been reflected in the prices of retail gastronomy offerings and contributed to the increase in sales. In 2020, trade restaurant sales were down about 24.5 percent from pre-Corona 2019 due to the Covid 19 pandemic. In the following year, 2021, sales rebounded slightly, down 22.8 percent from 2019. In 2022, trade food service sales benefited from the end of the pandemic, reaching about 10 billion euros, the same level as in the pre-Corona year of 2019.

The participating retailers expect a positive development with an average increase of 9.2 percent, so in 2023, total sales in the retail gastronomy sector are expected to be around 11 billion euros. However, growth is driven to a

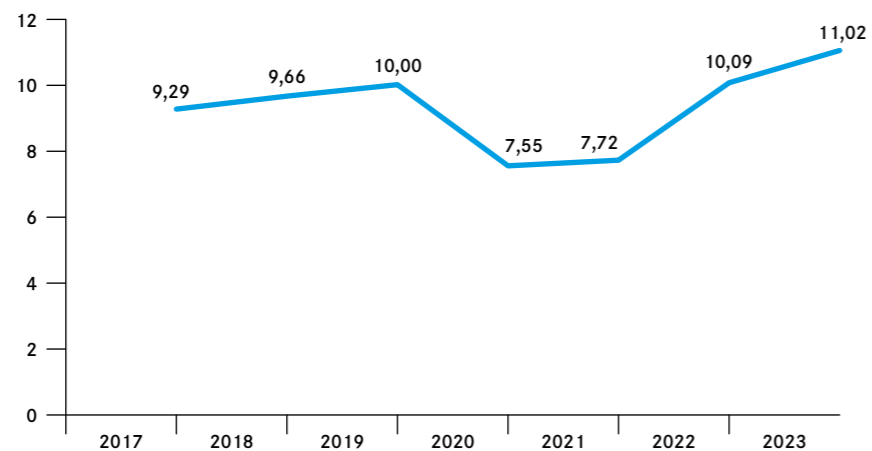
**DEFINITION RETAIL GASTRONOMY:**

Retail Gastronomy is the continuous offer of gastronomic services as well as beverages and ready-to-eat prepared meals that are directly or conceptually related to retail activities.



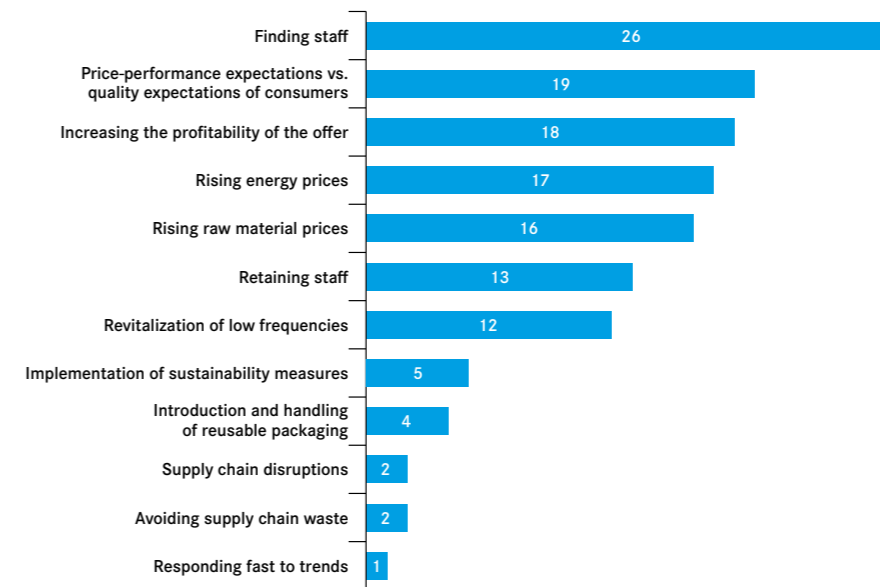
Olaf Hohmann is a member of the management board and Head of Retail Gastronomy Research at the EHI Retail Institute, Cologne, Germany.

**Sales development of the retail gastronomy sector from 2017 to 2022 and a forecast for 2023 (in billions of euros)**



The figures are based on EHI's internal data collection, expert estimates, and extrapolated data from surveyed retail companies for 2017 to 2022, as well as the forecast for 2023. Source: EHI

**The most significant current challenges in the area of retail gastronomy from the point of view of retailers (number of mentions)**



N=34 Retailing companies/16,204 stores; results based on the number of companies; multiple answers were possible (up to 5). Source: EHI

**Most promising trends in retail gastronomy in the next three years from the retailers' point of view (number of mentions)**



N=34 Retailing companies/16,204 stores; results based on the number of companies; multiple answers were possible (up to 5). \* Merging different culinary cultures and cooking styles; \*\* Use of fairly traded/produced products. Source: EHI

**ENSURING PROFITABILITY**

Despite all the optimism, the challenges for commercial gastronomy and their offerings have remained. Staff shortages and the increasing price orientation of consumers are key factors. In conjunction with rising raw material and energy prices, the aim is to secure the profitability of the offering.

In this context, process automation is cited as one of the most promising trends for the next three years. Digitization and the use of robotics and AI can help reduce the workload of employees and help meet customers' needs and expectations. Retailers also see future potential in the food sector in plant-based and overall healthy nutrition, regional cuisine, including the processing of local and/or fair-trade products, or in the dishes of Korean and Levantine cuisine.





**PURCHASING POWER INCREASES WITH AGE**

Well over half of spending in the retail gastronomy sector is made by customers over the age of 45 – and this trend is increasing. On the other hand, spending by younger age groups is declining, contrary to general market trends in retail gastronomy. For long-term and sustainable growth, an attractive, possibly new range of products should be created for younger target groups without neglecting the older target groups and the "classics of retail gastronomy," i.e., the best-selling dishes such as sandwiches, meatloaf, home-style cooking, or pizza and pasta.

On average, customers in the retail gastronomy sector spend 5.43 euros per purchase (a 2022 to March 2023). This means that the average receipt of 4.90 euros has risen by 10.8 percent compared with the same period of the previous year. The group with the most significant purchasing power is the 55+ age group, which spends an average of 5.70 euros on its meals or snacks. Breakfast, lunch, and snacks between meals dominate the distribution of consumer spending by time of day. Customers spend the most on meals in the morning and at lunchtime. Spending on snacks in the morning and afternoon is also high, with a share of almost 30 percent.

**REUSABLE AND DISPOSABLE PACKAGING**

Since January 1, 2023, the reusable offer obligation for takeaway food and beverages has been in force. It obliges restaurants, cafés, and grocery stores, among others, to offer packaged food and drinks in reusable packaging. However, despite the reusable offer, the use of disposable packaging dominates. In commercial gastronomy, reusable packaging is used in seven out of 100 cases when serving food and beverages. Why this is the case can only be surmised so far. Several suppliers on the market offer different reusable packaging and dispensing concepts.

However, the containers can only be returned to specific locations or exclusively to the providers' cooperation partners. There are numerous situations in which it is much easier for consumers to use disposable packaging, or handling reusable packaging proves too cumbersome. A uniform nationwide system with many drop-off points without a registration process, customer account, app downloads, or the provision of personal data would presumably make many things easier, faster, and more convenient from the customer's point of view.

**Formats and types of businesses in retail gastronomy**

| Pre-checkout area     | Fast-Food-Service        | Convenience/ Ready-to-eat           | Free-Flow                              | Service          |
|-----------------------|--------------------------|-------------------------------------|--|------------------|
| Bakery                | Quick service            | Convenience products on the shelves | Restaurant                             | Restaurant       |
| Café                  | Snacking                 | DIY food                            | Front cooking                          | Deli             |
| Snack stand           | Hot-food counter         | Salad bar                           | Food court /food-hub (shopping center) | Bar              |
| Consumption area only | Food truck (parking lot) |                                     |  | Café             |
|                       | Take-away                |                                     |  | Delivery service |

**EHI WHITE PAPER  
RETAIL GASTRONOMY IN GERMANY 2023**

The white paper compiles all essential data on market activity from the perspective of retailers and consumers. For this purpose, EHI surveyed 34 retailers. GfK, as a cooperation partner, contributed current consumer data from the Out-of-Home (OOH) panel.



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# LE BIG TAMTAM IN HAMBURG: A COLORFUL GASTRONOMIC EXPERIENCE IN A CLASS OF ITS OWN

“Le big TamTam” is an extraordinary project in the heart of Hamburg’s city center that combines culinary diversity, entertainment, and modern shopping – all within a heritage-protected building. A colorful food market, complete with an event stage and central bar, is being developed on an area of 2,000 sq m in the basement level of Hamburg’s Hanseviertel district. Extensive remodeling work has been underway since last year. The team at umdasch The Store Makers is responsible for general contracting work and furniture construction for this flagship project.



Under the name “Le big TamTam”, a creative food market is built in Hamburg with an event stage covering an area of 2,000 sq m.

IMAGE: CBRE/HANSEVIERTEL



Culinary life is finally set to return to the Hanseviertel after 17 long years. The conversion work for the spectacular project is in full swing in the former Mövenpick space in the basement. The design concept of the envisioned food court is characterized by a number of striking contrasts. Historic tiles contrast with colorful furnishings, and maritime and Hanseatic

elements intertwine with modern, creative design. As part of a collaborative effort, CBRE Investment Management Germany, the owner’s representative for the Hanseviertel, design studio Aisslinger and the tellerrand consulting team, which created the concept for Le big TamTam, have molded the contrasts into a well-rounded design. umdasch The Store Makers then transformed that design into a technically sophisticated interior space. The resulting successful fusion of tradition and modernity preserves the charm of the Hanseviertel while simultaneously introducing new, contemporary accents.

## REGIONALITY AND TRADITION REINTERPRETED

Regional and traditional elements were used to a certain extent in order to preserve the old charm of the dignified shopping arcade. Large quantities of red-grained argillite tiles, reminiscent of the Hanseatic clinker bricks used in traditional Hamburg brick buildings, were laid. They are the perfect complement to the tiles used in the stores on the first floor of the Hanseviertel. The numerous maritime elements integrated into the redesigned food market provide yet another link to the port city of Hamburg: For example, Hamburg’s smallest bar, which is in the shape of a lighthouse and forms

the centerpiece of the space, provides exclusive seating for just two people. The lighthouse is made of green plant rings that can be seen from every direction and from all entrances. Like a real lighthouse, not only is it visible from afar, but it also serves as a point of attraction for all visitors. Another reference to seafaring can be found in the generous use of brass elements.

## MATERIAL SELECTION WITH STORE MAKERS’ SIGNATURE TOUCH

The project is a highly complex one, particularly in terms of colors and materials. Approximately 170 different types of materials, from tiles to stone to fabrics, had to be coordinated with each other. All of the materials were carefully selected, as Christian Schäfers, Project Engineer at umdasch, explains: “It was not easy to find materials or companies that fulfilled the special requirements of the design concept. For example, the metallic surface of the bar was not to be painted, but it still had to have a copper look similar to that found in breweries. In order to

mimic that look, we had to find subcontractors capable of handling such a task.”

## LOGISTICS MANAGEMENT USED AS A LITMUS TEST

The implementation of a project as complex as Le big TamTam posed a number of challenges for umdasch The Store Makers and the project partners. Executing the refurbishment in the heart of Hamburg’s city center proved to be uniquely challenging in terms of logistics. Deliveries could only be made via vehicles totaling a certain weight and only during certain periods of time. In addition, the historically preserved passage remained in operation throughout the entire refurbishment process.

However, according to Christian Schäfers, Hamburg’s smallest bar presented the greatest challenge: “We had to transport two tons of material from the sales floor to the basement, and we needed heavy-duty equipment, winches, and rollers to do so. Of course, we also had to take structural engineering into account – a logistical tour de force.”



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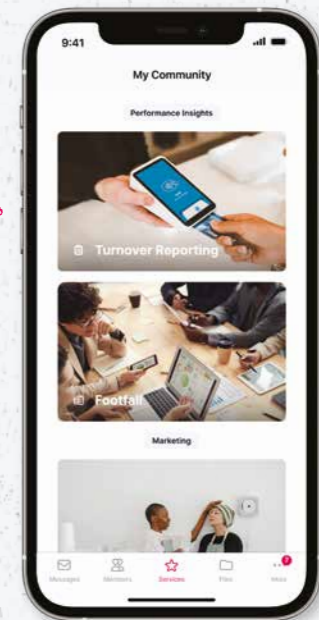
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Left: The historic argillite tiles were laid in a circle, creating a beautiful grouting pattern.



Middle The black, acoustics-oriented flocking on the ceiling creates a structure characterized by sound-absorbing properties.

IMAGES: CBRE



Right: Precision work was required in the tile work to ensure that the appearance of the food court was in line with the rest of the building.



Six food stands offering a wide range of culinary delights are arranged around the bar, which is jointly operated by all the restaurateurs. According to Christian Schäfers, the execution of the food stands is very demanding, as each element is a custom-made product and has to be individually adapted: “The project has absolutely nothing to do with traditional store construction – the construction is completely unique.”

**ACOUSTICS, TILES, AND DOORS: GENERAL CONTRACTING AT ITS BEST**

As the general contractor, umdasch is responsible for various aspects of the project, the three most important of which are ceiling and wall cladding, tiling work, and door installation. In order to reduce the noise level in the highly frequented gastronomy to a minimum, acoustically effective wall panels made of felt have been installed in the kiosk and stage areas, and sound-absorbing flocking has been installed on the ceiling.

Tiling work, which makes up a significant part of the project, is another service component provided by umdasch’s experienced GC professionals. The tiles have to conform to both the historic tile look and the modern design concept. “The red-grained argillite tiles, which look similar to the typical Hanseatic clinker bricks, were very difficult to procure because only remnants were available. Since the red clay tiles ran throughout the entire shopping center, they had to run through the food market as well,” says umdasch Project Engineer Christian Schäfers. The tiles were laid in the form of a circle, which required special precision in order to maintain the grouting pattern. Tiles featuring bright, upbeat colors were also

used in the food stands. The installation of more than 40 doors, including steel doors, fire doors, and automatic doors, is another area of work being carried out by umdasch The Store Makers. The doors have to be adapted to the historical building and must correspond to the specific appearance of the existing doors in the building. The flush installation of the doors requires the highest level of craftsmanship to maintain their appearance and ensure their stability.

**BALANCING HISTORIC PRESERVATION AND DESIGN FIDELITY**

Since Hamburg’s Traditionspassage is a heritage-protected building, there are a number of things that must be taken into account. As a result, The Store Makers must ensure that certain requirements are met in order to preserve the historic appearance of the building. For example, in order to blend in with the building fabric of the Hanseviertel, the tiles and grouting had to be laid in accordance with the historic tiling pattern. Structural implementation also had to satisfy the requirements of historic preservation. With respect to the escape routes, for example, modern technical requirements for escape route widths had to be met while simultaneously preserving the site's heritage. Structural engineering prevented door dimensions from simply being enlarged, which posed a challenge in terms of planning and implementation. Guests from Hamburg and all over the world have reason to eagerly anticipate the opening of this gastronomic extravaganza. Its name says it all: It promises to be a sensational food market in a class of its own – in other words, a big TamTam.

# 5 QUESTIONS FOR CHRISTIAN SCHÄFERS, PROJECT ENGINEER AT UMDASCH THE STORE MAKERS

**LE BIG TAMTAM IS A MODERN, COLORFUL AND CREATIVE FOOD MARKET HOUSED INSIDE A HERITAGE-PROTECTED BUILDING THAT IS STEEPED IN TRADITION: WHAT IS THE KEY TO ENSURING A HARMONIOUS OVERALL CONCEPT?**

Le big TamTam experiments with exciting contrasts, which is precisely what makes the food market so appealing. It’s a place where historical ambiance meets bright colors and Hanseatic flair meets international culinary delicacies. Design studio Aisslinger and tellerrand consulting developed a design concept that harmoniously combines such contrasts. We have transformed that concept into high-quality fixtures and fittings – the result is a stylish, contrasting mix of tradition and modernity.

**LE BIG TAMTAM IS HANSEATIC IN CHARACTER: WHAT EFFECT DOES THAT HAVE ON THE OVERALL CONCEPT?**

The food market features some regional design elements. Red tiles, modeled after the bricks of Hamburg’s clinker brick buildings, adorn the food market in large numbers. The concept also incorporates a number of maritime touches: For instance, Hamburg’s smallest bar, which is located in the center of the food court, is shaped like a lighthouse, creating yet another reference to the port city. Numerous brass elements also allude to a seafaring theme. As a result, the Hanseviertel has remained true to its roots. On the other hand, the cosmopolitanism of the Hanseatic city is reflected in the bold and innovative concept as well as in the culinary delicacies, which feature influences from all over the world.

**WHEN IT COMES TO PROJECTS THAT ARE REGIONALLY DRIVEN AND LARGELY IMPLEMENTED BY REGIONALLY BASED PARTNERS, WHAT COMPETENCIES ARE OF PARTICULAR IMPORTANCE?**

One thing all of the project participants have in common is the courage to venture away from conventional paths and create an innovative concept for a food market that is in a class of its own. It is a collaboration driven by fresh ideas, out-of-the-box thinking, and the pursuit of the extraordinary. The vision behind this project might someday be regarded as a milestone in the gastronomy industry. Such success can only be achieved through well-coordinated project teams, competent experts, and good communication.

**IN TERMS OF PROJECT EXECUTION, WHAT WERE SOME OF THE BIGGEST CHALLENGES?**

As a result of the detailed design, the furnishings and fittings had to be correspondingly refined and precise. Determining and finding the appropriate materials to achieve the desired end result was a major challenge. The highlights for us, and the areas in which we had to



IMAGE: UMDASCH THE STORE MAKERS

put in the most effort and overcome the greatest challenges, were the bar, which was located in the center, and the food stalls. None of the components are off-the-shelf; everything is custom-made. The fact that scarcely anything is straight in the building complicated matters, as the rotunda dictates the shape of the food court. Everything is geometric in shape, but never rectangular or square – mostly round or curved. Finding suitable subcontractors who were capable of doing what was required also proved difficult due to the high level of engineering involved. Other challenges included working while the department store was still in operation as well as all of the logistical issues associated with working in the heart of Hamburg’s city center. Last but not least, clear specifications laid out by the historic preservation authority had to be adhered to, both in terms of visual appearance and structural measures.

**FINALLY: WHAT WAS THE BIGGEST LESSON LEARNED FROM THE PROJECT, AND WHAT ARE YOU PARTICULARLY PROUD OF WITH RESPECT TO THE PROJECT?**

In terms of logistics management, in particular, our team was able to take away quite a lot. I am so proud of the fact that we were permitted to and capable of executing a project as complex as this one. Tackling an element as sophisticated and challenging as the bar is not an everyday occurrence. Despite my many years of experience, this unusual project also allowed me to gain valuable experience in the selection of materials. All in all, as a team, we have a lot to be proud of – whether it’s furniture construction or general contracting.





# F&B IS AN ESSENTIAL PART OF THE OVERALL GUEST EXPERIENCE

Customers are seeking a better-quality and more varied offering, expecting to see both international and local options, argues Joan Rouras, Head of Leasing and Retail at NEINVER. For a long time, a neglected topic, F&B in outlets, is taking on a whole new role. NEINVER has taken many steps to offer its guests innovative F&B in addition to a high-quality retail offering.



**ACROSS: F&B HAS LONG BEEN A NEGLECTED ASPECT AT OUTLET CENTERS. HOW WOULD YOU DESCRIBE THE CURRENT ROLE OF F&B IN YOUR OUTLETS?**

**JOAN ROURAS:** Food is undoubtedly one of the main trends to watch in the outlet industry today, and it plays a crucial role in our growth strategy, so much so that we have a specific F&B position in our leasing team. We began to see a shift 15 years ago, as the rise in online shopping pushed landlords and operators to look into new ways of attracting visitors. More recently, the pandemic brought an increased appetite for enjoying quality time and sharing it with others, where the F&B sector has a vital role to play. In the past years, demand for F&B space increased in our centers with F&B sales climbing approximately 5% more than traditional retail sales. Consumers can find bargains online and in-store, so if we want to draw them into our centers, we have to make it worth their while, and part of that means having the right F&B offering. The competitive advantage of our centers is the combination of price, top brands, and the overall experience. If we create an environment that goes beyond shopping and gives visitors time to relax and enjoy a meal, this tends to have a positive effect on dwell time. By doing this, we not only give our retailers ex-

tra time to sell, but we also have a beneficial impact on customer loyalty and repeat visits.

**ACROSS: WHAT IS YOUR PORTFOLIO'S F&B SHARE, AND HOW DID IT CHANGE OVER THE LAST DECADE?**

**ROURAS:** The F&B share varies across our portfolio depending on a range of aspects such as location, catchment, and any regulations that limit F&B GLA. Standout examples include two of our key destinations in Madrid, which combine an outlet center and a retail & leisure park. Nassica and Alegra retail & leisure parks were strategically developed next to our Getafe and San Sebastian de los Reyes outlet centers to create a comprehensive shopping destination, where the share of both retail and food are very similar in terms of space and sales. Alegra reached 100% occupancy this year, demonstrating the center's resounding appeal for retailers and shoppers.

We have been working to allocate more space to food across our portfolio, and we believe that we can double our offering based on current demand. In fact, we have increased the F&B share from below 5% to 10% or over, depending on the strategy for each asset. For instance, in Viladecans The Style Outlets in Barcelona – an open-air center that benefits from tourism,



IMAGES: NEINVER



Left: Shopping combined with relaxation and F&B at Viladecans The Style Outlets

Right: Food Court at Factory Kraków.

ay visitors from across the affluent catchment and nearby offices – the share has risen from 5% to 18%. Coruña The Style Outlets, located in Galicia, will reach 10% by the end of this year, up from around 3% at the beginning of 2023, in line with the center's growth strategy.

**ACROSS: CAN YOU DESCRIBE HOW YOU DESIGN F&B OFFERINGS USING EXAMPLES FROM YOUR PORTFOLIO?**

**ROURAS:** Curating spaces for F&B retailers differs from designing spaces for fashion or other traditional retail. It requires a different type of expertise and approach, and as such, we've also had to adapt to bring these spaces to life. Aspects such as creating space for terracing, ensuring a welcoming ambiance that offers maximum comfort or giving the right visibility to spaces are vital to delivering a unique experience. However, there is no one-size-fits-all approach. Every center needs something different. For instance, Viladecans The Style Outlets is the perfect example of how F&B can be a successful anchor when applying the right strategy. The center's dining offer has grown and today features 15 food options strategically distributed, including a square with a range of restaurants and terraces which is currently being restyled to offer a fully-rounded experience.

Another example is the food court at FACTORY Krakow, Poland, a highly effective format that increases the offer by creating a shared seating area. We also include Food trucks and pop-up food options to offer something different and a more dynamic proposal. At Nassica and Getafe The Style Outlets, for example, the food trucks have increased the food offer by 20%, giving customers much more to choose from.

What is clear to us is that each center has different needs, which means we have to create and execute various projects that must be adapted to the needs of the customer, and the closer we are to them, the better the result will be.

**ACROSS: HOW DO YOU FIND THE RIGHT OFFER FOR THE RESPECTIVE LOCATION? HOW DO THE F&B OFFERS DIFFER DEPENDING ON THE LOCATION? WHAT ROLE DOES THE GROWING TREND TOWARDS REGIONALITY PLAY IN PARTICULAR?**

**ROURAS:** The offer is tailored to each center depending on its location, catchment, and visitor profile, among other factors. We actively track customers' needs and new trends to give them exactly what they are looking for and a standout offering. For example, Vicolungo The Style Outlets, located in Italy near Milan, fea-



Joan Rouras, Head of Leasing and Retail at NEINVER





Nassica Retail and Leisure Park



F&B offers at San Sebastián de los Reyes The Style Outlets.



tures ANTONINO, il Banco di Cannavacciuolo, a gourmet space created by a renowned Michelin-starred chef where visitors can enjoy a selection of delicacies to eat in or take away. The trend is not just about quantity; customers seek a better-quality and more varied offering and they expect to see both international and local options. This is especially true for tourists keen to sample local flavors besides international options on offer. In this regard, we have set the “80-20” rule, meaning 80% restaurant chains and 20% local offer. As for variety, we aim to strike the right balance in each center and country, finding the right mix of fast food and fast casual options, dining experiences, cafés & bars, and confectionery. Some examples of regional names at our centers include Green Vita in our Barcelona outlet, Chatter Café in our centers in Madrid, Dutch Cookies in Amsterdam The Style Outlets, Kuchnia Marche in FACTORY Ursus, and Emozioni d'Italia in Vicolungo The Style Outlets.

**ACROSS: WHAT CONCEPTS OR F&B TRENDS ARE YOU PARTICULARLY LOOKING FOR? WHAT ARE THE CONSUMERS ASKING FOR?**

**ROURAS:** I would highlight three key elements in terms of trends. The first of these is sustainability. Consumers are increasingly aware of the environmental impact of food. They want to see more and more seasonal products and local ingredients on offer, a reduction in food waste, and more recyclable or biodegradable packag-

ing – secondly, digitalization. Consumers have never been so tech-savvy, and restaurants must be able to offer an efficient and seamless digital experience. And finally, innovation. Consumers seek innovative and unique dining experiences: fusion food, avant-garde culinary techniques, and seasonal menus.

**ACROSS: NOW THAT F&B HAS DEVELOPED SO WELL, HOW IMPORTANT ARE ENTERTAINMENT CONCEPTS FOR OUTLET CENTERS, AND HOW WILL THEY DEVELOP?**

**ROURAS:** We have to give our customers as many reasons to visit our centers as possible – and that means providing them with a place where they can enjoy everything from food and fashion to leisure and entertainment, all under the same roof. A shopping day out at our outlets already offers entertainment. Still, we are also looking carefully into the influence of new forms of leisure and entertainment and bringing in fresh concepts. The great challenge lies in the fact that leisure is constantly changing, which demands a dynamic approach to be able to respond to customers evolving preferences. An example is our “Jungle Night,” an award-winning initiative celebrated twice a year across all our centers, combining discounts, extended opening hours, concerts, and other featured attractions. The aim is to enhance the shopping experience and add even more value to consumers and brands.



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# VENDING IN RETAIL ENVIRONMENTS – EXCITING CONCEPTS FOR A NEW CONSUMER EXPERIENCE

Vending machines with candy bars and soda have sweetened many train journeys and waiting times. However, the vending machine business has evolved innovatively and produced concepts offering customers new, round-the-clock shopping and enjoyment experiences. Aris Kaschafi, Managing Director and Legal Counsel at BDV (German Vending Association) explains the opportunities and added value this creates for the retail catering industry.

BY ARIS KASCHEFI



FoodButler24: a digital fridge for catering and gastronomy concepts



The wide variety of beverage and food vending machines, new micro markets, and smart fridges ensure convenience and easy availability. They enrich supply concepts in work environments and offer innovative solutions for direct marketers in rural areas. But vending can also complement classic concepts in retail catering with new approaches that focus on regionality, freshness, and variety.

Let's take a step back to the so-called "mega-trends". Food should be healthy, fresh, and varied; inspiration from other cultures is welcome; enjoyment and taste are becoming increasingly important. And in the overall assessment of the offerings, the focus is increasingly on sustainability.

The German government's 2021 food report makes this clear: for 91 percent food must be healthy – less sugar, less fat, and fewer additives. Regionality and animal welfare are also important to consumers, while meat consumption is declining. Experts see a very clear trend: climate-friendly and sustainable nutrition is the central development of the next few years. Flexitarianism, the plant-based diet, has arrived in the middle of society.

In addition, experts are observing a trend toward "snackification": mini meals such as fresh salads, takeaway soups, or Hawaiian poke bowls are gaining in popularity. But gastronomic offerings such as burgers, summer rolls, or ramen noodles represent the new snackification era. In particular, young consumers want fresh, local, and trendy meals. For the catering trade in the retail environment, this presents an opportunity to significantly increase competitiveness and attractiveness through an "upgrade" of the product range. Thanks to vending systems with modern technical features, vending can now meet these demands.

## MEANING FOR THE RETAIL ENVIRONMENT

In addition to consumer-driven trends, changes in the restaurant industry are also relevant factors for the further development of concepts. In the catering industry, the shortage of skilled personnel is increasingly becoming a problem. This development, combined with a shift in the corporate catering sector, for example, where more people are working from home and increasingly flexible working hours mean that canteen concepts have to be rethought, are drivers for more innovation in our industry, from which other segments, such as retail catering, ultimately benefit.

The Covid-19 pandemic also accelerated the development and deployment of new concepts: Take-away and vending machine solutions have been able to meet changing food service rhythms and staffing shortages. EVA's 2022 market study shows that food sales to vending machines increased by 21.3% last year. At the same time, confidence in the quality and reliability of automated food services has increased, and guests appreciate the increased flexibility. Vending machines can replace missing staff.

## INNOVATION PAVES

For use in retail catering, however, vending should not only be seen as a "problem solver." Instead, vending solutions also offer scope for creativity and variety. Products from regional manufacturers or highlight themes can be integrated into the portfolio. Examples are "Japanese vending machines" that exclusively offer Japanese snacks, ice cream vending machines with fine products from the manufacturer, or a vending machine specializing in Belgian beer specialties that celebrates brewing culture with a selected assortment. This change is also due to technical innovation. While the diversification of products was limited by the size of the output tray, today, much broader product ranges can be integrated thanks to automatic lift technology and conveyor belt solutions instead of spiral output. In particular, offering fresh meals and snacks has long been a challenge. Glass-fronted vending machines and smart fridges offer commercial restaurateurs the opportunity to serve customers fresh, individually developed dishes via vending machines.

Technological developments in payment are helping to make vending solutions even more flexible and self-sufficient. Multipayment systems offer, among other things, NFC-based contactless payment and app-based "grab-and-go" solutions to digitize the shopping experience at the vending machine. The portfolio can be viewed directly in the app, where it can be pre-ordered and paid for on the device with a QR code upon collection.

## WHAT DOES THIS MEAN FOR THE RETAIL CATERING INDUSTRY?

Analyzing the trends and opportunities presented above, it becomes clear that vending also holds a high potential for innovation in the retail catering industry. The industry, like many others, faces the challenge of conflicting goals. On the one hand, there is a shortage of skilled personnel and cost pressure; on the other hand, there are changes in customers' demands in terms of quality and range of products. The EHI study Retail Catering from 2022 shows that sustainability aspects, regionality, origin, qualities, and values are becoming increasingly important. Innovative offers are imperative, and the industry responds with new concepts and approaches.

Vending solutions can be a building block here to meet these requirements. Fresh, individually developed dishes can be integrated into any assortment via glass-front vending machines and smart fridges. In the process, vending machine products become higher quality, regional, and versatile. Like the coffee specialties sector, customers are willing to pay higher prices for these offerings. Automated offerings are by no means a kind of emergency supply. The closer the systems look like their store concepts and the more contemporary the offering, the more attractive they become. Branding and storytelling are playing an increasingly important role. Vending machines and smart fridges can be perfectly integrated into existing design concepts with the proper foils and enclosures. Good design underlines the value of the often regional dishes, whose origin tells a story. The operators in the vending sector are strong partners of the retail catering sector. Their experience and know-how provide full support for the development of the best and most attractive concept for the respective location.



Aris Kaschafi is Managing Director and Legal Counsel at BDV (German Vending Association).



# LEISURE AREAS IN SHOPPING MALLS: TRANSFORMING RETAIL SPACES INTO EXPERIENTIAL DESTINATIONS

Shopping Malls in the USA, Middle East, and Asia are not just places to shop but have emerged as epicenters of social interaction, thrill, and recreation. Europe is on the brink of embracing this trend, says Matthias Clostermann, Owner and General Manager at Clostermann Design. Therefore, malls across the continent are inching towards becoming entertainment hubs. But there is still a lot of hesitation.



IMAGE: CLOSTERMANN DESIGN LTD.

Mall operators can benefit from understanding that modern technology can be used to create impressive experiences in the smallest of spaces.



The challenge arises when European malls and investors start equating a mall's entertainment quotient with the adrenaline-pumping attractions of a theme park. While giants like Canada's Edmonton Mall have successfully incorporated full-blown theme parks with heart-stopping roller coasters, it's crucial to understand the vast differences in the operational dynamics and success criteria of malls and theme parks. The colossal scale of American and Asian malls may not be the best blueprint for Europe, at least for now. On the contrary, mall operators need to understand that modern technology can be used to create impressive experiences in the smallest of spaces.

## THE "BOX" APPROACH

A typical approach among malls when establishing entertainment is to simply provide spaces or "boxes" for various activities – cinemas, night-clubs, e-sports arenas, and social gaming zones. These are repeatable, very generic activities that require very little to no management from the mall. But herein lies the catch. While these attractions do bring a specific value, they lack uniqueness. A cinema in a mall will likely showcase the same set of films as its counterpart a few miles away. Similarly, gaming arenas might cater to a niche audience, leaving a vast segment of potential visitors untouched.

So, the question arises: What does the future of location-based entertainment in European malls look like? How can they carve out a distinct identity while ensuring a broad appeal?

## THE EVOLUTION OF MALL MANAGEMENT

While the historic mall management strategy of providing spaces, or 'boxes,' aligns seamlessly with the primary objective of facilitating retail, it falters when the goal is to transform a mall into an experiential destination. The challenge? Recognizing that entertainment isn't just an added perk in the modern retail landscape – it's often the main draw.

Let's investigate the reality: most malls offer a strikingly similar retail mix. With homogeneity being the norm, the pressing question for mall management becomes: "What makes our establishment special?" The difference often lies not in the stores but in the experiences. The ambiance, the attractions, and the unique offerings can turn a mall visit from a mundane shopping trip to an exciting outing. And this shift is becoming increasingly vital in drawing footfall.

Taking control of the experience: For malls aiming to become destinations, entrusting entertainment solely to third-party vendors, viewing it as another lease agreement, is a missed opportunity. Instead, proactive involvement by mall management in curating and overseeing entertainment ensures the offerings are not only high-quality but also exclusive to that mall. Such signature attractions can position a mall as a local favorite and tourist hotspot, attracting visitors far beyond the traditional shopper catchment area.

In Search of uniqueness: To truly set a mall apart, its entertainment offerings must be unparalleled—experiences that cannot be replicated or found in neighboring establishments. The goal should be to craft moments that can be cherished, remembered, and associated solely with that particular venue. This exclusivity will transform malls from mere shopping destinations to landmarks of leisure and entertainment.

## INNER-CITY ATTRACTIONS: THE TRANSFORMATION OF RETAIL MALLS

Having made a significant mark in theme park and museum design, Clostermann Design's shift over the past 14 years to "inner-city attractions" has been innovative and insightful. These attractions stand apart from conventional play arcades or cinemas as experiential journeys rooted in compelling narratives. Central to Clostermann's philosophy is the intertwining of unique identity, atmospheric immersion, and local relevance. Unlike generic experiences, their creations delve deep into local culture and history. This approach elevates the visitor's engagement and fosters a profound connection, turning fleeting visits into lasting memories.

There's an evident hunger for experiential learning in today's evolving entertainment landscape. Clostermann Design addresses this by seamlessly blending entertainment with educational elements, ensuring that visitors don't just passively consume but actively engage and learn. Given these facets, it becomes clear that "inner-city attractions" emerge as potent tools in transforming traditional retail malls when fused with a holistic entertainment and atmospheric concept. They don't just supplement the retail experience; they redefine it, turning malls from mere shopping venues into vibrant destinations.

## COMPACT YET CAPTIVATING: THE UNIQUE APPEAL OF INNER-CITY ATTRACTIONS

Space constraints versus immersive experiences: Theme parks, with their sprawling landscapes, are in stark contrast to inner-city attractions, which often operate within confined spaces. In such urban setups, every square meter counts, making design efficiency paramount. The challenge isn't just to fit into limited spaces but to create expansive experiences within them.

Quality over quantity: If theme parks are akin to lavish all-you-can-eat buffets, offering a bit of everything, inner-city attractions can be likened to gourmet dishes – specialized, distinct, and carefully crafted. They don't present many attractions but focus on delivering one outstanding experience. This unique appeal must justify the ticket price, demanding a laser-sharp focus on the attraction's distinctiveness and quality.

Rigorous design and high returns: The compact nature of inner-city attractions necessitates heightened creativity and meticulous design. Every element must contribute to the overall experience. What is the reward for this rigorous approach? A favorable balance of investment to profit. Unlike the heavy infrastructural costs of theme parks, inner-city attractions often achieve better return-on-investment ratios. Case in point: "Time Travel Vienna." Built on a modest budget of in 2011, it attracts up to 300,000 visitors annually and boasts dedicated fan clubs, highlighting the potential of well-executed compact attractions.





# INNER-CITY ATTRACTIONS: MAXIMIZING IMPACT IN MINIMAL SPACES

## HISTORIUM BRUGGE

**Local touch:** At the Historium Brugge, the past unfolds before visitors in an immersive narrative set in 1492. As they traverse through eight meticulously crafted rooms, they journey into replicas of Brugge's medieval world, reliving the city's bygone era. To complement the historical immersion, a section is dedicated to changing exhibitions featuring a VR experience. Culminating this unique offering is a quintessential Belgian touch – a beer bar seamlessly integrating an authentic Belgian ambiance.



IMAGES: CLOSTERMANN DESIGN LTD.

## TIME TRAVEL VIENNA

**Relevance and appeal:** Established in 2011, Time Travel Vienna has seen a steadily increasing influx of visitors, touching nearly 300,000 annually. Beyond just another tourist stop, this attraction delves deep into 2,000 years of Vienna's history with an engaging blend of emotion and humor. Its ability to draw 35% of its audience from local repeat visitors underscores its resonance with local narratives and the power of well-crafted storytelling.



## DE KONINCK BREWERY, ANTWERP

**Transformation & synergy:** What began as a modest brewery tour in Antwerp evolved into one of Belgium's paramount tourist hotspots, revitalizing an entire neighborhood. Centered on an immersive brewery tour, De Koninck complements its primary attraction with artisanal stores such as chocolatiers, butchers, and cheese specialists. While the brewery draws in visitors, the curated retail offerings ensure they linger, creating a harmonious blend of attraction and commerce.



## SISI'S AMAZING JOURNEY VR, VIENNA

**Compact innovation:** Sisi's Amazing Journey shows how cutting-edge technology can craft expansive experiences within limited spaces. Occupying less than 150 sq m, this former underwear store in Vienna now provides a VR Dark Ride that rivets visitors with tales of Vienna's iconic empress. As retail spaces evolve, harnessing technologies like VR can offer a captivating blend of education, entertainment, and efficient space utilization.



## HARNESSING THE POWER OF NARRATIVES

Drawing inspiration from the success of Sisi's Amazing Journey, several ingenious concepts emerge, especially when considering the integration of such attractions within a mall setting. These experiences don't just serve as captivating diversions but can play an instrumental role in shaping a mall's identity and appeal.

**Value proposition:** Introducing entertainment of this caliber is more than just adding another amenity to the mall. It acts as a strategic marketing tool, potentially transforming the entire brand image of the mall. By offering a unique experience like Sisi's Amazing Journey, malls can begin to transition from mere shopping hubs to holistic destinations. Notably, while these attractions amplify the mall's brand equity, they also offer a tangible return on investment, ensuring brand enhancement and financial viability.

**Story-driven experiences:** A recurring theme in all of Clostermann Design's inner-city attractions is the central role of storytelling. While technological innovations and special effects amplify the experience, the narrative captures the visitor's imagination. It's not the ride or the VR tech that lingers in the mind but the tale it unfolds.

**Timelessness of narratives:** Stories have an inherent longevity. They are not bound by time,



IMAGE: CLOSTERMANN DESIGN LTD.

*For a mall aiming to reinvent itself as an entertainment destination, anchoring its offerings in timeless tales is a smart and sustainable strategy.*

technology, or trends. As they evolve, they weave themselves into the fabric of culture, becoming enduring symbols and landmarks. For a mall aiming to reinvent itself as an entertainment destination, anchoring its offerings in timeless tales is a smart and sustainable strategy. Investing in a compelling story draws visitors initially and ensures continued engagement, making it a cornerstone of the transition to entertainment-centric spaces.



IMAGE: CLOSTERMANN DESIGN LTD.

### MATTHIAS CLOSTERMANN

Matthias Clostermann is the Owner and General Manager at Clostermann Design Ltd. Clostermann Design creates sophisticated narrative experiences. With nearly 30 years in the location-based entertainment sector, their impact spans theme parks, museums, casinos, and more across 43 countries. Leveraging a vast spectrum of skill and experience, the boutique creation firm delivers holistic concepts that ensure visitor satisfaction, attract audiences, and yield profits for investors and stakeholders. Offering more than just design, they provide comprehensive services from consultancy to turnkey installations, ensuring attractions are conceptualized and ready to operate. Their global reach and meticulous craftsmanship position them as luminaries in the industry.





# SITE EVALUATION WITH DATA ANALYSIS & AI: IT'S POTENTIAL SHOWN BY A CASE STUDY

Innovative AI-powered analysis methods can provide in-depth qualitative insights into existing lifestyles. In an in-depth interview and a comprehensive case study of a shopping center, Oliver Zügel and Steffen Konrath from the AI company evAI Intelligence GmbH show the potential of site evaluation using data analysis and artificial intelligence.



Placemaking aims to create or enhance public spaces that provide a contemporary and sustainable quality of life for people within a community. That includes actively adapting to societal changes and an increasing focus on meeting the needs in the design and use of public space.

lifestyles. The collected data, due to its density and sample size, is quantifiable and thus represents real, existing, and relevant communities. That provides orientation and serves as substantial decision-related support for upcoming realignments and repurposing of shopping centers.

The Placemaking industry has been confronted by societal changes driven by increasing digitalization, climate change, as well as political and economic instabilities, which are noticeably reflected in the altered purchasing behavior.

Before Oliver Zügel (evAI Board Member) and Steffen Konrath (evAI Founder/ CEO) present the case study of an existing shopping center, they explain the proprietary analysis methodology they have developed and how it is purposefully applied for forward-looking site evaluation.

Established retail business models that were once easily replicated across multiple locations no longer function. The diverse lifestyles, habits, and associated brand affinities of people are the new benchmarks and success factors for the future direction and individual character of each center.

**ACROSS: YOU HAVE DEVELOPED AN AI-BASED SYSTEM FOR LOCATION ANALYSIS AND EVALUATION. WHAT CAN THIS SYSTEM DO BETTER THAN TRADITIONAL LOCATION ANALYSIS?**

**STEFFEN KONRATH:** evAI is an AI-based solution provider in the Contextual Intelligence market. Using our proprietary analysis method based on Natural Language Processing, we extract, analyze and contextualize business-relevant information from text. Our customers come from the automotive, high-tech, brand, and retail industries, with an increasing focus on the placemaking industry. We analyze existing and future locations worldwide, evaluating their potential down to the postal code level. We have access to billions of data points related to communities and their lifestyles, assisting our customers in the leveraging of agglomeration advantages.

The necessary transformation and sustainable adaptation of shopping centers to the continuous changes in local purchasing behavior require significant investments. That also increases the requirements for risk assessment, which relies on substantial market information. Decades-old statistics and industry-specific metrics are gradually losing significance as they no longer realistically represent existing lifestyles alongside the continuous changes in purchasing behavior.

Innovative AI-supported analysis methods can provide in-depth qualitative insights into existing



Oliver Zügel is a Board Member at evAI and is responsible for the company's strategy and business development.



Steffen Konrath is the Founder and CEO of evAI.

**ACROSS: WHAT DATA DOES YOUR SYSTEM USE? WHAT HAPPENS TO THE DATA?**

**OLIVER ZÜGEL:** We understand semantics and provide context from unstructured data. Such data contains relevant information, positions, perspectives, discourses, etc. We can also analyze TV and radio content – even scenes and text within images are within our capabilities. All of that reflects human thinking and actions.

Most events that shape our future cannot be predicted, yet they do not come out of nowhere. They have recognizable histories and leave clues for us to interpret. Our analysis method operates with a SMALL DATA approach, where we assume that the continuity of the past is a very fragile assumption. The unforeseen ("Unknowns") is the norm and determines our tomorrow. To become more anti-fragile, it helps us to know the action space in which the future can happen, not necessarily will.

**ACROSS: TELL US A BIT ABOUT YOURSELF AND THE COMPANY'S BACKGROUND?**

**KONRATH:** evAI was founded in October 2019 in Bad Reichenhall, Germany, under its own funding and has been self-financed since its establishment. As a young European company, we are part of an AI ecosystem that promotes the development of artificial intelligence applications. You can find evAI in the INCEPTION program by NVIDIA as well as in the TECHBOOST Growth program by Deutsche Telekom. Our servers are located in a high-performance data center in Europe. Our team represents an interdisciplinary mix of expertise, bringing together academic research, technological competence, and market and domain expertise under one roof. Perhaps that is one reason why evAI has been repeatedly recognized as the "most promising AI startup."

**ZÜGEL:** I have worked in marketing, communication, and business development consulting internationally for over 30 years, with a focus on market research and business intelligence in recent times. As a board member of evAI Intelligence, I contribute my experience from the automotive, FMCG, hospitality, and retail industries to our analyses and projects for our clients.

**ACROSS: WHY IS YOUR SYSTEM PARTICULARLY INTERESTING FOR THE RETAIL REAL ESTATE SCENE RIGHT NOW?**



IMAGE: ONEBERG - STOCK.ADOBE.COM

**ZÜGEL:** The retail real estate industry traditionally relies on static historical data to assess the current location environment and make decisions for the future. That approach does not capture the societal changes and the complexity of people's lifestyles today. With our AI-supported analysis method, we demonstrate how brick-and-mortar businesses can benefit from affinity with the lifestyles in their location surroundings, increase foot traffic, and reduce marketing costs.

**ACROSS: WHO CAN USE THIS TOOL?**

**KONRATH:** Anyone who is willing to align their existing or future business model with the lifestyles of their customers, visitors, guests, etc., and who seeks a new and future-oriented perspective on their location in the field of placemaking.

**ACROSS: WHAT KEY INSIGHTS/ANSWERS CAN THE SYSTEM PROVIDE?**

**ZÜGEL:** Our methodology allows for a multitude of questions during the analysis process, with some questions arising as the project progresses and new insights emerge. Some questions







may not initially appear relevant to the location assessment. Regular and pressing questions from the industry include:

- Which relevant communities can be identified in the catchment area?
- What are the lifestyles (brand usage, affinities, areas of interest) of those communities?
- Which brands, services, etc., align with those lifestyles and the specific location?
- What is the optimal mix of offerings for the location to increase foot traffic?
- How can the catchment area be expanded with an attractive offering?
- How does a location differentiate itself from the competition for existing and potential communities?

Such questions form the basis for a comprehen-

sive analysis and help in making informed decisions regarding a location's potential and strategy.

**ACROSS: WHAT DOES SUCH ANALYSIS VIA YOUR SYSTEM COST?**

**KONRATH:** Our innovative analysis approach provides substantial added value in the form of high-quality insights and immediately actionable recommendations. Our pricing is in line with market standards, and we estimate the cost for an initial comprehensive location evaluation to be approximately 20% above traditional standard reports. In-depth and location-specific analyses are individually calculated and billed based on the scope of work required.

## THE CASE STUDY

For the evaluation of an existing location of a Munich shopping center, the proprietary AI-supported analysis methodology of evAI Intelligence GmbH was applied in a task-specific and industry-specific manner.

This case study exemplifies the extensive application spectrum of the innovative analysis method and highlights the difference from conventional location analyses. The insights and results presented do not claim to be exhaustive in covering all aspects of the location and its surroundings.

**THE METHODOLOGY – SEMANTIC ANALYSIS OF UNDERSTRUCTURED DATA AND ITS SIGNIFICANCE FOR INNOVATIVE LOCATION EVALUATION**

Using evAI's proprietary AI-supported methodology, evAI assists companies and investors in identifying substantial market potential early on, correctly categorizing disruptive market events, adjusting their business models in a market-appropriate manner, and minimizing (investment) risks.

evAI is an AI-based company and solution provider in the "Contextual Intelligence" market. With a specially developed method based on Natural

Language Processing, business-relevant information is extracted, analyzed, and contextualized from texts. evAI was founded in October 2019 and has since been repeatedly recognized as the most innovative startup in the field of AI-supported data analytics in the German-speaking region.

The core of evAI's proprietary method is the semantic analysis of unstructured data within the context of the respective market environment. Significance for the Placemaking Industry: The evAI method identifies relevant communities and their lifestyles, affiliated brand worlds, market participants, barriers, opportunities, risks, and disruptive forces. evAI "designs" future-oriented market models from the collected data and identifies existing and potential catchment areas. With the support of AI, existing but hidden market knowledge is analyzed in the context of specific questions and is incorporated into market models that significantly reduce decision and investment risks.

Questions & Answers: evAI finds questions you did not even know that you should ask and understands the potential space in which a possible future can occur. The questions are tailored for Small Data approaches – evAI specializes in Small Data.

The present case study for the evaluation of a location was implemented in May 2023. All available analog and digital data sources were evaluated based on specific questions from the center management and were cross-referenced with on-site location checks.

Established center formats that are replicated one-to-one across multiple locations no longer work today. For sustainable and successful project development and revitalization, having a detailed understanding of the different lifestyles in the vicinity of each location is essential. The foundation for an optimal industry, brand, and usage mix is, therefore, a substantial analysis of the communities, their lifestyles and customs, and the associated brand affinities.

The proprietary evAI analysis method, supported by AI, identifies relevant communities and their lifestyles, related brand worlds, market participants, barriers, and opportunities, as well as risks and disruptive forces. From the data collected, we design forward-looking market models and identify existing and potential catchment areas. With the assistance of AI, existing but hidden market knowledge is analyzed in the context of the questions at hand and is incorporated into market models that significantly minimize decision and investment risks.

Example questions that we answer during a site evaluation include:

- How is the site environment structured and integrated into existing and future traffic flows?
- What communities can be identified in the catchment area?
- What lifestyles (brand usage, affinities, areas of interest) characterize those communities?
- Which brands, services, etc., align with those lifestyles and the respective location?
- What is the optimal mix of offerings for the location to increase foot traffic?
- How can the catchment area be expanded with an attractive offering?
- How does a location differentiate itself from the competition for existing and potential communities?

To answer location-specific questions, we utilize billions of data points, including data from social media, allowing us to analyze complex life and brand worlds at the user level for any region.

Using our innovative analysis method, we assist businesses and investors in recognizing substantial market potential early, correctly contextualizing disruptive market events, and adjusting their business models in a market-appropriate manner while minimizing (investment) risk.



**MODULE 1 – ENVIRONMENTAL DESIGN**

Comprehensive examination and analysis of the immediate location surroundings: location, infrastructure, urban planning conditions, traffic, and traffic flows, entrances/exits to the location, residential population (public statistics including sociodemographic characteristics), access points to the location, visibility, and presence in the vicinity, etc.

Additional/optional: Analysis and evaluation of the "political landscape" in the vicinity of the location; assessment of political planning and influences in the vicinity; monitoring of urban planning measures; identification of influential stakeholders in the location's vicinity.

**MODULE 2 – COMMUNITIES**

Identification and analysis of communities and their lifestyles in the immediate location surroundings and potential catchment area. Based on that, affinity brand worlds are identified, and a "perfect brand match" is named for each respective location.

**MODULE 3 – COMPETITIVE LANDSCAPE**

Comprehensive examination of the sites of direct and indirect competitors in terms of "Environmental Design" and the targeted "Communities", with a focus on existing traffic flows and the respective offering portfolios compared to the identified lifestyles.







## CASE STUDY - CONDENSED VERSION

### INGOING SITUATION - BRIEFING & QUESTIONS

Within the framework of the case study, the application possibilities of the innovative evAI analysis method are to be implemented and presented as a new standard. In May 2023, an existing location was examined, with population density in the vicinity and the designated purchasing power being crucial criteria in the site selection.

The surveyed shopping center is designed and positioned as a hybrid neighborhood center with a high proportion of local supply and regional market participants. Attractive tenants for local supply and strong brands are intended to generate foot traffic from an extended catchment area beyond the studied neighborhood. Large companies in the vicinity contribute to additional foot traffic for gastronomy. The shopping center was opened before the pandemic, but a consistent market introduction and establishment was interrupted and substantially impacted by pandemic-related health measures. The lingering effects of the pandemic and changes in shopping behavior have affected the attractiveness and foot traffic of the shopping center.

### KEY LEARNINGS - CONCLUSION & ACTION AREAS

#### LOCATION: WHAT IS THE RIGHT CONCEPT FOR THE EXISTING LOCATION?

- To remain a neighborhood center with a "mixed-use concept"
- Diversified, smart, inclusive, and sustainability-oriented offerings tailored to the lifestyles and affinities of identified communities in the vicinity.
- Parking facility with integrated service offerings as a key asset of the center
- Optimization of visibility and individual traffic management systems within the catchment area

#### POSITIONING: WHAT IS THE OPTIMAL ORIENTATION FOR THE SHOPPING CENTER?

- The positioning as a "hybrid shopping center" is fundamentally confirmed by the examination.

- The foundation for future success lies in the consistent adaptation to the identified lifestyles of the relevant communities in the catchment area.
- Identified affinities to existing anchor tenants demonstrate synergies with other brands (perfect brand match) with which an attractive and suitable offering portfolio can be developed.

#### TARGET AUDIENCES: WHAT CUSTOMER SEGMENT IS THE MOST RELEVANT, AND HOW CAN IT BE REACHED MOST EFFECTIVELY?

- Identification of an anchor tenant that generates foot traffic and attractiveness in the catchment area and exhibits disproportionately high affinities to the identified lifestyles.
- Presentation of potential opportunities beyond the existing catchment area based on clearly recognizable affinity brand worlds from different sectors.
- Identification of suitable brands as potential tenants and "no" matches.

#### CATCHMENT AREA: HOW CAN THE CATCHMENT AREA BE EXPANDED, AND HOW CAN THE LOCATION BECOME MORE VISIBLE AND WELL-KNOWN?

- Tailored community map marking the potential catchment area based on identified communities.
- With supplementary mobility and traffic data, the visibility of the shopping center and traffic flows to the respective location can be customized and optimized.

**Conclusion:** With the evAI site analysis method and the insights gained from it, offer-oriented shopping centers are transformed into needs-oriented centers for communities.

For further information please contact us



# REDEFINING THE OUTLET SHOPPING EXPERIENCE



DISCOVER 11 PREMIUM FASHION OUTLETS IN EUROPE'S MOST EXCITING DESTINATIONS

AMSTERDAM PRAGUE    GOTHENBURG SEVILLE    LISBON WROCLAW    MALLORCA ZURICH    OSLO PORTO ZWEIBRÜCKEN





# “WHAT WE’RE BUILDING IS A NEW PART OF THE CITY”

The grand opening of Westfield Hamburg-Überseequartier in Hamburg, scheduled to take place in spring 2024, will mark the completion of Unibail-Rodamco Westfield’s (URW) largest inner-city development project. In an interview with ACROSS, Andreas Hohlmann, Managing Director Austria & Germany, talks about the role of retail and lifestyle destinations in modern society, the five trends that must be observed, and why size matters.



**ACROSS:** WESTFIELD HAMBURG-ÜBERSEE-QUARTIER IS SET TO OPEN ITS DOORS IN JUST UNDER SIX MONTHS’ TIME – FOUR YEARS AFTER THE GROUND-BREAKING CEREMONY IN MAY 2019. ALL EYES IN THE INDUSTRY ARE FOCUSING ON HAMBURG. ARE YOU BEGINNING TO GET NERVOUS?

**ANDREAS HOHLMANN:** Quite the opposite. Being nervous or spreading anxiety internally would send the wrong message. Plus, there is no reason to be nervous. We’re right on track.

**ACROSS:** THE CONSTRUCTION TIME WAS IMPACTED BY THE CORONAVIRUS PANDEMIC, WHICH CAUSED DELAYS IN DELIVERY, AND BY THE CURRENT ENERGY CRISIS. THE OPENING DATE HAS BEEN REPEATEDLY POSTPONED.

**HOHLMANN:** COVID-19 was by far the biggest obstacle. To mention just one example, at one point during the pandemic we had sufficient staff, but not enough speed regarding the blueprints. Our globally located planners were working from home and simply unable to continue creating blueprints because no personal computer was able to handle the sheer data volume. Those were obstacles that nobody could have foreseen. However, even if construction had proceeded more quickly, regarding leasing activities: Let’s not forget that the retail industry came to a complete standstill during the pandemic. Adding the volume of the project to the equation, we actually did pretty well, considering the circumstances.

**ACROSS:** CAN YOU GIVE US A BRIEF OUTLINE OF THE ÜBERSEEQUARTIER HISTORY?

**HOHLMANN:** The HafenCity Hamburg project, which today spans an area of several kilometers, was launched in the 1990s. It was born from the idea to move the port to the other side of the Elbe River and resulted in the construction of Europe’s largest inner-city development project (157 ha), just a few hundred meters from downtown Hamburg. A project of this kind required a number of lighthouse projects, one of which was Elbphilharmonie, another one Elbtower and, last but not least, Überseequartier in the heart of HafenCity. The quarter is buzzing with waterfront sceneries and pulsating urbanity, it provides living and working spaces and combines retail, gastronomy, and entertainment concepts. In addition we build on perfect local transport connections and several modern mobility services.

**ACROSS:** WHEN DID URW JOIN THE PROJECT TEAM?

**HOHLMANN:** The first contracts were awarded under the 2006 tender. Unfortunately, they were not successful. URW started investigating the project in 2012, and we joined and reshaped the project in 2014. At that time, everyone involved, especially HafenCity GmbH, understood that a project with an investment volume of nearly €1.6bn required a larger perspective. Reshaping the project enabled us to create a total retail, dining and leisure area of 100,000 square meters. Our efforts were facilitated by our track record as



Andreas Hohlmann is Managing Director Austria & Germany



IMAGES: URW/SAGUEZ&PARTNERS/MOKA-STUDIOS



At Westfield Hamburg-Überseequartier in Hamburg’s HafenCity retail, food & beverage as well as entertainment and culture will be finely balanced with 579 apartments, offices for 4,000 workplaces, three hotels with 819 rooms and a cruise terminal.

attractive partners for cities in terms of urban regeneration projects. Flagship destinations within vivid urban areas, often with clear mixed-use components, are our specialty. Westfield Centro in Oberhausen, Germany, and Westfield Shopping City Süd near Vienna, Austria, are impressive evidence of how, in this cases even with smaller, local catchment area, we can still design and build large destinations that attract people from far away.

**ACROSS:** YOUR AIM IS TO INVITE PEOPLE TO SPEND A DAY OR EVEN AN ENTIRE WEEKEND IN HAMBURG.

**HOHLMANN:** That’s correct. Similar concepts have proved successful, for example, at the Westfield Mall of the Netherlands and the Westfield Mall of Scandinavia. People often combine a shopping trip with visits to museums or musicals. For example: In the future, cruise ship tourists will arrive in Hamburg a few days before their cruise embarks in order to visit Hamburg and Westfield Hamburg-Überseequartier with its retail, dining and leisure offerings and to then comfortably board their ship right from their hotel at our quarter. That’s the concept of mixed-use retail destinations in a nutshell.

**ACROSS:** WHAT IS THE SHARE OF RETAIL AT WESTFIELD HAMBURG-ÜBERSEEQUARTIER?

**HOHLMANN:** What we’re building in Hamburg is a new part of the city, including a mixed-use quarter comprised of 14 buildings, among them

three residential buildings, one cruise terminal, and three hotels. Together with project development company Garbe Immobilien-Projekte, we are developing a senior community living concept. The above parts are fully leased and marketed. The offices leasing is running at full speed. For the entire quarter we talk about 419,000 sq m gross floor area. Around 100,000 sq m, that means roughly a quarter, comprise retail, food & beverage, and leisure.

**ACROSS:** WHAT CRITERIA DID YOU APPLY TO THE DESIGN AND LEASING OF THE RETAIL SPACES?

**HOHLMANN:** Five international megatrends are currently shaping the industry: premium gourmet supermarkets or market halls, differentiating food & beverage, and leisure in terms of entertainment and culture, fitness & wellness, and health & beauty. These trends are the same across the globe, keeping in line with them is a fundamental part of our work. The crucial task is to find the most suitable mix. For families, it means that the parents can go shopping or enjoy a high-quality meal while the kids are taken care of. At the end of the day, the family is reunited for a visit to the cinema. People who are focused on their health can have personalized schedules drawn up at the gym and can pop over to the supermarket to buy the healthy groceries on their lists. It is these combinations that add value to the retail industry, and implementing them is what makes us attractive to new concepts and new brands.







**ACROSS: HOW ARE THOSE CONCEPTS IMPLEMENTED AT WESTFIELD HAMBURG-ÜBERSEEUARTIER IN CONCRETE TERMS?**

**HOHLMANN:** Our anchor tenant in the area of groceries and daily supply is a 3,000 sq m sales area REWE supermarket with a high-quality offer, including an in-house butcher's shop and a bakery. Our aim is to provide truly exclusive offers, which is why we, together with our partner REWE, included a coffee-roasting house and a brewery in the supermarket. The second and third trends, food & beverage and leisure, together cover an area of 21,000 sq m. The quarter features more than 40 gastronomic offers, which are not clustered in a traditional food court, but have been allocated dedicated units. These are categorized by time of stay, ranging from 30 and 60 to more than 60 minutes, as well as award-winning restaurants. Our gastronomic offer includes both regional cuisine as well as hot international food trends. For example, one of our key partners is Pesca, a fish restaurant from the Netherlands with a market entry in Germany. We will combine such partners with more local concepts such as Galactic, Lolos or goa. Generally speaking, the food and beverage segment has undergone a significant makeover: Today, retail and lifestyle destinations are places where people come – and stay – for a good meal. While fast food still has its merits, it is no longer the sole food offer. Our lighthouse projects in the leisure segment are a 3,400-square-meter LEGO Discovery Centre experience with several separate areas, as well as Kinopolis, a premium multiplex cinema comprising 10 halls and a total of more than 2,300 seats. In addition, Port des Lumières, a spectacular immersive digital art center, will open its doors in our quarter.

**ACROSS: WHAT ABOUT TWO OTHER IMPORTANT TRENDS, FITNESS & WELLNESS AS WELL AS HEALTH & BEAUTY?**

**HOHLMANN:** In general, our gyms are more than just places to work out at. We provide nutritional counseling and an integrated wellness offer. Our partner in Hamburg is Sports Club, with a unique flagship format. The fitness studio will then be complemented by suitable retail offers, such as an Intersport Knudsen with a 2,000 sq m concept store. Regarding beauty, alongside traditional and high-quality nail studios and hair salons, we observe a growing demand for tattoo and piercing

studios. This year alone, 13 new studios have signed for our 22 shopping centers in Germany and Austria. We are expecting a similar development in Hamburg. In Hamburg, we also implement a cluster with doctors' surgeries and medical services.

**ACROSS: YOU SAID EARLIER THAT WHAT ADDS VALUE TO THE CUSTOMER IS THE COMBINATION OF EXPERIENCES. WHAT ROLE DO OMNI-CHANNEL APPROACHES PLAY IN THAT RESPECT?**

**HOHLMANN:** A very important one. Let me give you an example: Fashion retailer Breuninger is opening a 14,000-square-meter shop at the quarter, making Westfield Hamburg-Überseequartier their first location in northern Germany. For Breuninger, this is a strategic move to not only attract customers to their store, but also strengthen the consumers' brand affinity for promotion of its digital offer in the north. In general, this is what we call the halo effect, the halo being the store that radiates out into the world. Attractive brick-and-mortar retail and online sales are closely interlinked. It goes without saying that omni-channel offers are also requested of us. Continuously developing such offers is pivotal to the attractiveness of any given location, especially if such location represents far more than traditional retail.

**ACROSS: THE EXAMPLE OF BREUNINGER ILLUSTRATES THAT WESTFIELD HAMBURG-ÜBERSEEUARTIER MAINLY FOCUSES ON LARGE SPACES.**

**HOHLMANN:** We will also have mid size and smaller units. But with regard to the large flagship stores that's correct. We are attracting concepts that would not find their way to Hamburg, were it not for the Westfield Hamburg Überseequartier. Size and location are decisive factors. This trend has been apparent for roughly five years: Large, international brands require flagship stores. URW has adapted its strategy to this demand. Our company focuses on a compact number of big locations where we can offer the large spaces required. Inditex, H&M, and Breuninger alone cover a combined retail space of approximately 30,000 square meters at Westfield Hamburg-Überseequartier. An average German shopping center covers an area of roughly 25,000 sq m. The value of a shopping center is determined by the combination of small and large stores, as well as

the interrelation between those generating the footfall and those benefiting from it. The larger the formats of the brands generating the footfall are, the larger the size of the overall concept – that's the secret to the right mix. Today, size definitely matters in terms of attractiveness.

**ACROSS: YOU'RE BOASTING A PRE-OCCUPANCY RATE OF A WHOPPING 85%. WHAT ABOUT THE REMAINING SPACE?**

**HOHLMANN:** They require what we call pearl diving. All large, international brands have been allocated their large spaces. Smaller concepts require a bit more time. Now is a good time to attract some concepts that have not been around to date, for example, small, sustainable, and regional players. Thanks to our size, we have the opportunity to try out newcomers that fit in well with our overall ideas. This is when our white-box model comes into play: We fit out stores that have a size of approximately 100 square meters and offer them at a lower rent to small businesses that we believe in. Those companies normally don't have the funds to fit out their own stores and cover high rents, but their ideas and products are great, and they add a special something to the quarter. They offer the customers something they haven't seen yet. Sustainable brands are a key component in this approach: In this context, we can also use the Westfield Grand Prix, for example. A competition that we as URW organize, in which we look for sustainable start-ups in the fields of retail, f&b, leisure, health and well-being. The winner then receives rent reductions for a unit in one of our Westfield destinations.

**ACROSS: GOOD TRAFFIC INFRASTRUCTURE IS ESSENTIAL TO FOOTFALL. WHAT'S YOUR APPROACH IN THIS REGARD?**

**HOHLMANN:** Traffic infrastructure is a vital element of the sustainable operation of properties. A shopping center's CO2 emission is predominantly driven by the means of transport customers use to get there. It is our responsibility to find sustainable solutions for every one of them. Our parking garage at Westfield Hamburg-Überseequartier is fitted with up to 320 e-chargers for customers, residents and office workers arriving in their electric cars. We provide dedicated parking space for 3,500 bicycles. There are two bus routes along the quarter. The direct access to the "Überseequartier" subway stop was

already in place. That was a key element in our decision for the location. We work closely with Hamburger Hochbahn, Hamburg's transportation company, or with Moia, a ridesharing service. Generally speaking, URW no longer operates assets that do not have public transport connections. Sustainable and community-oriented mobility is a key element in our 'Better Places' sustainability strategy. What's important now is creating options for customers to transport their shopping if they choose to leave their cars at home. Enter the aforementioned omni-channel solutions: we use click & collect and ship-from-store solutions together with our partners in order to offer the best services for our customers.

**ACROSS: WILL THE GRAND OPENING OF WESTFIELD HAMBURG-ÜBERSEEUARTIER NEXT SPRING BE THE LAST MAJOR OPENING IN EUROPE?**

**HOHLMANN:** I'm sure that Westfield Hamburg Überseequartier will remain the last major opening for quite some time to come, not least because no other major European city has sufficient space in its center. I do believe, however, that massive investment will be required in the future when it comes to existing properties. With retailers requiring significantly more space, many locations will have to invest in comprehensive refurbishment in the short and medium term in order to remain attractive to top international brands.

**ACROSS: WHAT DOES THAT MEAN FOR URW?**

**HOHLMANN:** The amount that, only 15 years ago, we invested in the construction of a new shopping center, is now required every year for the development and modernization, also in terms of sustainability, of our locations in Germany and Austria. Every single location must take the aforementioned megatrends seriously if it aims to remain attractive to major brands. Our portfolio illustrates that fact nicely. In 2015, a state-of-the-art concept was applied to the opening of the Westfield Mall of Scandinavia. We adopted the entire concept and developed it even further for the Westfield Mall of the Netherlands. Westfield Hamburg-Überseequartier has reached yet a higher level, tailored to the specific requirements of its Hamburg location – and of course also in the context of a mixed-use development. We are sure that we will remain state of the art for years to come.

**ÜBERSEEUARTIER AT A GLANCE**

Westfield Hamburg-Überseequartier is an urban mixed-use quarter with an investment volume of approximately 1.5 billion euros. The shell construction phase began in early 2019. The opening is scheduled for spring 2024.

- Total area: 419,000 sq m
- Surface area: 269,000 sq m across 14 buildings
- Size of the site: 67,000 sq m





# THE JOURNEY OF THE OUTLET SECTOR HAS JUST BEGUN

The outlet channel performs well – whatever the economic environment. Otto Ambagtsheer, CEO of VIA Outlets, is convinced that the industry’s success story will continue. Therefore, VIA Outlets will not only focus on organic growth, but on further acquisitions as well, keeping an eye on ground up developments. He is also convinced that omnichannel is the right way forward for the outlet industry in the long term.



VIA Outlets at a glance



**ACROSS: THE OUTLET SECTOR HAS SIGNIFICANTLY CHANGED OVER THE PAST DECADE. WHAT IS YOUR PERSONAL ASSESSMENT OF ITS DEVELOPMENT?**

**OTTO AMBAGTSHEER:** In the past, the outlet channel was used to sell overstock. Today, outlets are an integral part of a brand’s omnichannel strategy. More and more brands have decided to enter the outlet channel because it is too big for retail brands to ignore. The outlet format is a

fast-growing channel and a direct channel to the consumer. In most cases, it is also a premium environment. As a result, more and more premium retail brands are choosing to open stores. We strongly focus on placemaking, creating a whole day-out experience with a solid focus on the guest experience. That is where brands want to be.

**ACROSS: ARE CURRENT CHALLENGES, SUCH AS THE ENERGY CRISIS, INFLATION, AND HIGH RENTS, ALSO DRIVING THE WAVE OF SUCCESS?**

**AMBAGTSHEER:** Over the past decade, the outlet channel has performed well in both high and low economic times. When consumers’ purchasing power is under pressure, they appreciate a discount of 30% to 70% off regular retail prices. However, when the economy is doing well, they like to buy more premium brands.

**ACROSS: YOU CURRENTLY OPERATE 11 OUTLETS ACROSS EUROPE. WHAT ARE YOUR TOP LOCATIONS?**

**AMBAGTSHEER:** In 2023, all 11 outlet centers in the nine countries in which we operate have grown compared to 2022. They have all showing substantial, healthy growth percentages. 2022 was a record year for us in terms of brand sales. We’re averaging double-digit growth over last year. However, when we look at the different locations, we see very healthy growth, especially in Iberia. That is also due to the fact that tourism has returned to 2019 levels. We have strong centers in Lisbon, Porto, Seville, and Mallorca. We are also

working on an expansion project in Seville, which is scheduled to open at the end of October. The timing couldn’t be better, as we are already seeing strong performance and a lot of brand appetite.

**ACROSS: WHAT WILL BE DONE WITH THE EXPANSION THERE?**

**AMBAGTSHEER:** It is one of the smaller centers in our portfolio. We always wanted to offer a more comprehensive brand mix. You need a critical mass of brands to attract people from a wider catchment area. That needed to be improved. We saw incredible performance in 2022 and have continued to do so in 2023. We felt that the center and the market were ripe for an expansion project. A key part of the expansion project is relocating and upsizing the Nike store from 722 sq m to nearly 1,100 sq m. That means they will be able to set up a store there that flagship-like in character. We are also going to open a Hugo Boss store. Our strategy is to take the entire center and the existing GLA into account when we expand. For example, a Starbucks kiosk will be opened there as well. So, there will be an excellent mix of international brands, but we will also pay attention to what we call the beautiful local brands – the very specific Andalusian brands that you can only find in that part of the world. That is a crucial part of the brand mix.

**ACROSS: THE NIKE EXAMPLE PROVES THE TREND THAT BRANDS TEND TO HAVE LARGE STORES.**

**AMBAGTSHEER:** Yes, we call those brands our top 20 brands. Of course, they are paid particular attention, and we try to build strong relationships with them. The general trend is to upsize where possible, if the performance is right. Performance is measured in sales density – turnover per square meter. If that level is at a decent or high level, they want to upsize. In addition, they are setting up proper flagship stores at outlet centers, so in terms of shop fit, the difference between the full-price channel and the outlet channel is no longer discernible.

**ACROSS: WHAT DOES THAT MEAN FOR FULL-PRICE STORES IN THE CATCHMENT AREAS?**

**AMBAGTSHEER:** Most of them still need a full-price presence, but brands are becoming more and more selective. Now, they only choose the best locations – the ones where they know they can deliver.



Batavia Stad Fashion Outlet, Netherlands

**ACROSS: WHEN DEVELOPING CENTERS, YOU FOLLOW A TAILOR-MADE APPROACH. WHAT DOES THAT MEAN?**

**AMBAGTSHEER:** Until now, our growth strategy has been focused on acquisitions. Over the years, we have acquired the 11 centers and applied our 3-Rs strategy of re-modeling, re-merchandising, and re-marketing. We have a solid track record of success because we have executed that three-R strategy for the last 10 years. That 3-Rs and other strategic themes, such as sustainability, are coming back. However, all 11 centers are very different: They have different catchment areas, different competitors, are small or large, and are indoors or outdoors. We do not believe in taking a one-size-fits-all approach. The way we execute our 3-Rs strategy has to be a local approach and must be specific to each center.

**ACROSS: YOU RECENTLY INTRODUCED YOUR NEW COO, JOHAN CASPAR BERGENTHAL. TOGETHER WITH HIM, YOU WANT TO ACCELERATE THE GROWTH STRATEGY OF VIA OUTLETS. WHAT DOES THAT GROWTH STRATEGY LOOK LIKE?**

**AMBAGTSHEER:** VIA Outlets’ growth strategy involves both organic and inorganic growth. Organic growth is focused on the 11 centers in our portfolio and the implementation of our 3-R strategy. Johan’s responsibility will be very much focused on the day-to-day business, improving the performance and the business, elevating the overall guest experience, and delivering growth for the 11 centers. We have been working on several



Otto Ambagtsheer is the CEO of VIA Outlets





Landquart Fashion Outlet, Switzerland



expansion projects, not only in Seville, but in Switzerland and Porto, Portugal as well. I will now step back a bit from the day-to-day business operations and focus more on inorganic growth. Inorganic growth might involve the acquisition of existing centers. However, since we have a strong development team, we are also looking at green-field ground-up developments.

**ACROSS: THAT IS STRONG EVIDENCE OF YOUR GROWTH.**

**AMBAGTSHEER:** Exactly; our shareholder APG fully supports our growth strategy and this organizational change. We are also convinced that the journey of the outlet sector has just begun. There will be further growth – both organic and inorganic.

**ACROSS: WHEN WE LOOK AT THE EUROPEAN MARKET, WHICH MARKETS ARE SATURATED AND WHICH STILL HAVE POTENTIAL?**

**AMBAGTSHEER:** It is unlikely that we will enter a new market with a new development project. We are only looking at the European market and would like to acquire centers in markets in which we are already active. When we look at a market, we look at acquisition targets or opportunities for ground-up development. Those are different approaches. Doing ground-up developments for outlet centers is a long and challenging journey in terms of getting the zoning plans and building permits.

**ACROSS: YOU HAVE SOME CITY-ORIENTED LOCATIONS AS WELL AS CENTERS THAT ARE FAR AWAY FROM CITY CENTERS. HOW DO**

**YOU MAKE DECISIONS REGARDING LOCATIONS AND INFRASTRUCTURES?**

**AMBAGTSHEER:** We like to keep things simple. In addition to our 3-Rs, there are 3 Cs that we consider when we look at potential acquisitions or ground-up developments. The first is the catchment. At outlet centers, you can look into up to 120-minute catchment areas in strong markets, but we usually assess the 30, 60, 90-minute catchment: How strong, wide, and deep? The second assessment is connectivity: How well do roads and public transport connect the center? The last C is competition: What is the retail environment like, and what is the retail mix of the competitors? After that, we dive deeper into a potential assessment.

**ACROSS: OUTLETS ARE STILL CAR-CENTRIC LOCATIONS. DOES IT HAVE TO STAY THAT WAY?**

**AMBAGTSHEER:** We do see a few changes. We are constantly looking for eco-friendly alternatives. Sustainability is a vital part of our strategy. We see new generations that have a different way of thinking, traveling, and shopping. They are in the driving seat of this development. Installing and supporting public transport is critical to approaching those generations. Good public transport access is a real strength. In addition, installing sufficient EV charging points, putting shuttle services in place, and setting up partnerships with car-sharing organizations is necessary.

**ACROSS: IS TOURISM AT OUTLETS BACK TO THE LEVEL IT WAS IN 2019? HOW VITAL ARE TOURISTS FOR YOUR BUSINESS IN GENERAL?**

**AMBAGTSHEER:** Tourism is an essential part of our business, but, in general, VIA Outlets is less dependent on tourism. That is the strength of our portfolio. It is more the icing on the cake in terms of sales. We are more dependent on strong domestic catchment areas. Of course, though, tourism is also important for our sites in Lisbon, Prague, Amsterdam, and Mallorca. As a rule, tourists spend more at those locations than domestic guests. When we look at tourism, we look at it in two different ways: pan-European tourism and tax-free tourism outside the EU. Those are very different aspects of the business. Pan-European or cross-border tourism has undoubtedly returned to 2019 levels, and the numbers are increasing. We are also focused on those tourists. Tax-free non-EU tourism, which is more of a “nice to have”

for us, is not yet back in full force, and that is merely because we are missing out on the Chinese and Russian tourists.

**ACROSS: STATISTICS SHOW THAT THE OUTLET BUSINESS IS MORE RESILIENT TO ONLINE RETAILING. DO YOU AGREE?**

**AMBAGTSHEER:** The outlet channel is far more resilient to online than the full-price channel. That has been the case for over a decade. Online retail and outlet centers have been the fastest-growing retail channels over the last five to 10 years. This shows that the outlet retail channel is more resilient than the full-price retail channel. We saw incredible online sales growth during COVID-19 because the centers were closed. Although the numbers have since slowed down, online will always be a resilient business model. The most important thing for future success is to focus on omnichannel, because then you will find answers to people’s behaviors and wishes. Sometimes, people want to spend a lovely day out at an outlet center. Sometimes, they want more functional shopping and want to do it online from their couches.

**ACROSS: THE RETAIL SECTOR HAS FACED A MASSIVE LABOR SHORTAGE, ESPECIALLY IN THE WAKE OF COVID-19. HOW HAS THAT AFFECTED YOU?**

**AMBAGTSHEER:** It is a real challenge, but it depends on the region. It is undoubtedly the most significant issue in Germany and the Netherlands. It is also an issue that we share with the brands, because if they do not find enough store staff, their performances might drop. That is an excellent example of why strong brand partnerships matter. We must solve this issue together. We are working very closely with our brand partners in order to provide them with all kinds of support to attract good retail talent. For example, we organize job fairs and have launched an app called “My Jobs”.

**ACROSS: GENERALLY SPEAKING, THE SHOPPING CENTER INDUSTRY FACES MANY CHALLENGES. WHAT IS THE OUTLET SCENE DOING BETTER? WHAT CAN SHOPPING CENTER MANAGERS LEARN FROM OUTLET MANAGERS?**

**AMBAGTSHEER:** Those are two business models, and there are a few key factors that are different-

ators. One is the genuine brand partnership. We deal directly with the brands. That has proven to be a win-win model. The second one is the clear focus on the overall guest experience. When I transferred from the shopping center sector, I was amazed by how deeply the overall guest experience was embedded in the DNA and the culture of VIA Outlets. We are driven by providing the best brand mix and F&B offer, improving placemaking or landscaping, and simply providing our customers with a fantastic full-day experience. The overall key difference is that we do not focus on long leases. That is not a KPI for us at all. We are convinced that the performance of the brands is the only thing that matters.

**ACROSS: WHAT IS THE DIFFERENCE REGARDING THE BRAND OFFER?**

**AMBAGTSHEER:** The brand mix is certainly more premium than on average in full-price. For consumers, it feels more special to go to an outlet center. If you go to a full-price shopping center, 80% to 85% of the brands are the same wherever you go. As mentioned earlier, while we are focused on our top 20 brands, we also focus on promising local brands that stand for the specifics of a given market. When you visit the Oslo Fashion Outlet, there’s a different brand mix than at the Sevilla Fashion Outlet. We want our guests to experience the beauty of the local culture.

**ACROSS: ARE OUTLETS ALSO A PLACE WHERE BRANDS TEST THE MARKET?**

**AMBAGTSHEER:** Sure, it is easier for brands to open a store when no long-term lease or high rents are attached. Our sector can be flexible.

**ACROSS: WHERE IS THE INDUSTRY HEADING? WHERE DO YOU SEE THE OUTLET BUSINESS IN 10 YEARS?**

**AMBAGTSHEER:** First, I hope we have successfully executed our growth strategy in 10 years. For me, the future of retail is omnichannel. A decade from now, there will be a 360-degree omnichannel offer. I am unsure how online will be integrated into the current physical retail experience. However, online will be part of the business that is now 100% physical, just from a convenience point of view, and as part of creating the best overall guest experience, you need to add some online offers. There will also be even more focus on sustainability, placemaking, and landscaping.





# ROS RETAIL OUTLET SHOPPING PURSUES ITS TRADING-UP STRATEGY AND EXPANSION PLANS

Supported by a strong performance across its 12 premium outlet destinations, ROS Retail Outlet Shopping is focused on upgrading its brand mix. The European operator, together with partners, is set to further grow its portfolio with center extensions in Designer Outlet Gdańsk, Designer Outlet Algarve, and Designer Outlet Croatia, and the new development Designer Outlet Kraków.

ALL IMAGES: ROS RETAIL OUTLET SHOPPING



Designer Outlet Algarve, new plaza in the center extension, opening 2025



After launching its 'BOLD' strategy at the beginning of the year, ROS Retail Outlet Shopping has delivered a successful 2023 year. With average sales growth of +18% in 2023 year-to-date (Q3) compared to 2022 across the portfolio, the operator is taking a holistic approach to adapt each center to the fast-shifting consumer demands and individual stages of the asset lifecycle.

in the Silesian region and the second largest in Poland, right behind Designer Outlet Warszawa, also managed by ROS. In addition, new brand openings like Pinko, BOSS, Estée Lauder, Lacoste, Tommy Hilfiger, and Puma have expanded their footprint across the ROS portfolio and contributed to further strength the operator's premium brand approach over the past year.

Amidst plans for qualitative growth, the operator is currently dedicated to developing its portfolio of Designer Outlets in Europe with three center extensions and a completely new Designer Outlet within the next two years.

"Our centers are performing well and strongly, and this is demonstrated by the expansion plans of several of them. It is time to make existing successful locations like Designer Outlet Gdańsk, Designer Outlet Algarve, and Designer Outlet Croatia bigger and even more successful," explains Mr. Reichenauer. "We are also really excited about our fourth project in Poland," he says about the new development. "Located in the country's most visited and vibrant city, we are confident Designer Outlet Kraków will be a very popular and strong destination as well as a pivotal component of the large mixed-use complex being developed, which will also include two retail parks," he adds.

ROS will showcase its entire European portfolio of 12 operating outlets with center extensions and new developments at MAPIC 2023. Present in

Germany, Poland, Italy, Hungary, Portugal, Croatia, Spain, and Belgium, the outlet operator will be pleased to share its vision and know-how of the industry at the leading retail property market event in Cannes.

## DESIGNER OUTLET GDAŃSK TO BE THE NEW MEETING PLACE ON THE BALTIC COAST

With an additional 2,000 sq m of GLA, Designer Outlet Gdańsk has been under construction since last September. It will be completed by the end of 2024, making it the flagship outlet destination on Poland's Baltic coast. The center extension will host almost 20 additional stores, including a new modern food court, providing customers with a new dimension of shopping experience. The leasing process for the retail part is already in progress and aims to bring together a brand mix that will meet customers' expectations of high-quality and well-recognized brands. The food court will accommodate national food concepts with a fresh and healthy food offer combined with well-known international F&B brands.

"As the only outlet center in Pomerania and the largest in northern Poland, Designer Outlet Gdańsk has attracted numerous customers from Tri-City and neighboring provinces as well as international tourists since its opening in 2005. The region and our customers' expectations are constantly evolving, and we are happy to respond.

This and the increasing interest of brands were the main reasons for the expansion of the center," explained Marek Berer, Senior Asset Manager CEE at DWS Group, owner of Designer Outlet Gdańsk.

Currently, Designer Outlet Gdańsk hosts 100 stores with fashion and lifestyle brands like Boss, Pinko, Calvin Klein, Guess, Karl Lagerfeld, Marc O'Polo, Kazar, Levi's, as well as Nike, Adidas, Puma, New Balance and many more. The center extension is now in its second stage after the improvement of the entrance in 2021. The Nike store was also almost doubled in size, making it the brand's largest outlet store in northern Poland. After full completion, the center will have a total gross lettable area of almost 20,000 sq m.

## DESIGNER OUTLET ALGARVE WILL TURN INTO THE LEADING PREMIUM OUTLET VILLAGE IN PORTUGAL

The premium outlet in the Algarve is planning to be expanded by approximately 4,000 sq m of gross lettable area by 2025, adding 25 new and attractive stores to the current offer of well-renowned brands such as Hugo Boss, Tommy Hilfiger, Lacoste, Levis, Calvin Klein, Bimba y Lola, Guess, as well as Adidas, Puma, Asics, and Timberland. Recently, the premium outlet village has also welcomed several new premium brands like Karl Lagerfeld, Façonnable, Hackett London, and GANT.



Thomas Reichenauer is Co-Founder and MD of ROS Retail Outlet Shopping

A vital element of the outlets' winning formula for ROS is its trading-up strategy. Focused on upgrading its brand portfolio, the operator is committed to a high-end and premium brand mix, drawing increasing interest from customers and new brands.

"We are focused on the right mix and the development of the premium segment. This is supported by our visitors, who are today more price-conscious due to the challenging economic circumstances and find the perfect balance of great brands for great prices in our outlet shopping destinations," says Thomas Reichenauer, Co-Founder and Managing Director at ROS Retail Outlet Shopping. "At the same time, we are pleased that more upmarket and selective brands recognize the outlet format as a profitable sales distribution channel and choose to open their lead stores in our premium outlet centers," he adds.

This is the case of the Adidas flagship outlet store that opened last summer at Designer Outlet Sosnowiec. With almost 1,000 sq m of gross lettable area, this is the largest Adidas outlet store



Designer Outlet Gdańsk's new food court, opening autumn 2024







Designer Outlet Algarve is part of the Algarve Commercial complex in Loulé, comprising MAR Shopping Algarve, the only IKEA store in the south of Portugal, a leisure area, and Designer Outlet Algarve. The total gross lettable area amounts to 82,000 sq m. Loulé is the capital of the largest and financially strongest district of the Algarve. The unique project is a cooperation of Ingka Centres and Mutschler Outlet Holding, with ROS as the outlet operator.

After realizing the center extension, Designer Outlet Algarve will host more than 80 fashion and lifestyle stores on a gross lettable area of 17,000 sq m while upgrading its premium brand portfolio and reinforcing its pole position in the south of Portugal and Spain. The new premium village architecture will also ensure an enhanced shopping experience among residents and tourists. Designer Outlet Algarve is the largest outlet village in the region and benefits from the large influx of national and international tourists of approximately 5 million per year. Faro Airport is only a 15-minute drive, and the Spanish border is a 40-minute drive away.

**DESIGNER OUTLET CROATIA IS SET TO BECOME THE RETAIL AND SHOPPING DESTINATION AT THE CROSSROADS OF SOUTH EAST EUROPE**

Designer Outlet Croatia has also announced plans for further development with an upcoming center extension and new retail park. Despite the challenges from last years, such as the pandemic, the earthquakes in the country, the introduction of the euro as a new currency, and high inflation, Designer Outlet Croatia has demonstrated an outstanding performance with double-digit growth in all indicators.

These results have paved the way for the center's extension by 6,000 sq m, 30 new attractive stores, and 200 additional parking spaces. The brand mix of Designer Outlet Croatia already includes premium fashion and lifestyle brands such as Hugo Boss, Tommy Hilfiger, Calvin Klein, Ted Baker, Patrizia Pepe, Adidas, Puma, Replay, Guess, and Lacoste. It will be further upgraded to fulfill customers' demands. After the center extension, the premium outlet village will be home to 90 stores on a gross lettable area of 21,500 sq m.

The construction of the retail park adjacent to Designer Outlet Croatia, with a gross lettable area of 12,000 sq m and 13 new stores, is in the pipeline and scheduled to open at the same time. This year's major novelties are already the new Burger King with the first drive-in in Croatia and the Shell petrol station. The project will ensure that visitors enjoy an exceptional shopping experience in a unique shopping destination with everything they need in one place. It will also push Designer Outlet Croatia forward as a premium cross-border outlet shopping destination.

**DESIGNER OUTLET KRAKÓW KICKS OFF CONSTRUCTION WORKS**

The new outlet shopping destination for the Kraków and Lesser Poland region in Poland is officially taking shape. On October 9, KG Group and ROS representatives signed the foundation act and officially inaugurated the construction works at Designer Outlet Kraków. This is the fourth project in Poland managed by ROS and is set to open in spring 2025. On a gross lettable area of 20,000 sq m, customers will enjoy more than 100 stores with recognized fashion and lifestyle brands, welcoming cafés and restaurants, and 2,000 parking spaces in an above and underground system.

"Thanks to its rich and varied offer and convenient location, Designer Outlet Kraków will become a magnet not only for Kraków residents but also for shoppers from the Lesser Poland region and neighboring provinces. Furthermore, the outlet will serve as a complement to another shopping complex we are building, with two retail parks already in operation," explained Krzysztof Gaczorek, President of the Management Board of KG Group, the project owner and developer for Designer Outlet Kraków. Located on the banks of the Vistula River, Kraków is not only the most visited and vibrant city in the country for residents and domestic and international tourists, but also one of the most important economic centers with a well-established trade tradition. Designer Outlet Kraków will benefit from an exceptional location in the city center at one of the most popular arteries in Kraków with excellent road connections and almost 5 million inhabitants in the catchment area, supported by the growing residential developments in the vicinity.



Designer Outlet Kraków, opening spring 2025

# Our Commitment to sustainability







Promenada in Novi Sad, Serbia

IMAGE: NEPI ROCKCASTLE

# "LOOK AT TOMORROW'S OPPORTUNITIES INSTEAD OF TODAY'S PROBLEMS."

While the mood in Central and Western Europe's retail sector is dominated by "gray clouds", center developers and operators from the SEE and CEE regions are in a completely different situation. In this interview Rüdiger Dany, CEO of NEPI Rockcastle, explains his 700 million development pipeline, how NEPI is profiting from ESG, and in which regard the West can learn something from the East.



**ACROSS: TO START THINGS OFF, LET'S TAKE A QUICK LOOK BACK: HOW DID NEPI ROCKCASTLE DO IN THE PAST 12 MONTHS?**

**RÜDIGER DANY:** Last year was a comeback period for us. Since the second quarter of 2022, we have had double-digit growth rates every quarter. In the first quarter of 2023, our tenants also saw a good increase in sales. That is reflected in the NOI, which means we have excellent growth rates and are on budget. The comeback of brick-and-mortar retail is also accompanied by a decline in sales for online retailers. Although online retail continues to grow at 3-5 percent, this is not significant in the overall market. Developments in the capital market are also paying

dividends in this respect. In times of high inflation and interest rates, companies must show their shareholders they are growing and profitable. Our sales growth in the stationary business is currently affected by inflation. However, our tenants' sales are still above the inflation figures, and that makes for satisfied partners; our OCRs are now under 13%. That is a very different starting position and mood than in Western Europe.

**ACROSS: THE CONTRAST IS STRIKING. IN WESTERN EUROPE, NEWSPAPERS ARE FULL OF NEGATIVE NEWS REGARDING RETAIL. INSOLVENCIES, LABOR SHORTAGES, AND HIGH INFLATION ARE JUST SOME BUZZ-**



Rüdiger Dany is CEO of NEPI Rockcastle

IMAGE: NEPI ROCKCASTLE

**WORDS. WHAT IS ESSENTIALLY DIFFERENT IN YOUR MARKETS?**

**DANY:** For me, there are two main issues. The first has grown historically. There is no classic high street in Central and Eastern Europe. If you want to shop, you must go to a shopping center. What has developed in the highstreet area is more high-end and not an alternative for the average consumer. Therefore, our starting point is different. The second factor, which is more severe but also more challenging to measure, is the shopper behavior and mentality. In Western Europe, especially in Germany, there is a great fear of loss of prosperity. However, people in our markets are going through their third inflationary phase. They know that this situation will continue and they are more resistant to crises. This is different in very saturated markets like Germany or France. There, many people think they have to hold on to their money to be able to pay their bills tomorrow. In our markets, people believe they should spend the money today in case it will be worth less tomorrow. We also don't have any problems in the labor market. Retailers can find enough staff, and the employees are excellently trained.

**ACROSS: ARE THE FOOTFALL NUMBERS AS POSITIVE AS THE SALES FIGURES?**

**DANY:** No, we had seen well into 2022 that sales were already at the 2019 level, but at the same time, the frequencies still showed a minus of 8-9 percent. The people who were coming to the centers were actually buying, and the so-called window-shoppers stayed away. That has changed now. Our numbers are now back to the level of 2019, and that was, after all, the best year in NEPI Rockcastle's corporate history.

**ACROSS: LET'S TAKE A CLOSER LOOK AT YOUR BUSINESS: WHAT TRENDS ARE YOU OBSERVING IN YOUR CENTERS?**

**DANY:** When sales are good, retailers are more willing to expand. Concepts based in Western Europe are increasingly coming to the CEE/SEE region, as the returns are higher here. One example we are proud of is Lefties. The Inditex concept will open on 4000 sq m in Romania's city of Craiova at the beginning of October. At the same time, retailers already represented, such as Peek & Cloppenburg or Kaufland are also requesting more space. We currently have a two percent vacancy rate in the retail sector. The demand from



IMAGE: NEPI ROCKCASTLE

Property Portfolio NEPI Rockcastle: 9 countries, 59 properties, 6.8 billion Euro value of investment property

retailers who want to expand with us is significantly higher than the space we can provide.

**ACROSS: WHAT IS YOUR GENERAL STRATEGY FOR CENTER DEVELOPMENT? ARE YOU MOVING TOWARD MORE MIXED-USE OR INTEGRATING SERVICES?**

**DANY:** Retail is constantly changing. But the primary input still comes from our tenants. An important issue for us and the entire industry is that our centers must be essential providers for the community. For us, this means cooperating with the cities to offer certain services. A lot is also happening in the entertainment sector. Cinemas, in particular, have to look very different today than they did five years ago. They are currently making a massive comeback. We had to support cinemas extensively during the Covid era. Now that they're doing well again, they are bringing us several thousands more people into the centers every day, and of course, this is fueling related sectors like food courts. The trends and changes we need to follow in the centers are evident. Dining experiences are important. In the entertainment sector, the topic of musicals is coming up strongly. Some operators can copy internationally successful musicals locally, and they are very well received. Suitable venues are needed for this. We can offer the operators great spaces and create added value for consumers. For example, we are already making concrete plans for Bucharest, and have already taken such concepts into account architecturally.







**ACROSS: WHAT CURRENT AND FUTURE DEVELOPMENT PROJECTS ARE YOU FOCUSING ON?**

**DANY:** We have a total pipeline of projects - either under construction or already approved - of over 700 million euros. The expansion of Promenada in Bucharest, Romania, including the construction of a business center, is underway. The first 80 million euros have already been invested there, with a further 140 million euros pending. This is one of our most significant expansion projects. Bonarka City Center in Krakow, Poland, is also being completely refurbished during ongoing operations. The investment for this property alone amounts to 80 million euros. In addition, Promenada Craiova in Bucharest, Romania, is a 140 million euro investment. Here we are opening a new shopping center with 60,000 sq m and a directly adjacent 10,000 sq m retail park. We have another development in Gala i, near the Ukrainian border, where we already have a shopping center that performs very well, and we are building a retail park. We are also expanding Ploiești Shopping City in Romania and Promenada Plovdiv in Bulgaria, where we have purchased a plot of land and are waiting for the building permit for a 60,000-sq m project.

**ACROSS: YOU ACQUIRED FORUM GDAŃSK IN POLAND AT THE END OF 2022. IS THERE ANYTHING NEW TO TELL ABOUT IT SINCE THEN?**

**DANY:** We are delighted with this acquisition. In the first half of 2023, the center grew by

27 percent in sales compared to the previous year. Of course, this project also has a personal aspect for me, as I was involved in the opening of the center in 2018, while I was still working for Multi Corporation. The asset was already seeing double-digit growth in 2019, and then the pandemic intervened. So, the center needed more time and opportunity to prove itself in the market. Its enormous potential must now be exploited. We see tremendous opportunities to gain further market share. The situation is just as good as the opportunities for expansion.

**ACROSS: IS THE CENTER ALREADY ONE OF THE BEST PERFORMERS IN THE PORTFOLIO?**

**DANY:** It surely is. But of course, just because they have been on the market longer, we have assets like Arena in Budapest, Hungary, and Arena in Zagreb, Croatia, that perform even better. However, there is no significant opportunity for further development at these locations.

**ACROSS: MANY COMPANIES HAVE RECENTLY FOCUSED ON EXPANSION IN SEE MARKETS. IS NEPI ALSO INTERESTED IN THIS REGION?**

**DANY:** We are interested in these countries because of their location in Southeastern Europe. However, we have to take a closer look at this region's political and economic stability. Many of these countries do not have good credit ratings. This is a significant disadvantage for us

Left: Arena Mall in Budapest, Hungary

Right: Forum Gdańsk in Poland



IMAGES: NEPI ROCKCASTLE



IMAGES: NEPI ROCKCASTLE



Left: By the end of this year NEPI Rockcastle will have invested 37 million euros in 30 assets to generate and sell their own electricity.

Right: Promenada in Sibiu, Romania

as a stock-listed company. So far, we only have Serbia in our portfolio from this cultural region. Our shopping center in Novi Sad is doing very well, but we are the only center there. In Belgrade, the situation is different. The city is "over-retailed," and beautiful centers such as "Waterfront" therefore have a vacancy rate of up to 40 percent. The assets and tenant mix in countries like Albania or Kosovo are also truly impressive. Though for us, the question is whether the sales there are sustainable. I do consider the possibility of entering these markets. Currently, however, our focus is on increasing density in the countries where we are already active.

**ACROSS: IN WHICH COUNTRIES DOES NEPI SEE GROWTH POTENTIAL?**

**DANY:** All existing assets have growth potential through expansion and modernization. Our development pipeline is around 700 million euros, so this will give us about 10 percent more retail space in the next three years. When I look at the countries, Poland is a great market, which accounts for 26 percent of our portfolio. However, Poland is also a market that does not need more greenfield projects. Here, our focus is on acquisitions and modernization of existing assets. Romania continues to be a strong market for us, so we will carry on the expansion here. Bulgaria also continues to be exciting as a growth market for NEPI Rockcastle. Croatia is a small market but also offers opportunities. Our strategy is clear: we want to be stronger in the countries where we already are present. In the end, however, it is always a question of opportunities.

**ACROSS: ESPECIALLY SINCE THERE ARE SIGNIFICANT ESG INVESTMENTS ON THE HORIZON.**

**DANY:** A major investment area for us is photovoltaics, based at NEPI Energy. By the end of the year, we will have invested 37 million euros in 30 assets to generate and sell our own electricity. This is a profitable business that generates double-digit yields. The plan is to expand this approach across the portfolio. This project is its own business line in terms of scale. The investment has a double purpose. First, we can significantly move down the CO2 footprint of our assets. On average, we produce 30 percent of the energy consumed per asset. On the other hand, the whole thing is highly profitable.

**ACROSS: ONE FINAL QUESTION: WHAT CAN WESTERN EUROPE LEARN FROM YOUR MARKETS?**

**DANY:** As explained at the beginning, the different market developments are due to their history and the different mentalities of their consumers. Therefore, there is no one transferable strategy. Nevertheless, I see a general trend toward negative sentiments in Western Europe. In this respect, the West can learn something from Eastern Europe: Think a little further ahead. Don't just look at today's problems; think more about how we can shape tomorrow together. Our industry faces challenges, but retail is here to stay. People want to meet, and they strive for community. The Covid pandemic and the development after it clearly showed that. Focusing on that would help develop a positive attitude.





# FESTIVE LIGHTING THAT SUPPORTS LONG-TERM SUSTAINABILITY GOALS

Festive lighting and seasonal decorations remain key to creating the right ambience and attracting visitors during the holiday season. By collaborating with a sustainably minded festive lighting supplier that offers creativity, innovation, and experience, centers can achieve two objectives: they can support internal sustainability targets and maintain their positions as vibrant community hubs.

BY THOMAS MARK



Given the urgent need to reduce CO2 and other emissions in our changing world, one might ask whether festive lighting still makes sense. The short answer to that question is a resounding “Yes!” Retail spaces play an essential role in nurturing and sustaining local communities. Not only do they provide shopping opportunities, but they are also cherished local hubs that foster intergenerational connections, host events, support community initiatives, and offer a variety of activities. “It turns out that people who have more social interaction with family, friends, and the community are happier, physically healthier, and live longer than people who are less well-connected,” states Dr. Robert Waldinger, Director of the Harvard Study of Adult Development.

The current issue at hand is ensuring that the products used to create lighting experiences are as sustainable as possible.

## A MORE SUSTAINABLE APPROACH TO FESTIVE AND ATMOSPHERIC LIGHTING

Forgoing festive and atmospheric lighting is neither practical nor socially sustainable. As a result, center managers need to collaborate with suppliers that are already committed to sustainability, which requires a deeper understanding of their suppliers’ CSR credentials. Here are some key considerations for the retail real estate sector when selecting festive lighting suppliers in tender processes. Every aspect of a product contributes to a shopping center’s environmental footprint, with the majority of emissions occurring during the production phase.

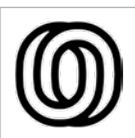
80% of CO2 emissions are generated during the production phase of lighting and decorative products. When selecting a festive lighting supplier, the following factors need to be at the top of a center manager’s priority list:

- Low-emission production phases
- Long-lasting products
- Rigorous sustainability practices throughout the supply chain

Festive lighting bolsters this essential role of shopping centers, malls, and retail outlets within communities, and in doing so, is part of how retail spaces play a part in supporting sustainable societies and strong communities. The retail sector provides convivial gathering places in which to make that happen. Research shows that festive lighting creates unique atmospheres that turn spaces into convivial places that draw people out of their homes, bring people together, and create feelings of security, well-being, and a sense of community – even between strangers. Festive lighting clearly makes sense.



Denkstatt is a sustainability consultancy firm.



amfori is a business association for sustainable trade that empowers companies to improve the ESG performance of their value chains.



IMAGE: MK ILLUMINATION

Festive Decoration at Allee-Center Leipzig, Germany

## A SUSTAINABLE SUPPLY CHAIN

Lighting and decorative products that last longer mean that one production phase is all that’s needed to brighten up and enliven retail spaces for many years: As a result, centers can minimize their greenhouse gas (GHG) emissions every year that they are able to reuse products. If emissions can also be reduced during the production phase, then that’s even better.

It’s also important to consider a festive lighting supplier’s supply chain. All too often, suppliers may appear to meet sustainability standards, but hidden unethical or unsustainable practices can emerge that damage reputations. Companies that are members of amfori, such as MK Illumination, actively implement social standards and collaborate closely with suppliers and their own production facilities to prevent negative social and environmental practices.

What festive lighting suppliers offer long-lasting products? Independent tests conducted by sustainability consultancy firm denkstatt show that MK Illumination’s light chains have the longest lifespan on the market.

It is also important to consider sustainability in the use phase. MK Illumination started offering 100% LED lighting solutions as early as 2008 and their new Premium ECO LED range saves an additional 50% on standard LED energy consumption. All products undergo rigorous quality checks following the BUY SMART model. That translates to reduced energy usage and emissions during use while maintaining luminosity, resulting in long-lasting, durable products.

Through the use of innovative materials, MK Illumination has also been able to make additional reductions to its carbon footprint. In 2023, they introduced a low-carbon aluminum option to their product production, which represents a 75% reduction in emissions when compared to standard aluminum. The first of the resulting festive lighting products will be used in Vienna’s famous Graben chandeliers this festive season. The company pioneered a series of lighting products featuring a high percentage of organic material as early as 2012. Only the necessary packaging material, which is recyclable wherever possible, is used to pack the finished products. The result is lighting creations that are beautiful, sustainable, and mindfully packaged for distribution.

## BEYOND THE FESTIVE SEASON

The company excels at creating modular pieces that enable shopping centers and retail spaces to expand and adapt their festive staging for various events, from Christmas to Halloween to seasonal center marketing activities. An initial



IMAGE: MK ILLUMINATION

Thomas Mark is the President of MK Illumination.





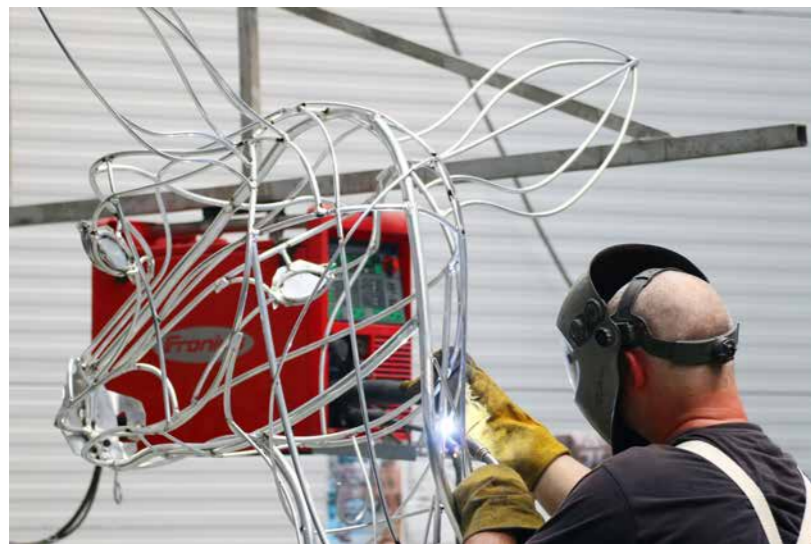


IMAGE: MK ILLUMINATION

80% of CO2 emissions are generated during the production phase of lighting and decorative products.



investment with modular additions for individual events can lead to a sustainable approach to festive lighting and event marketing, substantial cost-savings in the long term, and ongoing place-making opportunities for retail spaces. The ability to envision solutions where products and ideas can be reused, enhanced, and reimaged for multiple years demands a deep understanding of crafting enduring, sustainable festive lighting solutions, which is one of MK Illumination's core competencies.

Sustainability Compliance across the Business Emission reduction is a vital aspect of sustainable festive lighting, especially in the context of addressing climate change. However, sustainable business practices encompass more than just products. Shopping centers, malls, and retail outlets committed to sustainability should also seek to have a clear understanding of a supplier's overall CSR performance. While perfection is not the goal, it is important to assess a supplier's past efforts and ongoing commitment to sustainability, future plans, and mechanisms for accountability, recognizing that sustainability is an ongoing journey for both businesses and society.

As a business with nearly three decades of experience, MK Illumination is strongly committed to sustainability across the organization. Operating in over 120 countries globally, the

company is mindful of the need for sustainable growth to benefit current and future generations. It actively contributes to regional vitality by creating secure jobs and complying with local regulations, avoiding unethical tax practices to support sustainable development at home and abroad. MK Illumination takes environmental impact seriously, and it introduced the industry's first LIGHT CODE to combat light pollution. Its ongoing investment in green energy includes the rollout of new solar voltaic installations worldwide, which began in 2023. People are important to the company: It prioritizes employee satisfaction and well-being, extending its concern to supply chain workers through regular dialogues with suppliers and membership in amfori. For center managers dedicated to sustainable atmospheric lighting and decoration, a potential festive lighting supplier must exhibit a broader commitment to actively contributing to a sustainable future through their everyday practices, sustainability principles, and supply chain management. That not only aligns with a center's sustainability vision but also safeguards it against unforeseen reputational risks in the future.

#### EXPERIENCE AND INNOVATION

The retail real estate sector has made significant strides when it comes to embracing sustainability, but it's an ongoing journey. In order to continue this journey and challenge themselves to become ever-more sustainable, retail spaces need trusted partners that can help them do this through festive lighting, decoration, and creative place-making. Considering sustainability from multiple perspectives can be a useful starting point for center managers seeking festive lighting suppliers with sustainable credentials. Fortunately, some suppliers are leading the way. As a pioneer in sustainable solutions, MK Illumination possesses extensive knowledge of the retail real estate sector, festive lighting, and decades of insight, making it a valuable partner for festive lighting and atmospheric lighting solutions of all sizes. It is ready to help centers, malls, and retail spaces create more sustainable festive experiences in 2023 – and beyond.



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# SUSTAINABLE REORIENTATION OF SHOPPING CENTERS

Online retail continues to change the shopping landscape, and people have adapted their leisure behavior as a result of the pandemic. Consequently, the role of shopping centers needs to be rethought. Shopping centers are no longer straightforward “shopping machines”, but must prove themselves as sustainable and versatile community centers, argues HBB.



Traditional “shopping” has become a leisure activity focusing on fun, experience, and entertainment. In order for a center to remain competitive and for visitors to repeatedly frequent it, it has to provide services beyond the retail offering. A wide variety of uses must be harmoniously combined under one roof. Gastronomy, leisure and entertainment facilities, offices, health services, municipal facilities, and even apartments or hotels are playing an increasingly important role. This diverse offering attracts more people and helps diversify and spread the risk of rental income.

This development has been happening for more than 30 years through the conceptualization of neighborhoods or “cities within cities”, which have successfully established themselves in major

cities worldwide over the years. HBB has been at the forefront of developing such projects in recent years, providing such analyses and implementations to third-party investors and developers.

One example of this development in German-speaking countries is the FORUM Schwanthalerhöhe in Munich. Developed by HBB, the center faced many hurdles right from the start: a delayed opening due to the general contractor’s failure to complete the project on time. Shortly after the opening, the onset of the pandemic made market entry even more difficult. In addition, major construction sites around the building hindered visibility and access during the build-out phase. The fundamentally changed framework conditions of the tenant market and customer purchasing

behavior led to the decision that a “restructuring of the restructuring” was necessary. The FORUM is being repositioned as a mixed-use or unique venue featuring an extensive entertainment and leisure component.

## BEYOND CHANGED UTILIZATION STRUCTURES

However, the road to a thriving shopping center requires more than just a comprehensive utilization structure. A contemporary design that serves the needs of visitors is crucial. Thus, the mall, i.e., the “public space” within a shopping center, must be attractively designed to become a proper third place. In addition, a sustainable and comprehensive approach that takes environmental, social, and other aspects into consideration is required nowadays. Repositioning shopping centers with ESG criteria in mind provides an opportunity to create sustainable values. Such values range from environmentally friendly architectural concepts promoting visitor well-being to resource-saving retail and product concepts to social initiatives and campaigns. The path to repositioning a shopping center according to ESG criteria is complex, but it simultaneously opens up the possibility of achieving positive changes at all levels. In addition, compliance with ESG criteria has become more relevant to investors.

This requires a profound understanding of each project’s specific challenges and opportunities and the determination to translate those values into action. Therefore, HBB’s approach is based on holistic analysis that is aimed at understanding a site’s unique needs and developing a customized “unique place strategy”. That includes careful tenant selection and the creation of a sustainable and engaging environment, and does not follow a standardized approach. We aspire to bring our extensive “shopping center revitalization” expertise into symbiosis with ESG criteria. In doing so, we are setting a high standard for quality and are pursuing innovative approaches to ensure that shopping centers become modern, sustainable, and socially integrated living spaces. HBB’s goal is to implement projects that are forward-looking and sustainable. This is a process that extends across the entire portfolio. Thus, further repositioning of shopping centers is due to begin – with ESG criteria in mind.

## CERTIFYING PROPERTIES

HBB’s commitment extends to all phases of a real estate project – from planning and implementation to operation and management. When certifying our properties, we rely on renowned standards, such as those of the German Sustainable Building Council (DGNB) and the British Building Research Establishment Environmental Assessment Method (BREEAM). In addition, we are currently in intensive exchange with WELL, whose certification prioritizes employee health and safety, maximizes property value, and optimizes corporate social performance. We are presently recertifying Forum Hanau and an office property in Dreieich.

One example of our implementation of ESG measures is the smart metering method used at Forum Hanau. We have chosen an innovative approach to increase energy efficiency and minimize consumption, which is achieved through this method. Using smart metering technologies, Forum Hanau can monitor energy consumption throughout the building complex in real-time. This continuous data collection and analysis is extremely valuable as it helps to track and understand energy consumption accurately. Based on this information and with the help of AI support, center management can take targeted steps to reduce energy consumption further and increase energy efficiency.

Permanent consumption data monitoring enables HBB to identify trends and patterns that indicate opportunities for consumption reduction. That will enable Forum Hanau to reduce costs and contribute to environmental protection. To obtain a clear overview of the ecological status of our properties, we became a member of initiatives such as ECORE at an early stage. In addition, we are a member of QUANTREFY. This platform correlates various assessment models, such as GRESB, and offers recommendations for action to improve the environmental score. With the help of these initiatives, we can sustainably optimize our real estate year after year. We are also systematically driving forward digitalization at our headquarters and center offices. That affects our work platforms and includes a modern data management system, internal project management, and a digital bookkeeping and accounting system. Such steps allow us to work in an almost paperless manner, and they also contribute to the reduced consumption of resources.



André Stromeyer is Managing Director at HBB Centermanagement GmbH & Co. KG

Left: Forum Schwanthalerhöhe, München, Germany

Right: Forum Hanau, Germany



IMAGES: HBB





# BAUMHOUSE: THE MISSION IS TO COMBINE RETAIL LOCATIONS WITH AFFORDABLE AND HIGH-QUALITY LIVING SPACE

With their baumhouse projects, Dietmar Reindl and Alexander Rössler want to combine retail locations and housing sustainably and affordably. They define affordable with rents 20% below the market level. They are planning high-quality, sustainably designed residential complexes above retail buildings. Furthermore, they explain to ACROSS what their motivation is, what social change they would like to help shape, and, above all, where the added value for investors lies.



**ACROSS: WHAT IS THE MOTIVATION BEHIND BAUMHOUSE?**

**ALEXANDER RÖSSLER:** Scarce, expensive housing in cities, climate change, and soil sealing are enormous challenges for real estate developers and urban planners. Soil sealing is considered the secret driver of the climate crisis. The goal is to create affordable and sustainable housing without sealing new land. Especially in the past two years, the energy crisis has shown that a combination of affordable housing and sustainable living is essential. baumhouse explicitly combines these two aspects. In addition to traditional housing, we also have other forms of use in mind, such as student housing, assisted living, commercial uses, coworking spaces, and other flexible forms of use.

**ACROSS: SUSTAINABILITY AND AFFORDABILITY HAVE SO FAR BEEN MUTUALLY EXCLUSIVE IN THE VAST MAJORITY OF PROJECTS.**

**DIETMAR REINDL:** Exactly. Sustainability is a politically driven issue in the real estate industry. The requirements for real estate are already very high and will become even higher in the future. This entails enormous costs in the construction and conversion of real estate. At the same time, we see a clear trend toward a larger tenant market. Land prices have risen sharply lately, while housing is becoming increasingly scarce.

With the high cost of living due to inflation and stricter lending criteria for real estate loans, consumers increasingly prefer rental housing to buying real estate. Affordable housing is needed more than ever. We firmly believe sustainability and affordability do not have to be mutually exclusive when properly addressed. We turn this supposed contradiction around and see ourselves as an impact company.

**ACROSS: WHAT DOES "IMPACT COMPANY" MEAN?**

**REINDL:** We recently joined the Federal Initiative Impact Investing (Bundesinitiative Impact Investing or "BIII") in Germany. Generally speaking, impact investing means creating returns and positive environmental and social impacts. The market for impact investing was nearly 39 billion euros in 2022 in Germany alone. The mindset in society and business has changed in the face of climate change, pandemics, and social tensions. For companies in the real estate sector, the framework conditions are being redefined, and business models must be adapted accordingly.

**ACROSS: WHAT DOES THIS IMPACT LOOK LIKE IN CONCRETE TERMS?**

**RÖSSLER:** Besides the environmental benefits, the most obvious impact is the price. Our under-



IMAGE: IVANISHHOVS

Dietmar Reindl is the owner of baumhouse



IMAGE: BAUMHOUSE

Alexander Rössler, baumhouse



IMAGE: LICHTBLAU SPINDLER ARCHITEKTEN ZT-GMBH

The residential building "floats" above the ground floor. The objects consist of modular timber construction for climate-neutral projects from sustainably managed forests or through steel construction.

standing of affordability means we want to offer housing 20 percent below market rent. We can achieve this through maximum standardization and scaling in our project implementations.

**ACROSS: WHAT PROPERTIES ARE YOU LOOKING AT, AND WHAT DO PARTNERSHIPS WITH BAUMHOUSE LOOK LIKE?**

**RÖSSLER:** We work with single-story existing buildings. These offer enormous potential simply because of their large number. Specialty stores are particularly attractive. Depending on the project, these can accommodate up to six additional stories. We plan with a modular timber construction method. The wood comes from sustainably managed forests and is processed in a CO2-neutral manner using the principles of the circular economy. Another advantage of this construction method is that modules can be easily prefabricated, guaranteeing faster construction.

**REINDL:** The owners of existing buildings can become our joint venture partners or remain owners and grant building rights. Or they sell the existing building to baumhouse. As a company, we deliberately want to be developers and operators. We are interested in existing buildings with at least 1,500 sq m in residential suburban locations. The average size per project starts at

3,500 sq m of living space. Public transport links are also important.

**ACROSS: WHAT IS THE BENEFIT FOR INVESTORS OR OWNERS OF RETAIL STORES?**

**RÖSSLER:** The first and decisive advantage for investors is that they can double the commercial use of the existing property in terms of rental income in the best case. Another advantage is that a potential vacancy in retail space is much less of an issue if rental income can be generated from the residential sector at the same time. The location becomes more crisis-resistant because residential is a stable form of use. Of course, the apartments also lead to more foot traffic at the location. Another advantage is that the maintenance costs for the location decrease. Studies indicate that a property is treated with much more "care" if it is also inhabited, and thus more "under permanent observation" by the residents.

**REINDL:** Another very decisive advantage is the positive positioning of the company in terms of sustainability. Companies from the real estate industry must show their will to do something for climate protection. A baumhouse project is an effective and "tangible" instrument for strengthening ESG communication. In addition, the EU taxonomy targets are becoming increasingly





Climate-neutral and EU taxonomy-compliant buildings: Baumhouse projects aim to reduce energy consumption to lower costs and minimize environmental impact through alternative energy inputs such as photovoltaic, geothermal, or heat recovery.



IMAGE: BAUMHOUSE



stringent. The rating of a retail store in the energy performance certificate can be significantly improved by linking it to our residential use.

**ACROSS: WHAT ARE THE RESERVATIONS AND CONCERNS ON THE INVESTOR SIDE?**

**REINDL:** The current time and framework conditions are a challenge for us. Retail real estate owners have to realign themselves after Corona and the energy crisis. Many things are being questioned, and new projects are being approached slowly. In addition, many are still trying to understand ESG and EU taxonomy. The basic ideas and implementations of baumhouses are easy and quick to convey. However, a basic industry reflex with innovative ideas and concepts is always skepticism according to the motto: Retail parks are single-story; there is no need for another floor above, and certainly not another type of use. In my opinion, however, our mindset needs to adapt constantly and remain flexible. There are more tangible concerns regarding construction time. No retailer wants their business affected by truck traffic or construction noise, let alone have to put up with closing times.

**ACROSS: HOW DO YOU ADDRESS THESE ARGUMENTS AND CONCERNS?**

**RÖSSLER:** The so-called technical concerns can be quickly eliminated. Let's take the construction time as an example. We estimate an average of eight months here, so that's very fast. Many modules are prefabricated and assembled on-site. In addition, we can guarantee that the

conversion will take place so that the necessary truck traffic will not run through the parking lot or close to the retail area. Of course, there will be some restrictions, but we can rule out long closing times.

**REINDL:** On the technical side, we have very good arguments. The product is convincing. It is more important to address the "soft" concerns and worries. That's where perseverance is needed. Here, a significant argument is our experience and know-how. We may be a start-up on paper, but we have 50 years of combined real estate, investment, and development experience.

**ACROSS: WHICH MARKETS ARE YOU FOCUSING ON?**

**REINDL:** Initially, we will focus on the Austrian and German markets. Here, we have launched the first projects. However, we see great potential for our solution in other European countries, especially in terms of cost benefits and the high level of standardization.

**ABOUT BAUMHOUSE**

*baumhouses are residential projects built using modular wood construction on top of existing buildings and parking areas. The buildings are to be a maximum of 7.5m high and located in residential or suburban areas. The goal is to create living space without having to seal more land. Specifically, single-story buildings can accommodate up to five additional levels. Construction will take approximately eight months and require only minor disruption to operations. To guarantee maximum cost efficiency, a maximum of three module types will be offered, and at least 40 apartments per project will be implemented. Future residents will benefit from flexible space concepts, energy efficiency, alternative mobility concepts, and convenient local amenities. Dietmar Reindl already launched the project as an Immofinanz board member and is now continuing it under his "baumhouse" brand in self-employment with Alexander Rössler.*

**More information and a detailed presentation on baumhouse at:**



# TECH'S IMPACT: REVOLUTIONIZING F&B & LEISURE IN MALLS

"As a tech enthusiast and foodie, I'm fascinated by how technology is transforming the food and beverage (F&B) and leisure experience in malls", states Jean Carlos Delgado, Brand and Marketing Director at HyperIn. In this article, he shares some of his experiences with tech-enhanced F&B and leisure in malls, and explores how these technologies are revolutionizing the mall industry. He also discusses the future of technology in F&B and leisure in malls and the exciting possibilities that lie ahead.

BY JEAN CARLOS DELGADO



From smart kitchens and robotic food delivery to virtual reality dining and augmented reality menus to interactive art installations, technology is making it possible for malls to offer shoppers new and innovative experiences that were once unimaginable. Now, that once-humble shopping mall, that place of simple commerce, has evolved into a hotbed of innovation and delightful experiences. It is clear for many of us that technology makes our world smarter and gives us the time and freedom to focus on more important things, like spending quality moments with loved ones or savoring a delicious meal.

I've had the pleasure of experiencing some technological advancements firsthand in malls all over the world. From Mexico City to Seattle to Helsinki to Tokyo, I've seen how technology is being used to enhance dining and leisure experiences, making them more immersive, informative,

and sustainable. On a sunlit evening at Artz Pedregal mall in Mexico City, I discovered "Tech & Tacos" night. The event merged cutting-edge dining tech with classic Mexican flavors. Holograms of tacos danced alongside modern devices, as a fusion of traditional mariachi and electronica softly played in the background. Waiters with tablets took orders, giving diners options to customize their tacos to the molecular level. Want your salsa a bit more tangy? No problem. Adjust the flavor profile on the screen, and the kitchen's smart cooking systems will make it just right.

I recalled a different yet similarly mesmerizing experience in Seattle. Dining at a bustling eatery, I was greeted with digital menus brought to life with augmented reality by scanning a QR code. Vivid animations inspired by the vibrant Californian nature danced over our food. Beyond being merely ornamental, it became a conversation



IMAGE: HYPERIN

Jean Carlos Delgado is Brand and Marketing Director at HyperIn.



Home on Demand - ASUMI food delivery robot - Forum Virium Helsinki



IMAGES: HYPERIN







piece, a shared experience that extended beyond the table to our social media circles. But experiences are not limited to the Americas. Another dimension of tech-enhanced dining can be discovered in Tokyo, a city that feels like a glimpse into the future. At Dawn Cafe, a chic café in the heart of Nihonbashi, they have AI-powered waitstaff: Robots, assisted by artificial intelligence, serve dishes to visitors. The precision and speed are unparalleled. Furthermore, with QR codes on every table, diners can scan and learn about the sourcing and sustainability efforts of the ingredients in their dishes.

Smart kitchens are one of the most exciting technological advancements revolutionizing the F&B experience in malls. These technologies are helping restaurants to reduce food waste, improve efficiency, and create a more convenient experience for shoppers. Smart kitchens use artificial intelligence (AI) to predict food demand, optimize cooking times, and reduce food waste. For example, the S Group, Finland's largest retail chain, uses AI-powered smart kitchens in supermarkets located in shopping malls to predict demand for food and prepare meals accordingly. This has helped to reduce food waste by up to 50%.

Robotic food delivery systems are another way that malls are using technology to improve the F&B experience for shoppers. These robots can navigate the mall autonomously and deliver food to shoppers in a short period of time. This is especially convenient during peak hours when shoppers may have to wait in long lines for food.

In addition to convenience, robotic food delivery systems offer several other benefits. For instance, they can help reduce labor costs and enhance food safety. Being precision-driven machines, robots are also less likely to make mistakes compared to human employees. However, it's essential to recognize the unique value of human touch. Some customers sincerely appreciate human interaction, which robots cannot replicate. There's an innate warmth and responsiveness in human service that, at least for now, robots can't emulate.

### VIRTUAL REALITY DINING, AUGMENTED REALITY MENUS AND WAYFINDING

Virtual reality (VR) dining and augmented reality (AR) menus are two other ways technology transforms the F&B experience in malls. These technologies are creating new and immersive dining experiences that are entertaining and informative. VR dining allows shoppers to dine in restaurants that are located in other countries or even on other planets. For example, the Ravintola Kuu restaurant in Finland offers a VR dining experience where shoppers can dine at a restaurant on the moon.

AR menus allow shoppers to see how food would look on their plate before they order it and to learn more about the ingredients in the food. For example, the Hesburger restaurant chain in Finland uses AR menus to show shoppers how different burgers would look on their plates

before ordering them. Shoppers can also use the AR menus to learn more about the burger ingredients and to see the nutritional information for each burger. VR dining and AR menus are not only entertaining and informative, but they can also help malls increase sales. For example, a study by the National Retail Federation found that 70% of shoppers are more likely to purchase if they can visualize the product first. AR menus allow shoppers to do just that, leading to increased sales for malls.

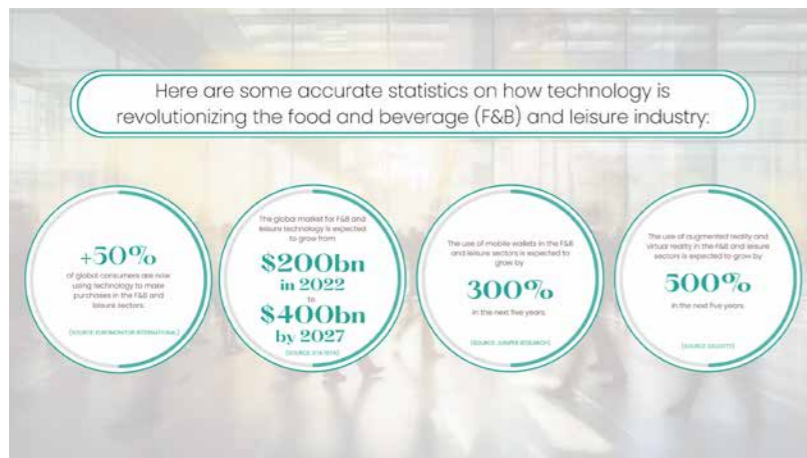
While the culinary world sees a tech-driven transformation, the leisure scene in malls isn't lagging behind. The digital age brings a renaissance to our relaxation and entertainment spaces, making mall visits more than just shopping trips.

In early 2022, HyperIn, a turn-key mall management platform, introduced a cutting-edge integration of AR into the mall experience at Lok Fu Place in Hong Kong. Their goal? To revolutionize

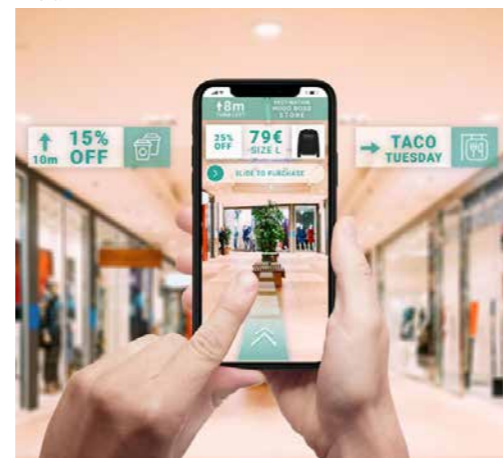
how customers navigate vast retail spaces using augmented reality wayfinding. The project was successful, and HyperIn is now exploring opportunities to expand its augmented reality wayfinding solution and other technologically advanced features like AI sales reporting to shopping malls globally.

### A TOAST TO THE FUTURE

What awaits our beloved dining and relaxation spots in malls? Personalized meals, holographic chefs, virtual reality relaxation pods, or interactive art installations? As the specifics emerge, it's clear that mall adventure's F&B and leisure aspects are on the verge of a tech-driven metamorphosis. With continuous tech advancements, malls promise an array of inventive enhancements to our dining experiences and leisure moments — a bright and boundless future beckons. Here's to the next tech-infused delight, be it a bite or a break!



IMAGES: HYPERIN



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# JOURNEY TO ENERGY EFFICIENCY AND DECARBONIZATION WITH SLEEP COUNTRY CANADA: A BRAINBOX AI CASE STUDY

Retailers are increasingly looking for innovative solutions to reduce their operational costs and make a significant positive impact on the environment. One such forward-thinking retailer, Sleep Country Canada, partnered with local decarbonization experts, BrainBox AI, to employ their AI for HVAC technology across their retail portfolio.



What started as a small initiative soon ballooned into a transformative project, resulting in massive energy savings and a considerable reduction in the stores' scope 1 and 2 GHG emissions. Sleep Country Canada's journey with BrainBox AI inspired a transformation in their operations. It deepened the value of BrainBox AI's smart, sustainable solutions – highlighting the potential ripple effects that cases like this could have in the retail real estate sector.

## THE PILOT

Starting small to think big, Sleep Country, Canada's leading omnichannel mattress and bedding retailer, initiated a pilot in four of its buildings using BrainBox AI's advanced AI for HVAC technology. The results were impressive. By connecting BrainBox AI to their HVAC rooftop units, Sleep Country saw electricity and gas savings of 15% and 19%, respectively, and a reduction of 15 tCO<sub>2</sub>e – and that's only in 1860 sq m square feet of store space.

Buoyed by this success, the mattress giant scaled up and committed 214 of their stores to be awakened by the AI technology. Results from 49 of those 214 locations delivered a 24% cut in energy consumption and a 25% reduction in GHG emissions. However, integrating AI into these piloted stores didn't just reduce their overall

energy consumption and carbon footprints. It also sharpened insights into their HVAC operations, giving the company the agency to pinpoint energy inefficiencies and act on them, improving their overall processes without compromising customer or associate comfort.

## FROM 4 TO 214

The success of this pilot set the stage for a more profound collaboration between Sleep Country and BrainBox AI. Sleep Country expanded the autonomous decarbonization solution's deployment to 214 of its stores, representing 102,000 sq m of retail space across Canada.

## CHALLENGE: THE CATALYST FOR INNOVATION

However, with expansion often comes unforeseen challenges. For BrainBox AI, scale and impact are critical competitive advantages, but even pluses can present hurdles. For example, for Sleep Country to deploy BrainBox AI's technology at scale, they needed to adopt a new method of connectivity, which, in this case, took the form of cloud-connected, AI-enabled thermostats. Navigating this obstacle was a strategic move on their part, as it facilitated the comprehensive mapping, learning, and streamlining of each store's HVAC system. It also led to

them gaining access to a sophisticated control panel through which Sleep Country could view their real-time emissions and energy data, manage set-points in real time, view and understand store energy performance, and more – an approach that opens the door for multi-site retailers to access even greater operational efficiency across their locations.

## THE SIGNIFICANCE OF SLEEP COUNTRY'S JOURNEY

This journey between Sleep Country and BrainBox AI is a crucial example of technology's transformative power in retail real estate. Most importantly, this partnership showcases the potential of autonomous AI optimization to realize retailers' environmental objectives while addressing the most significant energy consumers in buildings – HVAC systems.

IMAGE: BRAINBOX



IMAGE: BRAINBOX

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# WHY DIGITAL PLATFORMS ARE NO LONGER A NICE TO HAVE

In an age where businesses and consumers get bombarded with digital communications, relevant information must get to people at the right time. Any mall business that sends generic messages to its tenants or shoppers will quickly lose their interest. Digital platforms are fundamental to improving the performance of shopping malls and their tenants.

BY DAVID FULLER-WATTS, MALLCOMM CEO, AND BEN CHESSEY, CONIQ CEO AND FOUNDER

## STREAMLINING COMMUNICATION

Time and cost pressures have underlined the need to improve communication between landlords and tenants, creating greater efficiency. However, achieving this aim is challenging. With potentially hundreds of tenants to reach, there are challenges around consistency and effectiveness of execution.

*Investments in digital platforms are resolving these issues and reshaping communication strategies.*

Many shopping malls use multiple tools to try and reach tenants, including time-consuming manual processes. This can result in a blanket communication approach instead of more customized, targeted information.

Furthermore, lackluster or unclear communications can impact tenant productivity. For example, any questions or maintenance requests can take much longer to be addressed.

Investments in digital platforms are resolving these issues and reshaping communication



That's why Coniq and Mallcomm are working together to use our platforms' vast data to deliver relevant content to shopping mall stakeholders. Although each platform has different engagement aims, they can be combined to give all parties a better experience, bringing tenants, mall operators, and shoppers into one digital ecosystem - and the benefits are far-reaching.



IMAGE: MALLCOMM

strategies. A more responsive, productive, and collaborative environment can be created by centralizing communication and enabling two-way messaging.

Improved communication also means more effective engagement, paving the way for stronger landlord and tenant relationships. Through more collaboration, both parties will be better positioned to respond to market shifts and potential challenges. In the longer term, this will help to deliver higher retention rates and property values.

## DATA-DRIVEN EXPERIENCES

Consumers' desire for quicker and more effective communication includes more personalization when interacting with retail brands. They want to feel like retailers understand them and to see this knowledge reflected across multiple channels.

*Connecting every brand within the same location, a shopping center loyalty program benefits the operator and its tenants.*

The retail industry has had to quickly respond to these trends to remain competitive and build customer loyalty. Digital platforms have played a vital role in understanding customers by providing real-time actionable data. Through this, mall operators can gain a clear view of the customer journey and their preferences, aligning more closely with their demands and market trends. It enables them to make better, more informed decisions faster. In addition, customers can be targeted more effectively. This insight can drive further efficiency, performance, and retention for the landlord and retail tenants.

## STRENGTHENING LOYALTY

Behavioral shifts have also seen more consumers engage with loyalty programs to benefit from relevant deals. This presents a critical opportunity for shopping malls, which can adopt



IMAGE: MALLCOMM

David Fuller-Watts is CEO of Mallcomm



IMAGE: CONIQ

Ben Chesser is CEO and Founder of Coniq

the same model to improve efficiency, engagement, and the bottom line. Connecting every brand within the same location, a shopping center loyalty program benefits the operator and its tenants. Purchase data and insights can be shared to strengthen relationships and enhance the customer experience. A digital platform will drive down costs, too, enabling retailers to communicate personalized offers to consumers while managing margins.

## FUTURE PROOFING

As the retail industry continues to evolve, digital platforms are an essential tool in the armory for all those who own or manage malls. By enhancing communication, the technology will increase operational efficiency and engagement, ensuring shopping centers keep up with the pace of change and are fit for an increasingly digital world.





# DRIVING LOYALTY THROUGH FOOD AND BEVERAGE REWARDS

We all understand the value of creating a loyal customer, says Ben Chesser, Coniq's CEO. He argues that food and beverage rewards perform well within a broader loyalty program.

BY BEN CHESSER



Attracting someone who will frequently visit your physical or online stores, spend regularly, and recommend your brand to others is the ideal scenario – especially as retaining existing customers costs far less than acquiring new ones. Studies have shown that implementing customer engagement and loyalty solutions is the most effective method of building a solid, ongoing relationship with your customers. Digital loyalty programs allow you to collect data about your customers’ behaviors, providing insight into their behaviors and preferences as they interact with your brand.

In the context of a shopping mall, where the complex has been designed as a ‘destination’ experience, creating a centralized program that integrates retail, entertainment, and hospitality tenants into the same platform creates enhanced engagement and incentive opportunities.

## F&B REWARDS ENHANCE THE CUSTOMER EXPERIENCE

With malls now positioned as leisure and entertainment destinations, the customer journey goes beyond the simple store transaction. The ideal visitor experience will encourage a ‘day-out’ mentality that integrates the dynamic facilities and places to eat and the traditional retail units. With malls outside of city centers, visitors often need to ‘commute’ to shop. Considering this scenario, it’s not hard to see why malls must deliver a well-rounded experience. Great F&B offers mean customers are more likely to stay in the mall after completing their shopping or planned activities. These F&B incentives increase customer dwell time and drive

additional revenue. Integrating these offers into a mall-wide loyalty program lets you track and target customers to understand which mechanisms work best. Interacting with and rewarding customers in real-time is also possible, which promotes even more in-depth engagement.

Examples of successful food and beverage offers:

- Free or discounted food and drink items when a purchase is made
- Points or stamp collection towards a free dish or drink
- Return diner offers – “Come back again this month for a free starter on us.”
- Personalized rewards for birthdays and anniversaries
- Money off the bill if a particular behavior is demonstrated – e.g., a purchase in a specific store within the mall will earn a customer discount in the food court

## THE SUCCESS BEHIND F&B REWARDS

In February this year, we worked with a client to launch a tiered rewards program across its shopping mall. As part of the broader program, all members had access to F&B offers and rewards each time they engaged with one or more of the 300+ participating tenants. Each time a loyalty member visited the mall and made a transaction in any of its retail, entertainment, or hospitality stores, they could progress through the loyalty tiers, gaining access to exclusive offers. The results indicated that overall spending increased significantly when F&B

rewards were included in the program. The program’s F&B rewards ranged from free drinks or sides to money off the bill. The impact that the offers had on incentivizing overall footfall and repeat custom within the mall shows the power of utilizing these low-cost yet highly effective reward mechanisms:

- Two of the top 10 redeemed offers by total sales value are from the F&B category.
- Four of the top 10 redeemed offers by average transaction value (ATV) are from the F&B category.
- A complimentary drink with the purchase of two entrées at one restaurant has generated an ATV of \$226 – the third highest of any offer redemption across the whole program.
- A free side offer at another popular chain has driven over \$3,000 in total sales value – the fourth highest of any offer redemption across the program.



IMAGE: CONIQ



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# PAINTING THE BIGGER PICTURE: WHAT FOOTFALL DATA CAN REALLY TELL YOU

Besides telling you how many individuals visited your property within a given timeframe, fluctuations in footfall can form part of a bigger story about how internal and external factors contribute to performance, explains Joseph Jarvis, Content Marketer at Chainels. That is, of course, if you have the proper means to measure it.



For anyone looking to track volume and sales performance at shopping centers, at retail parks, and on city streets, footfall data is a pretty fundamental metric.

## HOW TO MEASURE FOOTFALL DATA

Unless you have a very enthusiastic employee who is willing to perform an ongoing headcount of people passing through your property, the most common and efficient means of measuring footfall is with a footfall tracker. Footfall trackers employ a range of techniques to accurately measure visitor volume.

- **Video Analytics:** Video analytics sensors use cameras strategically placed in specific locations to capture real-time video footage. These cameras are equipped with software that processes the video feed and identifies and tracks individuals based on their movement.
- **Wi-Fi and Bluetooth Tracking:** Wi-Fi and Bluetooth tracking sensors work by detecting the signals emitted by mobile devices, such as smartphones and tablets. These devices continuously emit signals that can be picked up by sensors within their range.
- **Thermal Imaging Sensors:** Thermal imaging sensors detect the heat emitted by objects, including human bodies. By focusing on heat signatures, these sensors can detect and count individuals without capturing personal information, such as facial features.

## INTEGRATE FOOTFALL DATA INTO YOUR PROPERTY TECH ECOSYSTEM

Did you know that you have the capability to seamlessly integrate leading footfall software into your current tech stack? All you need to make it happen is a tenant experience platform that integrates seamlessly with other software. Take Chainels as an example, a property management portal and tenant community platform that integrates with a range of other footfall providers, such as PFM, RMC, and Quantaflo, to build a platform that can meet your specific needs. These integrations allow you to gain a comprehensive and concise overview of footfall data, all within a unified platform, enabling you to make informed comparisons with other vital metrics.

“Landlords want to analyze the insight they gain about the people visiting their centers, then optimize the whole mix of tenants,” says Chainels Co-founder and CEO Erwin Buckers. “Chainels aims to bring all of that data together. Landlords can find interrelationships between shopper payment patterns, a center’s catchment area and footfall insight, as well as tenant survey responses and turnover reports,” he adds. “While most landlords chose to keep that insight internal, there can be organizational benefits when landlords share the data with their tenants.”

## USING FOOTFALL ANALYTICS TO PAINT THE BIGGER PICTURE

Now that we have covered the basics, let’s explore some of the things that footfall data can tell you about the wider world that your commercial property inhabits. Footfall data can be affected by a range of factors, some may be local and temporary, others may point to larger systemic trends

## E-COMMERCE AND ONLINE SHOPPING

The rise of e-commerce has transformed consumer behavior, allowing people to shop conveniently from their homes. This trend can lead to reduced footfall at brick-and-mortar stores. However, that does not spell the death of physical retail as we know it. Retailers and commercial property managers simply need to think of novel ways to bring shoppers to their doors. While online shopping is incredibly convenient – it has its limits. Depending on the product, there is still a large portion of shoppers who wish to experience the product in the flesh before buying it. Therefore, it’s important for retailers to consider ways to offer the kind of experiences that cannot be found online.

## REMOTE WORKING

Remote working has irrevocably changed the way we interact with urban and commercial spaces. The newfound flexibility has reshaped the conventional ebb and flow of cities, which has profoundly affected footfall patterns. Previously bustling city centers now experience a notable reduction in foot traffic, particularly among non-city residents, whose presence has dwindled to a mere 26% (source: [centreforcities.org](http://centreforcities.org)) of pre-pandemic levels. That correlates with a stark decline in office occupancy, which has remained below 50% (source: [savills.com](http://savills.com)) in most major European cities (as of June 2022).

## WHAT CAN YOU DO TO RETURN FOOTFALL BACK TO HEALTHY LEVELS?

- **Introduce Mixed-use Spaces** – Amenitization has become a popular strategy to bring people back to commercial spaces post-pandemic. Integrating leisure facilities, recreational spaces, and even residential units into formerly single-use

commercial spaces can do a lot to rebuild communities and revive local economies. One real estate player who has made this a success is Wereldhave. They introduced full-service centers into their commercial properties – aiming to combine more of people’s daily needs in one place. By doing so, they were able to drastically ramp up visitor numbers (source: [wereldhave.com](http://wereldhave.com)).

- **Invest in Local Online Marketing Initiatives** – Tap into the potential of your community by targeting locals with ads that bring them into your commercial properties. This can make up for loss in footfall from shoppers further out from your property.
- **Organize and Promote Regular Events** – Events can grow awareness and bring more visitors through your door. Property and community managers can use a tenant communication app to organize and promote events that encourage footfall.

## COMBINING FOOTFALL DATA WITH OTHER METRICS

As we’ve shown, fluctuations in footfall can have a broad range of causes. However, footfall alone can only tell you so much. An increase in footfall means little if it’s not paired with an increase in other metrics, such as average transaction value (ATV) and turnover. So, look for those correlations in your data. High footfall but low ATV might indicate that people are passing through your property, but not spending money. Armed with that knowledge, you can initiate strategies to help your commercial tenants attract passing foot traffic. On the other hand, you might observe lower footfall but higher ATV, which would indicate that fewer people are visiting your properties, but the smaller set of visitors actually spends more money. This could indicate that your marketing efforts, or simply your location, are enabling you to attract the right people to your properties. You can then tailor your marketing and operations to optimize the situation.

In summary, footfall isn’t merely about counting feet – it is a window into consumer dynamics and external influences that shape your property’s performance. By interpreting footfall alongside other key metrics, asset managers can make informed choices that maximize their properties’ potential.



Joseph Jarvis is Content Marketer at Chainels





# THE RETAIL SECTOR HAS SHOWN REMARKABLE RESILIENCE AND ADAPTABILITY

“Retail real estate industry leaders are the key interpreters and references in a sector that is in a constant state of innovation and reinvention,” explains Ana Guedes de Oliveira. As the Executive Director Asset Management at Sonae Sierra and this year’s Chair of the MAPIC Awards Jury, she spoke with ACROSS about award-worthy trends and projects in the sector, what the transformation of retail real estate looks like, and how Sonae Sierra is embracing trends and developments.



**ACROSS: YOU ARE THE CHAIRPERSON OF THIS YEAR’S MAPIC AWARDS JURY. THE MAPIC AWARDS RECOGNIZE EXCELLENCE, INNOVATION, AND CREATIVITY IN THE RETAIL REAL ESTATE INDUSTRY. WHY IS IT MORE IMPORTANT THAN EVER FOR THE INDUSTRY TO SHOWCASE POSITIVE EXAMPLES?**

**ANA GUEDES DE OLIVEIRA:** As the chairperson of the MAPIC jury, it is a great honor for me to highlight the importance of these awards. The MAPIC Awards recognize excellence, innovation and creativity, and in these challenging times, it has never been more important to showcase positive examples. These awards serve as a beacon, shining a spotlight on best practices, breakthrough ideas, and innovative concepts that move the industry forward and increase its resilience to future challenges, while promoting continued growth. The current economic environment is undeniably challenging, but the retail industry has also shown remarkable resilience and adaptability. I am excited by the cases presented this year. I hope that this edition of the MAPIC Awards will be a memorable one as it drives modernization and sets new standards in the industry. Together, we are shaping the future of retail real estate, and I am proud to be part of this transformative journey.

**GUEDES DE OLIVEIRA:** The retail real estate industry is constantly evolving, so it is essential for industry leaders to stay on top of emerging trends. We are key interpreters and reference points in a sector that is in a constant process of innovation and reinvention. Three trends stand out as truly transformative in the current landscape: increasing digitalization, increasing adoption of ESG to meet climate goals, and the conversion to multi-use spaces. First, the retail industry is undergoing a profound digital transformation. We are witnessing a shift in the way consumers interact with retail, with an increasing focus on digital channels. While e-commerce has firmly established itself, the importance of physical retail, in other words, brick-and-mortar retail, has by no means diminished. Instead, we are seeing a “phygital” approach, where customer engagement and loyalty are expressed in physical spaces enriched by digital enhancements. This fusion offers a unique value proposition that combines the convenience of the digital world with the immersive, tactile experience of in-person retail.

**ACROSS: WHAT IS THE SECOND BIG CHANGE?**

**GUEDES DE OLIVEIRA:** Second, the entire real estate sector should work together to achieve climate goals through ESG best practices that are now deeply ingrained in the leading retail companies. Retail real estate properties are energy-intensive facilities. With their hundreds of stores

**ACROSS: WHAT DO YOU THINK ARE THE BIGGEST AND MOST IMPORTANT TRENDS IN THE RETAIL REAL ESTATE INDUSTRY?**



IMAGE: SONAE SIERRA

Ana Guedes de Oliveira is Executive Director Asset Management at Sonae Sierra and this year’s Chair of the MAPIC Awards Jury

and visitors, it is no surprise that they consume a lot of energy. However, there are also many ways to reduce their carbon footprint: from reducing energy and water consumption through the use of more efficient appliances and smart systems, and investing in renewable energy sources, to encouraging all consumers and tenants to be more sustainable. I firmly believe that the benefits will outweigh the challenges and will help create value in the retail industry.

**ACROSS: WHAT IS YOUR ASSESSMENT OF THE IMPORTANCE OF MIXED-USE PROPERTIES?**

**GUEDES DE OLIVEIRA:** The creation of mixed-use spaces is key. We are seeing an increasing trend toward integrating retail spaces as key catalysts in urban environments, merging seamlessly with residential, office, and service spaces. This coexistence allows consumers to satisfy a variety of needs in a compact geographical area, ranging from work to wellness and dining to leisure. In an ever-evolving world, flexible and convenient offerings enhance asset values, harnessing built-in synergies to meet the diverse demands of today’s dynamic communities.

In essence, these three trends reflect our industry’s ability to adapt and innovate in response to evolving consumer behavior, environmental concerns, and urban dynamics. By embracing digital integration, adopting best ESG practices, and creating mixed-use spaces, we are shaping the future of retail real estate and increasing its relevance in our ever-changing world.

**ACROSS: HOW DO THE CATEGORIES AND ENTRIES FOR THE MAPIC 2023 AWARDS REPRESENT THESE TRENDS?**

**GUEDES DE OLIVEIRA:** The categories and entries for the MAPIC 2023 Awards are a testament to the evolving trends in the industry, namely the emphasis on F&B and leisure experiences. Competition is fierce, with candidates setting new standards and influencing emerging trends. Many projects skillfully integrate convenience, entertainment, products, services, and memorable experiences within a single location, reflecting modern lifestyle preferences. These entries showcase how the industry is transforming physical spaces to meet the changing needs of consumers and create vibrant destinations.

**ACROSS: WHEN REVIEWING THE CATEGORIES, WHICH ONE IS OF MOST RELEVANCE TO YOUR WORK AT SONAE SIERRA?**

**GUEDES DE OLIVEIRA:** While every category is relevant to our pursuit of excellence, I find that each category contributes to a holistic asset offering. It is important to emphasize the importance of these awards as a catalyst for recognition in the industry, showcasing best practices and driving transformation within the sector. Each category provides a valuable opportunity to learn and grow, and offers insight that is invaluable to the collective effort of every team in our industry.

**ACROSS: WITH RESPECT TO THE ENTRIES, WHAT SURPRISED YOU THE MOST? WHICH CATEGORIES ARE THE MOST VITAL?**

**GUEDES DE OLIVEIRA:** What surprised me the most was the industry’s ability to constantly reinvent itself. It’s about the ability to push boundaries and develop projects that truly appeal to clients and consumers. It’s about creating destinations that not only offer products and services, but also deliver unforgettable experiences and meet the evolving demands of today’s discerning consumers. This ability to adapt, innovate, and transform is the lifeblood of our sector’s growth and success.

**ACROSS: LET’S TAKE A LOOK AT ONE SPECIAL CATEGORY: AFTER A LONG ERA OF BUILDING AND DEVELOPING, REFURBISHMENT AND REDEVELOPMENT HAVE BECOME THE MOST IMPORTANT ISSUES FOR THE INDUSTRY. THE MAPIC AWARDS MARK THE FIRST TIME THAT SUCH PROJECTS HAVE BEEN HONORED: WHAT ASPECTS MAKE A REDEVELOPMENT SUCCESSFUL?**

**GUEDES DE OLIVEIRA:** In the evolving landscape of retail real estate, refurbishment and redevelopment have taken center stage, and we are pleased to recognize these projects through the MAPIC Awards. Successful redevelopment depends on several critical aspects. It’s about understanding and adapting existing retail locations to the evolving lifestyles of consumers and the ever-changing needs of our cities, always with a primary focus on sustainability, namely lower carbon emissions and less consumption of natural resources. Our jury is looking for holistic solutions in these projects that take into account the various interests of investors, public administration, tenants, and consumers,



The 2023 MAPIC Award rewards exceptional retail brand performance and development in 13 categories.







Left: Centro vasco da gama is one of Sierra's mixed use assets.

Right: Prishtina Mall opened its doors in March 2023, managed by Sonae Sierra. That region of south-eastern Europe (SEE) spikes the company's interest.



ultimately adding value to society as a whole. We evaluate how well these projects seamlessly integrate into their specific locations and typologies, transforming not only the retail spaces, but the surrounding ecosystems as well. It is this comprehensive approach that sets the bar for excellence in redevelopment and reflects the industry's commitment to sustainable, integrated solutions.

**ACROSS: LET'S TAKE A LOOK AT SONAE SIERRA: WHAT IS YOUR ASSESSMENT OF RECENT DEVELOPMENTS IN THE SHOPPING CENTER AND RETAIL SECTOR? WHAT ARE THE BIGGEST CHANGES?**

**GUEDES DE OLIVEIRA:** Recent developments have been characterized by rapid evolution, primarily due to changing consumer preferences. The key drivers of change include a focus on value creation, digital solutions, and ESG practices aimed at sustainable and healthier lifestyles. To address these changes and to drive our continued growth at Sierra, we have embraced an innovative omnichannel strategy. This approach transforms retail into mixed-use experiential hubs, ensuring that they remain attractive and can adapt to evolving consumer needs. However, recognizing the limits of our planet is also critical. Therefore, buildings (new and existing) must incorporate sustainable practices to achieve – in due course – net zero emissions and minimize negative environmental and social material impact. Sierra has been a

IMAGES: SONAE SIERRA



pioneer in that regard, setting an example for more than three decades by continuously evolving its shopping spaces and improving their sustainability performance and resilience in the face of future challenges. In this dynamic landscape, vision, agility, and adaptability are paramount. We are committed to leading these changes and providing spaces and services that meet the ever-changing needs of consumers.

**ACROSS: WHAT IS YOUR IMPRESSION OF THE GENERAL MOOD IN THE RETAIL SECTOR?**

**GUEDES DE OLIVEIRA:** The mood within the retail industry is a mix of challenges and opportunities. The industry is undergoing a profound transformation, driven by shifting consumer preferences, digital advancements, and regulatory requirements for ESG. While this creates uncertainty, it also stimulates innovation and adaptation. A central focus of this transformation is the enhancement of the consumer experience, offering personalized experiences via digitalization and multi-channel integration, which are shaping the future of retail.

**ACROSS: WHAT GEOGRAPHICAL DIFFERENCES CAN BE FOUND IN YOUR PORTFOLIO?**

**GUEDES DE OLIVEIRA:** Our current portfolio is strategically diversified across various formats and regions, each with its own characteristics.

Whether it's shopping spaces, food markets, or mixed-use assets, we tailor our approach to suit the region, its heritage, and the value we can provide through our international experience. Sonae Sierra views these geographic differences as opportunities to create value by adapting to specific market needs, all while maintaining our commitment to innovation, sustainability, and operational excellence.

**ACROSS: FROM YOUR PERSPECTIVE, WHICH BRANDS, CONCEPTS, AND INDUSTRIES ARE CURRENTLY CONQUERING CENTERS AND NEW MARKETS?**

**GUEDES DE OLIVEIRA:** The brands, concepts, and industries that are successfully making an impact share a common approach. They adapt to emerging trends, prioritize innovation, and respond to consumer concerns about sustainability and social responsibility. At Sierra, we embrace agility and adaptability in order to navigate constant change and position the assets that we manage as dynamic living spaces, constantly evolving to stay ahead of emerging trends and to cater to the changing preferences of our customers. Our current focus is on designing and developing projects that offer a diverse mix of stores with customizable products, health and wellness spaces, engaging events, immersive entertainment, leisure areas, and a wide range of dining options.

**ACROSS: WHAT IS THE ROLE OF F&B?**

**GUEDES DE OLIVEIRA:** The food and beverage sector has been highly active, with a growing trend toward innovative food halls and high-quality gastronomic spaces. Those spaces offer a variety of culinary options and unique designs, creating ideal settings for socializing, relaxation, or even as flexible workspaces. However, the overarching trends that stand out are sustainability and social responsibility. Regardless of the products or services they offer, brands across all industries are increasingly adopting greener and more ethical practices to attract conscious consumers.

**ACROSS: YOU STARTED THE YEAR WITH A GREAT OPENING: HOW IS PRISHTINA MALL DEVELOPING?**

**GUEDES DE OLIVEIRA:** 2022 got off to the best possible start with the signing of a consultancy contract that soon evolved into a much deeper

collaboration. Sierra's intervention in Prishtina Mall went beyond consultancy services, encompassing not only the tenant mix and operational aspects of the shopping center, but the rapid assembly of a multidisciplinary team to lead the management of the center as well. That region of south-eastern Europe (SEE) spikes our interest, with a variety of specificities that make this our biggest managed project in SEE. The scale and speed of the results delivered in this asset are a success story, since we not only met but exceeded our objectives during Prishtina Mall's opening phase. As we fast-forward to 2023, we take great pride in sharing that Sierra's contract for the management of Prishtina Mall has been extended for an additional two years. This is a project that demonstrates Sierra's commitment to creating value for our clients' assets, through our specialized teams, as well as in the expansion of brands that also trust in our international management know-how.

**ACROSS: CONSIDERING YOUR PORTFOLIO IN GENERAL: IN YOUR OPINION, WHAT IS THE MOST EXCITING PROJECT AT THE MOMENT?**

**GUEDES DE OLIVEIRA:** Given the fact that our extensive portfolio consists of 180 assets covering three million square meters and housing approximately 6,400 tenants, it's difficult to single out any one project as the most exciting. What truly excites me is the overarching vision we have set for our business and the strategic path we've charted to solidify our leadership position in the industry. Sierra is a multinational company that takes an integrated approach to real estate and is focused on urban transformation and innovation. We would like to continue to contribute to the creation of value in society, and we have the team and motivation to do so. Under our new strategy, we take pride in developing reference-setting multi-use projects that encompass diverse sectors, such as offices, residential, retail, and leisure. Each of these projects contributes to our mission of shaping the future of urban spaces and enhancing the communities we serve. In essence, the most exciting aspect of our portfolio is the collective journey that we're on, the impact that we're making, and the potential for innovation and transformation in each project we undertake. We blend the physical and digital realms, enhancing our relevance and differentiation.







Construction has commenced on the first phase of Cotswolds Designer Outlet in Tewkesbury, creating 12,635 sq m space for 56 new brands.

IMAGE: REALM

# OUTLET 3.0 – WHAT’S IN STORE?

Across the outlet market, we’ve started to see a growing number of brands, including Hugo Boss, Adidas, and Tommy Hilfiger, actively seeking larger retail spaces with a clear objective: to elevate and enrich the ‘flagship’ outlet in-store experience, explains Dan Mason is Managing Director Realm. This year marks the 30th anniversary of the UK’s first outlet center, and as we look ahead to the next decade for this resilient retail sector, what will be the defining trends of Outlet 3.0?



Outlet has shown a remarkable evolution over three decades, once an outpost for last season’s stock and today a key requirement of the successful omnichannel strategy for leading brands. A clear indication of the trend towards premiumization is the growing aspiration among brands to craft a more upscale and refined shopping experience. This requires more store space to seamlessly integrate digital screens, enhance merchandising, and cultivate a more sophisticated ambiance. Additionally, brands are extending their offer to include in-house services such as alterations, bridging the tangible gap between outlet and full-price stores, especially for first-time shoppers.

integrate outlets into their broader omnichannel strategies, necessitating careful attention to back-of-house requirements. Some brands are also giving their newest flagship concept stores a distinct brand identity. Nike Unite stores are a common sight in outlets, like London Designer Outlet, as well as retail parks, meaning the format is versatile and cross-category in its appeal.

Simultaneously, brands are expanding their product offerings, which requires more space and strategic zoning. For instance, Lindt has ventured into serving gelato in-store and Mountain Warehouse now boasts leisure wear, pet owner essentials, and a host of new brands in a notable diversification for the brand.

Brands who are seeking flagship space are global, boasting well-established popularity and a track record of success. Notably, this category is

Although the shift towards premiumisation appears to be a significant driver behind the proliferation of flagship stores, there is more at play. Retailers are increasingly looking to



IMAGE: REALM

Dan Mason is Managing Director Realm Ltd – specialist operators of outlet centers and retail destinations.

largely dominated by athleisure and sportswear giants like Nike, Adidas, and Puma who, according to a combination of our own research and pan-European data from Magdus, have an average unit upsize size of 952 sq m for this year. A significant catalyst behind this trend is the robust growth of the UK gym market, with 15.1% of the population now members of a gym. Outlets have unique appeal as they offer a wide range of choices, eliminating the need to limit oneself to a single multi-brand retailer. The impact of the growth of the leisure market also feeds into the growing popularity of health food operators. Brands like Holland & Barrett and Grape Tree, for instance, are expanding their footprint to cater to this burgeoning demand, diversifying their product range to include items such as protein and CBD products.

Meanwhile, fashion and footwear brands, such as Guess, Boss, Skechers, Jack and Jones, The North Face, and Carvella, are also expanding their footprint in outlets. At our outlet portfolio this year, Tommy, Levi’s, and Calvin Klein have upsize with an average unit size of 499 sq m – a scale that, while not on par with athleisure and sportswear giants, remains significant given the average outlet unit size of 279 sq m.

These brands are strategically diversifying their product offerings and leveraging flagship opportunities to bolster their market share and attract new customers. One such example is the new 418 sq m Skechers now open at Lakeside Village, which offers back-to-school gear, walking, athleisure, running gear, and comfort shoes, creating a multi-generational appeal in a highly visible unit at the scheme. Tenant ambition is also important and brands that have shed the old view that outlets are a place for stock clearance will naturally want a space that more closely mirrors the high street in terms of promotions, stock deliveries and stock replenishment. We’ve also started to see bigger groups with brand portfolios wanting outlet stores with dual fascias to allow them to seasonally flex stock and save on back of house costs.

In all discussions with tenants regarding space allocation, critical factors come into play, including turnover data, feedback from retail managers, and benchmarking against category averages, ensuring a well-informed approach to decision-

making. There are, of course, also more human considerations. Even if you have around 80 stores, like at London Designer Outlet, the average number being visited by individual guests per trip will rarely exceed five or six. One amazing women’s wear brand is unlikely to draw customers on its own, and without complementary stores or offerings, people are less inclined to visit. There is a balance to be achieved here as brands want to flex their store and make the biggest impression possible, but there is a risk of upsizing, causing some dilution – doubling in size does not equal double the turnover. This, too, requires careful consideration and balancing to maintain a sufficient range of fascias to support a wider tenant strategy; if too many brands upsize across multiple units, an asset manager has less flexibility to offer smaller, potentially higher-density units. This is where knowledge of the scheme is used in tandem with data, modeling, and conversations with occupiers to arrive at the best solution.

Newly finished schemes, or those still under construction, often serve as a reflection of these broader trends. Consider the new Cotswolds Designer Outlet currently under construction, where there is a strong focus on creating a premium guest experience. The design provides the ability to easily amalgamate and split units, as well as incorporating a variety of unit depths and mezzanine storage opportunities within units, and remote storage facilities within the central block, that combines to enable optimisation of the tenant mix and enable trading space to remain uncluttered with a premium feel. The demand for bigger units from athleisure brands has become clear in conversations with retailers, whilst others have been requesting smaller units as they look to integrate order-in-store capabilities, so flexibility is the key.

While the average unit size at outlet centers has remained relatively consistent over the past decade, hovering around 186 sq m, a noticeable shift has occurred, particularly since 2020 when unit size jumped up to nearer 279 sq m. The average store count for schemes has also risen from 88 to 95 in the last five years. A shift towards more extensive units and outlets accommodates the overarching trends of premiumization and the expansion of product offerings and market reach. As brands develop their outlet presence, flagship stores will no doubt prove a defining hallmark of ‘Outlet 3.0’.

**SPOTLIGHT ON COTSWOLDS DESIGNER OUTLET - REALM IS THE OPERATING PARTNER AT THE SCHEME**

- 17,187 sq m outlet retail destination with 90+ new brands once fully complete
- Located at Junction 9 of the M5, linking Bristol to Birmingham
- Fully funded and delivered by regionally-dominant firm Robert Hitchins Ltd.
- Bouygues UK appointed contractor on 12,635 sq m first phase, opening in Spring 2025
- Part of a major 300acre mixed-use development project with 6,875 sq m Dobbies Garden centre now open and new homes





# OUR STRENGTH IS THE MIX

For a long time, the footwear market was one of the driving forces in the retail sector. Recently, however, hardly any other segment has seen as many insolvencies. However, where there are losers, there are always winners as well. In 2023, Deichmann is planning to make the highest corporate investment in its history – 500 million euros – and is investing in around 200 new locations worldwide.



**ACROSS: WHAT IS YOUR RECIPE FOR SUCCESS? WHAT MAKES DEICHMANN DIFFERENT FROM THE OTHERS?**

**CHRISTIAN HINKEL:** Our positioning is clear. It has also become clear, especially with respect to the DEICHMANN concept, that our core claim of offering the best value for money on the market is attractive to our customers, even or especially in times of crisis. We have also managed to attract additional groups of shoppers to our stationary stores and online stores due to our fashionable range and other well-known external brands, and to successfully offer higher-priced brand models. The majority of consumers have rewarded our courage.



Christian Hinkel is Head of Corporate Communications at Deichmann

**ACROSS: HALF OF THE PLANNED INVESTMENT IN GERMANY WILL GO TOWARD MODERNIZING THE STORE NETWORK, SPECIFICALLY AT NEW STORES, AND IT WILL ALSO BE USED IN THE AREAS OF DIGITALIZATION AND LOGISTICS. WHY?**

**HINKEL:** In 2023, we will continue to focus on modernizing our store network, systematically expanding our brand portfolio, and further developing our successful omnichannel strategy.

We still believe strongly in the stationary business. That is a strong pillar for us. We are investing in attractive stores that offer a unique shopping experience to our customers. In addition, as an omnichannel provider, our online store ensures that we have high digital relevance and visibility. Shopping at DEICHMANN should be easy, fast, and convenient for our customers – across all channels.

When a company grows, the supporting functions, such as logistics, must also evolve in order to be successful in retail. In addition to the stationary business, the e-commerce and omnichannel fields must also be taken into consideration. That is why DEICHMANN consistently invests in its logistics sector.

**ACROSS: HOW IMPORTANT IS ONLINE RETAILING FOR DEICHMANN? WHAT RECENT DEVELOPMENTS HAVE OCCURRED IN THAT SECTOR? WHAT ARE YOUR PLANS FOR THE FUTURE?**

**HINKEL:** In 2000, DEICHMANN was the first shoe retailer to sell its products online. The coronavirus pandemic clearly showed us, an omnichannel provider, the importance of digitalization. A significant increase in e-commerce was seen during the pandemic. The most important point for us is to consistently combine the elements of brick-and-mortar retail with those of the online store to make it as easy as possible for our customers to switch channels. For us, it is essential that the online segment grows with us, earns money, and generates new customers, thereby making a significant contribution to our overall growth.

Examples of our omnichannel services include Click & Collect, which enables customers to pick up online orders at our stores, and our BITA app, which gives customers access to our entire inventory in-store. We want to expand our omnichannel product landscape in general, for example, with the rollout of SCAYLE, our new central omnichannel platform. It was initially launched in Slovakia and the Czech Republic, but it will also be used throughout the company. Our enhanced App 4.0



DEICHMANN's new store concept at a branch in Flensburg



Omnichannel offering are essential to meet customers' functional and emotional requirements.

offers customers a faster shopping experience and new features.

**ACROSS: WHAT CHANGES IN CUSTOMER BEHAVIOR HAVE YOU NOTICED IN THE AFTERMATH OF THE PANDEMIC?**

**HINKEL:** Customers were happy to return to the stores. Shopping is also about meeting people as well as touching and tasting goods – it's about having meaningful experiences. Despite all the external crises, we had a good financial year in 2022. We didn't have to close any stores as a result of the pandemic, nor did we have to lay off any employees. The positive development across all concepts is due to growth at our outlets and successful acquisitions, for example, in the USA. It is particularly pleasing that we have managed to achieve a strong level of growth at our existing outlets across the Group in the past year. We are truly grateful to our customers, who have always been happy to come to our stores to buy good shoes for themselves and their families at the best value for money. Such a thing was unforeseeable in this form.

**ACROSS: ENERGY COSTS, INFLATION, LOGISTICS PROBLEMS ... TO WHAT EXTENT HAS DEICHMANN BEEN AFFECTED BY THOSE NEGATIVE INFLUENCES, AND WHAT ARE YOU DOING ABOUT IT?**

**HINKEL:** At the moment, the situation in the fashion retail sector is tense and characterized by crises. The entire industry is facing very significant challenges. That makes investing with foresight and prudence all the more important, which is why the company has always looked ahead – even during the coronavirus pandemic. At our com-

pany, we are not fearful or hesitant; we are determined and committed to successfully leaving the global crises behind us. DEICHMANN is setting the strategic course for the future with forward-looking investments. The investments are flowing into the modernization of the store network, the opening of new stores, the optimal linking of online and offline services, international expansion, further digitalization, and logistics.

**ACROSS: HOW DO YOU PLAN TO IMPROVE THE CUSTOMER EXPERIENCE AT YOUR STORES?**

**HINKEL:** We want to continue to consistently improve the brand experience that DEICHMANN offers customers on-site. Shopping at DEICHMANN should be fun and easy across all channels. With that in mind, we are also continuing to invest in the existing store network: Around 450 stores across the Group are due to be remodeled in Europe over the year. The new store concept, which was developed in international cooperation and will gradually shape the store image throughout the Group, is leading the way in this respect. With a modern look, a generous sense of space, soft color worlds, and plenty of room for sporting goods, DEICHMANN is taking another step toward the future with its new store design. Customer guidance through color accents, open ceilings, ceiling sails above defined areas, and modified furniture are just some of the features. One particular highlight is the spacious sports department for men and women, which includes an inviting sneaker wall with brands such as Adidas, Nike, Puma, FILA, Reebok, Asics, and Sketchers. New services, the expansion of the omnichannel offering, and the linking of brick-and-mortar stores







and online retail also play an important role here. Examples include Click & Collect, which enables customers to pick up online orders in-store, and our BITA app, which gives customers access to our entire inventory in-store.

**ACROSS: REGARDING COUNTRY EXPANSION: WHAT ARE YOU FOCUSED ON? ARE NEW MARKET ENTRIES PLANNED?**

**HINKEL:** There are no concrete plans for new market entries in the Central and Southeastern Europe region, which currently comprises 10 countries and is centrally managed from Vienna. However, all options are constantly reviewed. The planned group-wide growth also includes stores operated by franchise partner AZADEA Group. Following the successful market entry in Dubai in 2019, in Kuwait in 2020, and openings in Qatar and Oman in 2021/22, the expansion on the Arabian Peninsula continues. This year, for example, branches in Abu Dhabi and Saudi Arabia are on the agenda for the first time.

**ACROSS: ARE THERE ANY DIFFERENCES IN BUYING BEHAVIOR / CONSUMER CLIMATE BETWEEN EASTERN AND WESTERN EUROPE?**

**HINKEL:** The fashion tastes of our clientele differ somewhat from country to country, but they are not too different from those in the rest of Europe. The acceptance of our assortment is very high. Our range is aimed at all age groups; the whole family will be able to find what they are looking for. To a large extent, the product range is the same as it is in other countries. However, we also take the local markets into consideration and develop up to 10 percent of our product range specifically for our customers in each respective country. Of course, depending on the economic situation of a given country, differences in the consumer climate can be found. Customers can rely on a wide range of DEICHMANN products and quality across borders. There are also country-specific offers.

**ACROSS: DEICHMANN HAS A SOLID PRESENCE IN THE SNEAKER MARKET. WHAT ADDITIONAL PLANS DO YOU HAVE FOR THAT SEGMENT? WHAT MARKETS WILL FOLLOW POLAND AND CROATIA?**

**HINKEL:** The sneaker segment has been integral to the DEICHMANN range for several decades, and demand is naturally huge. That's why we are

also intensifying our strategic cooperation with global sports brands, for example. Due to fashion's general "casualization", we are seeing a sustained increase in demand for sporty styles overall. We continue to see demand for our brands as well as sports brands such as Nike, Adidas, PUMA, Fila, Skechers, and Asics.

Therefore, we are in a continuous state of development with respect to the sports shoe theme. That applies to our stationary stores as well as to our online store. Strategic cooperation with sports brands has significantly intensified to make every budget's active lifestyle possible. At the same time, DEICHMANN has made the latest lifestyle trends offered by sports brands accessible to everyone. The importance of the sports segment is also reflected in our current store design concept. Premium sports brands are staged in a new look and feel, thereby creating a new shopping experience. In the areas in which we are limited by price in the DEICHMANN concept, we have a vast selection in the SNIPES group.

**ACROSS: DEICHMANN SE IS WHOLLY OWNED BY THE DEICHMANN FAMILY. IS THAT PART OF THE SUCCESS OF THE CONCEPT? IF SO, WHY?**

**HINKEL:** As a company, we continue to stand for continuity and reliability. Even today, after 110 years, DEICHMANN SE is still a purely family-owned company that has retained its independence from external financiers. As a family business, we think in generations rather than in quarters. "The company must serve people" – customers, employees, partners, and people in need. That conviction has prevailed within the Deichmann family from the very beginning. Against that backdrop, profits are important to enable healthy corporate growth and to create jobs. At the same time, however, a portion of the profits has also been invested in social commitment for a number of years.

**ACROSS: LET'S TALK ABOUT RETAIL AREAS. WILL YOUR STORES BE LARGER OR SMALLER IN THE FUTURE? WHAT IS YOUR STRATEGY REGARDING STORE SIZE?**

**HINKEL:** The size of our stores depends on the achievable sales potential – we are usually satisfied with a total area of approximately 500-600 sq m. Offering the customer an optimal shopping

experience and a competent assortment at each of our stores is important to us. A vital parameter is good area productivity, rather than generating additional sales through pure area growth.

**ACROSS: WHEN IT COMES TO LOCATION TYPES – CITY CENTERS, SPECIALIST STORES, SHOPPING CENTERS – WHICH TYPES DO YOU FOCUS ON, AND WHY?**

**HINKEL:** In this regard, as is so often the case, it comes down to a good mix. That is our strength. One of our focal points is the specialty store sector, which has developed dynamically in recent years. During the coronavirus pandemic, in particular, there were, in some cases, very positive customer footfall and sales effects, which in many cases also have a lasting character. In the case of shopping centers, development has been quite different. Even though footfall figures have returned to pre-coronavirus levels in some cases, that is not always the case when it comes to sales. The same is true for most downtown locations. However, as costs, especially leases, continue to rise due to inflation, we are constantly evaluating the profitability of locations. At some locations, the sales and footfall are no longer in line with the costs, making it necessary to close or relocate stores.

**ACROSS: REGARDING THE LABOR MARKET: HAVE YOU ENCOUNTERED ANY PROBLEMS ATTRACTING OR RETAINING GOOD EMPLOYEES? ARE THERE ANY COUNTRY-SPECIFIC DIFFERENCES? IF SO, WHAT ARE THEY?**

**HINKEL:** We owe much of our success to our dedicated employees. We invest a great deal in training our staff, we have developed a program to promote young talent, and we offer good career opportunities. Having a solid basis is essential. DEICHMANN embodies many qualities that have successfully brought the international group of companies through global crises to date: a solid economic foundation, flexibility, creativity, foresight, and, above all, a committed team that stands by the company and masters problematic tasks together. However, in some countries, we have also noticed that the coronavirus crisis has resulted in a shortage of skilled workers in the retail sector. In general, HR work is more demanding during times of crisis and poses particular recruitment challenges. We have increased our

recruiting activities and are striving to reach our target groups in an even better way.

**ACROSS: WHAT CONSUMER TRENDS HAVE YOU SEEN? WHAT IMPACT DO THEY HAVE ON YOUR FUTURE SITE SELECTION AND STORE DESIGN?**

**HINKEL:** As an omnichannel provider, we know that today's shoppers contact the retailers of their choice via a wide variety of channels. Our points of contact with consumers are, therefore, open to more than brick-and-mortar or online alone. The important point for us is to consistently combine the elements of brick-and-mortar retail with those of the online store to make it as easy as possible for our customers to switch channels.

With a well-thought-out marketing mix, we can efficiently reach people using innovative measures along the customer journey and thus accompany them in their purchasing decision-making process.

**ACROSS: WHAT ROLE DO DIGITAL STRATEGIES PLAY IN THAT REGARD?**

**HINKEL:** Powerful digitalization of stationary retail can help to link offline with online, thereby making it easier for customers who like going to stores to find products and services – as early as the planning stage of their visits. Examples include services such as Click & Collect, which enables customers to pick up online orders in-store, and our BITA app, which gives customers access to our entire inventory in-store. To that end, we have also continued to systematically invest in the attractiveness of our stores.

**ACROSS: WHAT DOES THAT MEAN?**

**HINKEL:** A modern store must meet its customers' functional and emotional requirements. Approximately 450 stores throughout the Group will, therefore, be refurbished over the year – in line with the current state of affairs in Europe. Our new store concept is leading the way. A modern look, open ceilings, a spacious feel, soft color schemes, and plenty of space for sporting goods. New services, the expansion of our omnichannel offering, and the linking of brick-and-mortar stores and online retail also play essential roles in that regard. One of our focal points is the specialty store sector, which has developed dynamically in recent years.





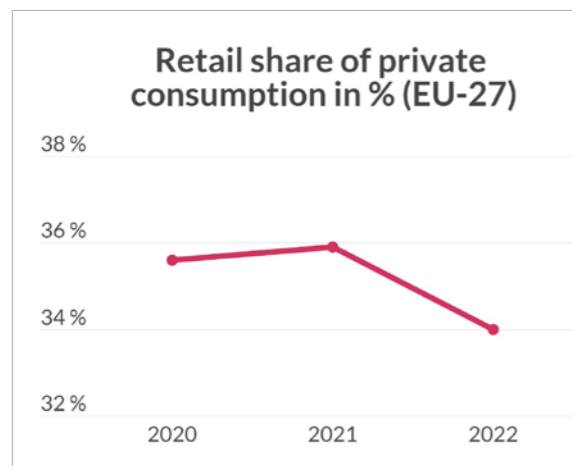
# RETAIL SHARE OF PRIVATE CONSUMPTION RECORDED A DECLINE IN EUROPE – EVEN THOUGH RETAIL TURNOVER INCREASED

The online shopping trend developed in a particularly dynamic manner during the time of COVID-19, with online retailers further expanding their already strong market positions, especially in the non-food sector. A GfK study on European retail analyzes the key indicators for 2022 and 2023.



In 2022, however, it became evident that consumers were once again seeking out local retailers. Instead of ordering shoes and clothes in several sizes and having to return them, consumers were able to try them on in-store, get advice on new outfits, or simply stroll through stores. That gave the familiarity of a shopping experience back to consumers as well as the sense of normality that they had been longing for.

Online retail spending declined somewhat in a few countries, such as Sweden and Denmark, compared to what was seen during the pandemic, while other countries recorded weaker growth compared to the previous year. A lower share of technological products was purchased online in Europe after the pandemic than during it, but online purchases still remained above pre-pandemic levels.



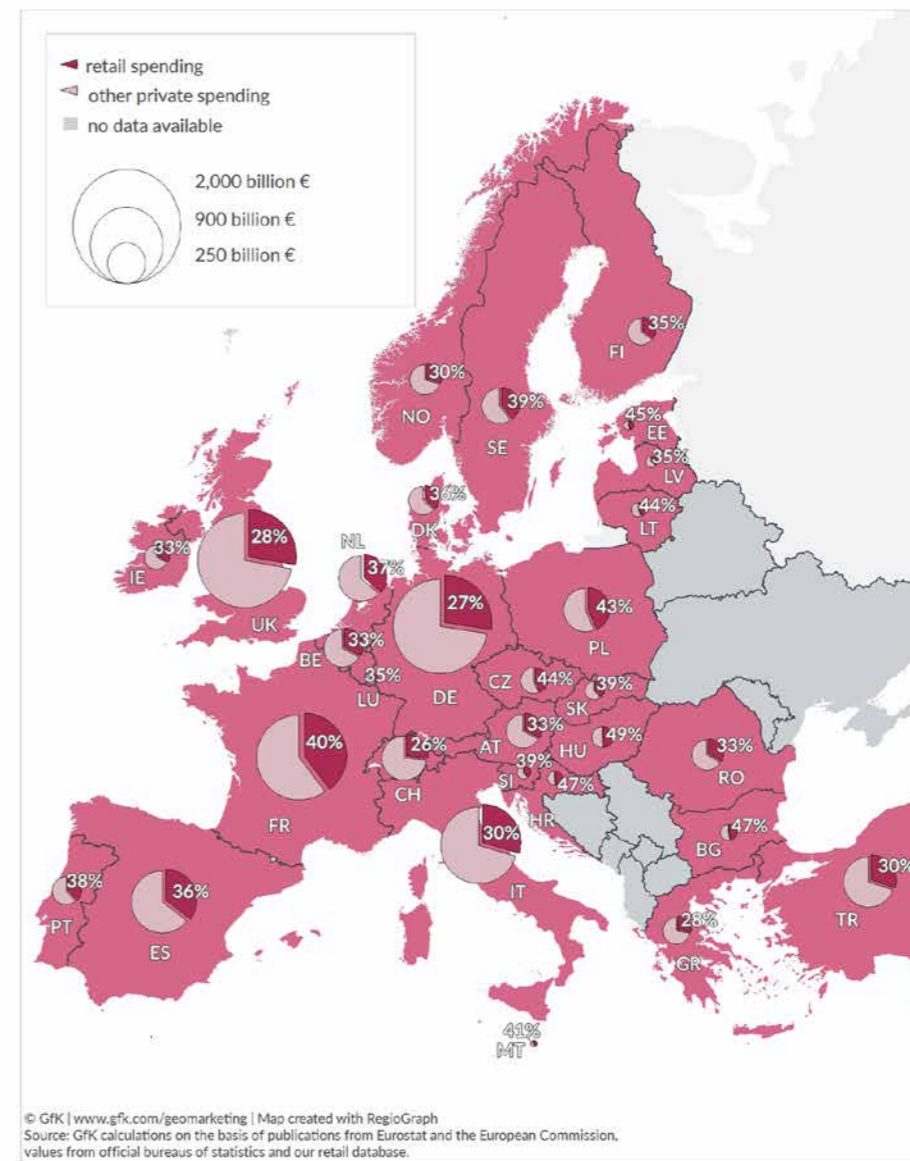
Even though the desire to shop returned, retail consumption in 2022 was primarily suppressed by high inflation. In food retail, there was an increase in purchases of private labels and a growing reluctance to buy across all sectors. The retail sector's share of private consumer spending declined by 4.6 percent to 34.2 percent in the 27 EU countries, compared to 2021.

One of the main reasons behind the decline was the sharp rise in energy prices. The huge increases in gas and electricity prices, for example, pushed many consumers to save up reserves for their next energy bills, thereby reducing their budgets for retail purchases.

That was also confirmed by a GfK study conducted in 2022. More than 50 percent of consumers worried that the already increased prices for electricity, gas, heating oil, and fuel would continue to rise and claimed that would affect their purchasing behavior.

Among the 27 EU countries, Hungary, which was hit particularly hard by inflation, had the largest retail share of private consumption at 49 percent, followed by Bulgaria and the youngest member of the euro currency community, Croatia, with both at 47 percent. Estonia, the Czech Republic, Lithuania, Poland, and Malta also had spending levels of more than 40 percent. An east-west divide was also evident; the countries of Eastern Europe had less purchasing power at their disposal, which was further reduced in real terms by inflation.

Retail share (%) of private consumption in 2022



**ABOUT THE STUDY**

GfK analyzed purchasing power, retail turnover, and the retail share of consumers' total expenditures for 2022 as well as the 2022 and 2023 consumer price trends in Europe. Special chapters also take a closer look at the development of inflation by purchasing power product lines as well as the tech retail situation in Europe. In doing so, the study offers a valuable point of reference for retailers, investors, and project developers. The study is available as a free PDF, in English, at [www.gfk-geomarketing.com/european-retail](http://www.gfk-geomarketing.com/european-retail).



That was why retail spending was proportionately higher; in Hungary, Croatia, and Bulgaria, nearly half of the money spent went to retail, whereas in Italy and Germany, for example, not even a third of the money spent by citizens was on retail consumption. Among the 27 EU countries, only Poland, Portugal, and Slovakia saw a slight year-on-year increase in the retail share of their private consumption.

It can be assumed that as inflation slowly levels off, the population's propensity to buy will also move in a positive direction again. With respect to Germany, that has already been confirmed via analyses of the GfK Consumer Climate 2023.





# THE USE OF AI & AUGMENTED REALITY IN RETAIL

There are a variety of ways that retail companies are cleverly utilizing artificial intelligence and AR, states Marc Giovannini, founder of Omniaz. He highlights use cases, explains the growing interest, and discusses why hyped products like the much-anticipated Apple Vision Pro may be a push toward mass adoption, but are not the breakthrough product the industry is waiting for.



Augmented Reality (AR) is a technology that superimposes computer-generated content, such as images, videos, and 3D models, onto the real-world environment. AR enhances the user's perception of reality by overlaying digital elements onto the physical world, allowing users to simultaneously interact with both real and virtual objects.

such as Pokemon GO, which create interactive and location-based gaming in the real world. AR can be used in online education platforms to provide interactive and visual learning experiences, making complex concepts more accessible and engaging. In addition, AR filters, which have been popularized by apps such as Snapchat and Instagram, allow users to add fun and interactive elements to their photos and videos.

In offline settings, AR can be used to provide interactive navigation guidance at shopping centers, museums, airports, and other complex spaces, thereby helping users find their ways more efficiently. When it comes to in-store sales, AR allows salespeople to demonstrate products in 3D, which allows customers to see how such items would look and fit in their homes or workplaces, showcasing product features and benefits in an interactive way. Such visualization can be especially useful for large or complex products, such as furniture, appliances, and machinery. With AR, product recommendations can be tailored to individual customers, depending on their preferences and needs.

AR can also assist in the creation of product manuals. AR can be utilized to overlay instructions or step-by-step guides on physical products, making assembly or repair processes more accessible. In offline events and theme parks, AR can be integrated into attractions and shows to create interactive and immersive experiences for visitors. AR can also enhance traditional

Virtual Reality (VR) is a technology that immerses users in a completely artificial, computer-generated environment, typically experienced through a head-mounted display (HMD) or VR headset. There is a very distinct difference between AR and VR. When it comes to AR, we are still within the real world – we are connected to it. When it comes to VR, we find ourselves in a dystopian digital world without any physical connection to the real world. Unfortunately, to date, many articles still confuse VR with AR.

## ONLINE VS. OFFLINE USE

The use cases for online usage are manifold. In advertising and marketing, brands can use AR to create interactive and engaging online ads that allow customers to virtually try products before buying them or to experience immersive brand campaigns. In e-commerce, AR can enhance the online shopping experience by enabling customers to visualize products in their real-world environments using 3D models before making a purchase, such as trying on virtual clothes or placing furniture in their living rooms. In gaming, online AR games have gained popularity due to the success of mobile apps



IMAGE: OMNIAZ

Marc Giovannini is COO & Co-Founder at Omniaz - Augmented reality (AR) solution for Retail & Ecommerce.

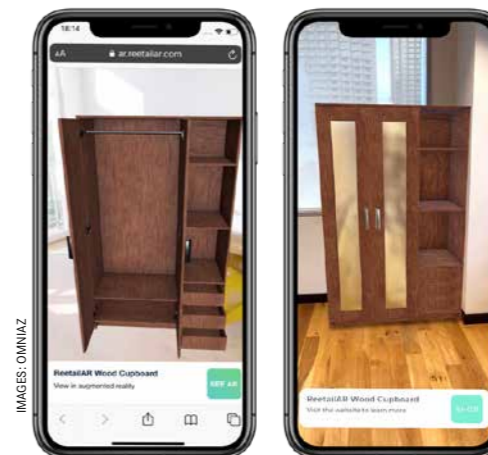
art exhibits with interactive elements and storytelling. In addition, AR can offer hands-on training and simulations for various industries, such as healthcare, aviation, and engineering, thereby providing trainees with realistic and safe environments in which to practice. In healthcare, AR can be employed in surgery planning, medical training, and patient education, providing 3D visualizations of anatomy and medical procedures. Automotive companies can also use AR to display real-time information on windshields, such as navigation directions and car performance data.

## CUSTOMER FEEDBACK FROM B2B TRADING?

At our company, we have seen a growing interest in these solutions. We generally get very good feedback from our customers. In 2023, most retailers/brands have an allocated budget for AR solutions. That is because the industry is still in its early stages. In e-commerce, for example, every brand/retailer has now heard of AR and has some touch points. However, if you look at how big the share of immersive/3D applications is on the web, we are still talking about less than 5%. That, of course, depends on the market. There is still a great deal of potential, however, and I firmly believe that in 10 years, all of the products that we buy will be in 3D/AR, because the future will be immersive.

## IMPORTANCE FOR BRANDS, RETAILERS AND THEIR END CUSTOMERS

We at Omniaz offer B2B SaaS solutions for brands and retailers to easily offer their end consumers 3D/AR visualization solutions. The reasons behind why our customers implement AR-based solutions in online and offline configurations are, of course, closely tied to business metrics/KPIs, which, in turn, are tied to how well the solution is perceived by customers. Based on such metrics, customer feedback is really good as conversion rates have increased by 30% or more online. Other feedback from offline cases has shown really good indications, which is why we would like to further roll out our solutions and extend them to more stores and countries using our existing clients.



IMAGES: OMNIAZ

Left: Omniaz uses web-based AR which can be launched directly from any smartphone web browser; no additional app needed.

Right: Products can be projected onto real world environments in 3D, with size to scale, so consumers can visualize the look and fit.

## WHAT CAN WE EXPECT NEXT? HOW ARE THESE TECHNOLOGIES EVOLVING?

When it comes to end customer awareness, we are moving closer and closer toward everyone using AR in one way or another on a daily basis. Virtual tryouts will be a big push in that direction, through the use of apps such as Google Maps or Google Lens, or hardware developments such as Apple Vision Pro. Technology, specifically software and hardware, will continue to get better and better. The next big thing will be affordable/lightweight AR glasses, which will be a major push toward mass adoption.

## IMPACT OF NEW GADGETS

Apple Vision Pro is an example of a gadget that has been long awaited. The first feedbacks from experts and developers have been positive. It is not ready for mass adoption. But it's a starting point and push towards developments in this field – towards a full immersion of our lives that can only be provided by AR, not VR. Nevertheless, it is a starting point and a big push toward mass adoption – a full immersion of our lives that can only be provided by AR, not VR. The industry has been waiting for this release for years, and it has had a very positive impact on the whole AR/VR topic. It seems (to me) that the media is finally starting to better distinguish between the two technologies and their co-existing, but very different, applications and, most importantly, their impact on our future.





# OBJECTS WITH CHARACTER AND SOUL @TORQUATO FRANKFURT AM MAIN

The name is derived from Torquato Tasso, a 16th century Italian poet. Johann Wolfgang von Goethe made Tasso the focus of a five-act play that premiered in Weimar in 1807.



The Leuchtturm Group, a fourth-generation family business for premium brands, is behind Torquato AG. The company has been developing products with a distinctive design language, with love and down to the smallest detail, for over 100 years. These premium products help to make life more personal, more emotional, and more eventful. In today's fast-paced world, analog enjoyment is a true luxury, but it is one that is affordable. However, if you think that all products remain in their respective forms over the years, you are mistaken: Existing things are challenged while discoveries, techniques, and materials from all over the world are evaluated before making their way into the assortment. There is one thing that can be felt everywhere at the Torquato site: The people who work there enjoy what they do; they have high standards and an everlasting desire to change and discover new things.

## CURATED SPACES, A PRINT CATALOG, AND GIFTS WITH AN EMOTIONAL PATINA

Torquato was founded in Geesthacht, near Hamburg, in 2000 and currently employs around 80 people. The premium mail-order company sells an assortment of 5,000 products, which are lovingly selected by the Stürken brothers, Axel, Max, and Moritz. During their travels, they look for extraordinary handicraft enterprises, unique products that are mainly rooted in tradition and history, and small specialties that trigger emotions – without which one would not want to live or which often accompany one for many years. That is how the portfolio of approximately 600 international suppliers, who are often represented by means of a single (and thus unique) product, came into being. Logistically, this is very time-consuming – but they are happy



to put forth the effort in order to be able to offer holistic experiences via items from all over the world at this level. It is, therefore, hardly surprising that there is a haptically outstanding monthly edition of a print catalog.

## EXPERIENCE PRODUCTS IN STORES USING ALL OF YOUR SENSES

Torquato currently operates six locations; the store in Frankfurt was recently opened and is characterized by its large, open floor plan, which depicts the individual living spaces. Due to its corner location, those who pass by are often successfully attracted by the many large shop windows. Products can be found with miraculous ease across two floors, all of which you immediately want to have. Each room features a carefully selected color that carries through to the door frames, the ceiling, and even the furniture, so the focus immediately lands on the curated product selection. Nothing is cluttered; you feel warmly welcomed – almost at home. You get that feeling from the people who “live” there, as they greet you when you enter, just as you would greet friends and guests, whom you joyfully await. High-quality fragrances can be experienced as you walk through the kitchen, living room, and bedroom. All of the scents come exclusively from the products, such as candles, flowers, and spices. That underlines the authenticity of the experience, thereby creating a particularly pleasant memory.

## STANDSTILL IS REGRESSION

Due to the change in shopping behavior in recent years and the state of constant change, a stand-out product selection is essential, as are excellent advice and the offering of services such as personalization. In an effort to leave nothing to chance and provide the customer with an unforgettable shopping experience, all the way down to the delivery address, Torquato has an in-house warehouse and logistics center, which makes shopping easy – both online and offline.

**My Tip:** This family business shows that even as a long-standing, traditional company, it is important to be courageous and to dare to do something different. To open a store with this product range in Hamburg during a pandemic shows courage. It is crucial to be resilient and, even after decades, to constantly evaluate and readjust if necessary – not to rest on success, but to keep working to improve even small details or find unique products at small craft businesses outside of big cities. Looking at all the (online) channels, everything seems coherent and heartwarming. A sense of togetherness and a joyful sound run through all areas, becoming tangible and palpable. Even when entering the curated store, the joy that dominates this place is omnipresent and intensely felt by its customers. What is displayed at Torquato is coherent as a whole, extraordinary in detail, and – what makes it particularly special in today's world – an experience for all of your senses.



**HEIDEMARIE KRIZ**  
Point of Sale Doctor and Retail Architect.

ALL IMAGES: HEIDEMARIE KRIZ





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ambas Real Estate is an independent retail investment and asset management advisory firm. The company advises owners and developers about retail assets and modern mixed-use properties. Its service portfolio includes tailored transaction-related advisory and strategic asset management services. ambas is active in the European real estate markets, Germany being its core market.



**BIG CEE**  
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BIG CEE is the subsidiary of BIG Shopping centers Israel, based in Belgrade capital of Serbia, since 2007. Company was founded with a mission of developing the BIG brand in the Balkan countries and with focus on implementing BIG Shopping Centers strategy and vision in Serbia and neighboring countries such as North Macedonia, Albania, Montenegro. BIG CEE holds and operates 10 active shopping centers – 9 in Serbia and 1 in Montenegro. In Serbia operates 6 Retail Parks which are branded as BIG, 2 Shopping Centers which are branded as BIG Fashion and the only Designer Outlet in the country branded as BIG Fashion Outlet. With a focus on the company's core product – Retail Parks, BIG CEE has successfully become one of the leading retail real estate developers in Serbia and the Balkan region.



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Chainels is a one-stop-shop solution that combines all essential communication and workflows in one platform. Clients such as CBRE, Redevco, Multi Corp, Atrium, EPP and Shaftsbury use Chainels to communicate with all tenants, service providers and other stakeholders within their assets. In addition, we offer our property owners and managers a selection of additional modules to digitize and streamline internal and onsite workflows.



**CHRISTMASWORLD**  
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Christmasworld – Seasonal Decoration at its best – is the leading international trade fair for festive decorations. Exhibitors from all over the world present the latest trends and products for all festive occasions of the year, including innovative concepts for decorating large spaces and outdoor areas, such as shopping centers in Frankfurt am Main.



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Coniq is the Total Customer Engagement Company for growth-minded shopping centers, outlets, and retail brands. Our IQ platform provides a faster, more economical and simpler way to generate revenue by understanding, anticipating and engaging customers through unique and personalized experiences in real-time in-store and online. Coniq powers over £1 billion of sales annually for its customers, with more than 20 million consumers shopping at more than 1,800 brands in +25 countries worldwide.



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dfv Conference Group the event arm of dfv Media Group, develops, organizes and produces executive-level conferences and conventions about a variety of themes and across a wide range of sectors. As a relationship manager, it turns media and information into a hands-on experience, fostering professional exchange and networking throughout the business community. The majority of the delegates attending its events come from senior management and other top-ranking corporate positions.



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EUROVEA mixed-use-development is part of the modern urban quarter in the vicinity of the historical center of Bratislava. It represents an entirely unique and dynamic destination with the riverside promenade. Eurovea broadens patterns of living, working and shopping as it provides the sort of downtown, high street shopping experience.



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GfK GeoMarketing is one of Europe's largest providers of geomarketing services and products, which include consultancy and research expertise, market data, digital maps as well as the software RegioGraph. GfK helps companies from all industries to answer critical location-related business questions in sales, marketing, expansion planning and controlling. GfK's geomarketing department promotes business success and thus delivers "Growth from Knowledge".



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HBB Group - based in Hamburg - has been active in the real estate industry as an investor and project developer for more than 50 years. Asset classes like retail, office, hotel, senior living and residential properties have been developed and built across Germany. HBB sees itself as a specialized investor with the aim of creating successful long-term value rather than short-term profit maximization. The focus of HBB is on sustainability and compatibility of their real estate projects. The company is owner operated and has a team of more than 140 highly skilled professionals. HBB Centermanagement GmbH & Co. KG manages shopping centers in Hanau, Frankfurt, Munich, Langenhagen, Gummersbach, Nidderau, Hamburg, Weiden, Essen, Wittenberg, Leipzig, Wuppertal, Ingelheim, Stein, Heiligenhaus, Langen and Lübbecke among others.



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As the market leader for networking in the form of events and business matching, Heuer Dialog has been accompanying the real estate industry in accessing all disciplines that deal with questions about the future of the urban and real estate worlds since the 1980s. With around 50 events per year, Heuer Dialog enables high-level executives to meet on physical and virtual platforms or even in both simultaneously, in a hybrid setting for sustainable urban, real estate and building development. Heuer Dialog builds networks with power, creativity and capital that secure the future of cities, regions and companies. As initiator and moderator, Heuer Dialog brings together minds from architecture, civil engineering, ecology, economics, sociology, technology and law in face-to-face dialogues. Over the past four decades, more than 100,000 personalities have taken part in lectures and discussions that have led to initiatives for current and future action. In association with the Immobilien Zeitung and the dfv Mediengruppe with more than 100 specialist titles, Heuer Dialog sees itself as the competence center for events related to real estate.



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hyper[in] – MANAGE. MONETIZE. CONNECT.  
hyper[in] brings a game-changing solution for people who MANAGE shopping malls. We provide all the tools for multi-channel communication, collaboration and integration between you and your tenants. You can MONETIZE spaces to outside advertisers and marketers. You have always up-to-date information that you can use to CONNECT to consumers and understand them. We are a Red Herring Top 100 Winner in recognition as one of the leading private technology and innovation companies. For more information, please visit [www.hyperin.com](http://www.hyperin.com).



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Kaufland is an international retail company with over 1,500 stores and about 148,000 employees in eight countries, namely: Germany, Poland, Romania, the Czech Republic, Slovakia, Bulgaria, Croatia, and the Republic of Moldova. Kaufland offers a large assortment of food and everything else for daily needs. The company is part of the Schwarz Group, one of the leading food retail companies in Germany and Europe. Kaufland is based in Neckarsulm, Baden-Wuerttemberg.



**MALLCOMM**  
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Mallcomm is an award-winning 360 technology platform for asset and property management that streamlines everyday tasks, joins up stakeholders and generates new insight for more efficient and effective operations. The platform seamlessly connects all built environment communities: occupiers, operations, suppliers, consumers and other stakeholders. By transforming the users' experience of the space, Mallcomm creates loyalty by connecting people to places while delivering efficient operations, significant budget savings and valuable insights. By using the most established, advanced and cutting-edge technology, Mallcomm helps managers curate and promote their ecosystem and provides a suite of powerful data insight to efficiently measure and adapt the outputs of B2B and B2C engagement.





**MAPIC**  
The international retail property market  
Phone: +33 1 79 71 90 00  
<http://www.mapic.com>

MAPIC is the key meeting point for retailers looking for partners, property developers, and owners looking for retailers to enhance their sites. MAPIC delivers 3 days of tailored meetings, expert-led conferences and a premium exhibition for industry leaders, targeting all types of retail properties, such as shopping centers, cities, factory outlets, leisure areas and transit zones.



**MAPIC ITALY**  
The Italian retail property event  
Phone +33 1 79 71 90 00  
<http://www.mapic-italy.it>

MAPIC Italy is a deal-making event dedicated to the Italian retail property market. It gathers together Italian and international retailers and investors looking for retail properties and locations to expand their business in the Italian market. Retail property owners, shopping centers management companies and agents will have a unique opportunity to present their assets to a qualified public of clients and prospects.



**MEC METRO-ECE CENTERMANAGEMENT GMBH & CO. KG**  
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MEC with headquarters in Düsseldorf is a joint venture of METRO and ECE. As the German national market leader for retail parks, MEC has more than 280 employees and manages more than 65 retail properties. Its service portfolio includes customized services for all aspects of integrated center management, including commercial and technical management, leasing, marketing, development, commercial asset management and property management for smaller retail properties. The market value managed (assets under management) was € 3.8 billion in 2022. In all locations, approximately 1,200 rental partners generate an annual turnover of € 3 billion over a rental space of 1.55 million sq m.



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Messe Frankfurt is one of the world's leading trade fair organizers. 592,127 sq m of exhibition ground are currently home to ten exhibition halls and two congress centers. Events "made by Messe Frankfurt" take place at approx. 50 locations around the globe, and cover the fields of consumer goods, textiles & textile technologies, technology & production, mobility & logistics, entertainment, media & creative industries.



**MIPIM**  
The world's leading property market  
Phone: +33 1 79 71 90 00  
<http://www.mipim.com>

MIPIM, the premier real estate event, gathers the most influential players from all sectors of the international property industry, for four days of networking, learning and transaction through premium events, conferences and dedicated exhibition zones.



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MK Illumination is the leading provider of year-round festive lighting solutions, which form the cornerstone of powerful marketing, engagement, and visitor attraction campaigns. The family-owned business was founded in 1996 and has presence in more than 44 countries. Each year, its independently-owned subsidiaries combine global experience with local knowledge to deliver upwards of 1200 projects worldwide for clients in a range of sectors including Retail Real Estate, Public Spaces, Travel Retail and Leisure. MK Illumination is known for its innovative full-service approach, its commitment to the highest quality products and services, and for creating extraordinary tailored solutions that deliver results.



**MPC PROPERTIES**  
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MPC Properties is one of the Southeast Europe's most experienced real estate companies. MPC has developed over 30 projects since its foundation in 2002. Its strategy is development of modern retail and office assets in accordance with the green building principles and the highest LEED and BREEAM standards. One of the main points of sustainability of company's business is implementation of ESG strategy across portfolio.

MPC possesses and manages different types of properties - retail network of six shopping centers and six A-class office assets, each of them representing the most important and recognizable landmarks on the market. It is the first company in Serbia to receive the WELL Health-Safety certificate for the portfolio of business and retail assets awarded by the International WELL Building Institute (IWBI).



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Multi Corporation is a leading pan-European integrated service platform for retail real estate assets, managing about 100 retail assets for institutional investors across Europe and Turkey. Multi Corporation offers a full spectrum of services, including active asset management, shopping center operations, redevelopment and refurbishment, leasing, legal guidance and compliance. Over the past few years, Multi's broad financial, commercial, and technical expertise has enabled them to outperform the industry in terms of occupancy, net rental income and state-of-the-art shopping center marketing. Multi's in-house studio for master-planning and architecture, TDesign, uses their fundamental knowledge of shopping center functionality to enhance the retail environments in their portfolio. In total, they welcome over 400 million customers annually, spending an estimated € 4 billion in over 6,000 stores, restaurants and leisure attractions. Multi's office network boasts a team of 650+ talented professionals in 14 countries: Belgium, Germany, Hungary, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal, Slovakia, Spain, Ukraine, the United Kingdom and Turkey.



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NEINVER is a Spanish multinational company specialised in managing, developing and investing in commercial properties. The leading manager of outlet centers in Spain and Poland, and the second largest in Europe, has two proprietary brands: The Style Outlets and FACTORY. Founded in 1969, NEINVER manages 17 outlet centers and 4 retail parks including active pipeline in six European countries: France, Germany, Italy, Poland, Spain and the Netherlands.



**NEPI ROCKCASTLE**  
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NEPI Rockcastle is the premier owner and operator of shopping centers in Central and Eastern Europe (CEE), with presence in nine countries and an investment portfolio of €5.8 billion as of 31 December 2021. The group owns and operates 52 retail properties (excluding joint venture), which attracted 244 million visits in 2021. With group-level management of tenant relationships and a focus on cross-country collaboration, the Group is the leading strategic partner for major retailers targeting CEE countries.



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Placewise is the global leader in retail real estate property tech, serving over 1,100 shopping centers, across 3 continents, through more than 1 billion digital shopper engagements every year. From the industry's first end to end ecommerce marketplace, to tenant communication and loyalty programs Placewise offers the only purpose-built solutions for shopping centers, designed to create long lasting digital relationships with shoppers, and unlock the power of retail properties to monetize beyond the square meter. Placewise has offices in Europe, the US, and Asia, and is backed by both venture and PE funds.



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Redevco is a European real estate urban regeneration specialist with a clear ambition to create positive impact by helping cities become more sustainable and liveable. Our specialist investment strategies consider opportunities to re-purpose to mixed-use, in the segments of living and leisure & hospitality as well as in retail warehouse parks. Our highly experienced professionals purchase, develop, let, and manage properties, ensuring that the portfolios optimally reflect the needs of Redevco's clients. Redevco's total assets under management comprise around €9.7 billion.



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Rioja Estates is the leading UK-based specialist in the development of designer and factory outlets. Our expertise encompasses all aspects of planning, design, development, funding, pre-leasing, operational launch, and asset management. We are also adept at identifying institutional purchasers for finished schemes, and enabling property owners and investors to enter the market without taking on unnecessary risk.





**ROS RETAIL OUTLET SHOPPING GMBH**  
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ROS Retail Outlet Shopping, headquartered in Vienna, with partnerships in Poland, Italy and France, is an independent retail real estate consulting and center management company specialized in Designer Outlets and innovative shopping concepts across Europe. The founders Thomas Reichenauer and Gerhard Graf are both committed professionals with many years of experience, and knowledgeable about the European outlet market as well as recognized personalities in the industry. The portfolio of ROS Retail Outlet Shopping includes: Designer Outlet Soltau, City Outlet Geislingen, Brugnato 5Terre Outlet Village, Designer Outlet Warszawa, Designer Outlet Gdansk, Designer Outlet Sosnowiec, Premier Outlet Budapest, Designer Outlet Algarve, Designer Outlet Croatia, La Torre Outlet Zaragoza, M3 Outlet Polgár, Designer Outlet Luxembourg and further new developments in Europe.



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SES Spar European Shopping Centers is specialized in the successful development, construction, marketing, and management of multifunctional retail properties and quarters of international standard. In addition to shopping malls, retail parks and managed shopping streets also form part of our business. SES is No. 1 in Austria and Slovenia for large-scale shopping locations. Additional core markets include Northern Italy, Hungary, the Czech Republic, and Croatia.



**THE HAPPETITE**  
The Global event for multi-site restaurant operators. Close deals with the best international food retail concepts!  
Phone +33 1 79 71 90 00  
https://www.the-happetite.com/

The Hapetite (previously known as MAPIC FOOD) is the international event dedicated to multi-site restaurant operators looking to grow their business. This powerful business platform is a unique chance to find new international food retail concepts, and to meet restaurant industry decision makers. Key international restaurants, food chains & operators participate in this exhibition to meet private equity firms and property players to grow their business. The event brings together all the restaurant chains, restaurant operators, travel operators, franchise partners and restaurant industry suppliers to develop and create the food destinations of tomorrow.



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Unibail-Rodamco-Westfield is an owner, developer and operator of sustainable, high-quality real estate assets in the most dynamic cities. With the support of 2,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. Unibail-Rodamco-Westfield distinguishes themselves by their Better Places 2030 agenda, which sets their ambition to create better places that respect the highest environmental standards, and contribute to better cities.



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Union Investment is a leading international real estate investment company specializing in open ended real estate funds for private and institutional clients. Union Investment has assets under management of some €51.0 billion. Active in the real estate investment business for more than 50 years, Union Investment operates today in 24 countries around the world. In addition to office space and business parks, the Hamburg-based company is investing in business hotels, logistics properties, residential buildings and retail properties. Union Investment's retail portfolio currently includes 83 assets in Europe and the US, with a market volume of some €10 bn.



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VIA Outlets was founded in 2014 to acquire existing outlet centers across Europe. VIA Outlets' vision is to create premium shopping destinations, and offer best-in class, beautifully located shopping experiences for visitors and brand partners. VIA Outlets are here to redefine the outlet shopping experience. Guided by their three R's elevation (strategy, remerchandising, remodelling and remarketing) VIA Outlets ensures that premium fashion outlets are destinations attracting visitors from all over the world. By bringing together an exceptional mix of international and local premium brands, VIA Outlets have created unexpected and unforgettable shopping experiences, whilst also paving the way for sustainable shopping. Currently, VIA Outlets consists of 11 assets spread across Europe, offering over 1,100 stores across 267,000 sq. m GLA.



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ACROSS is the international and independent trade medium for placemaking & retail real estate in Europe. The magazine covers topics through the entire value chain of modern retail properties. Interviews and experts' opinions are in the focus of the editorial coverage. The latest retail or development trends and news about the different markets, round out the magazine's content. The magazine is published entirely in English, with an exclusive circulation of 20,000 copies in 42 European countries, reaching the industry's decision makers directly.

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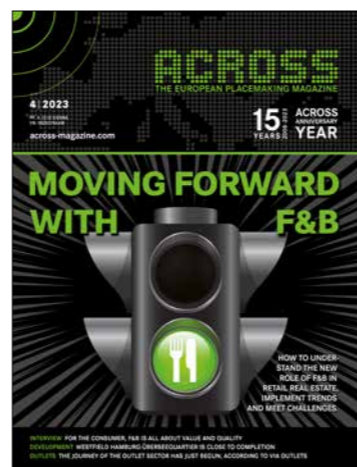
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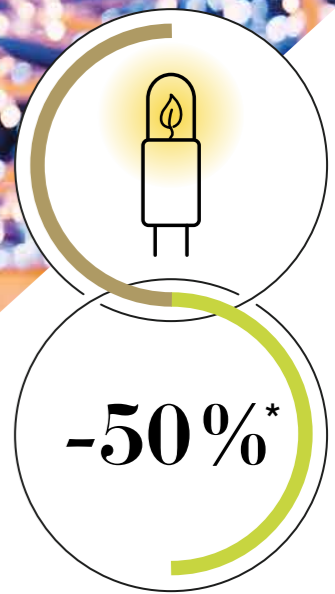
Many industry players, experts, and leading companies in the retail real estate sector have supported us in word and deed in the preparation of this edition of ACROSS. We would like to take this opportunity to thank all of our strategic partners, guest authors, and suppliers of ideas, without whom it would be nearly impossible to create this informative magazine and make it so relevant to the industry.



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