

Inside Retailing



Making shopping centres successful

By Richard Chan

Many reasons go into making a shopping centre successful, and at the last count, I got 38. However, five stand out.

Surveys conducted by the Malaysian Association for Shopping and Highrise Complex Management (PPK Malaysia) and feedback from retailers have identified these areas as most important when retailers pick a shopping centre to operate in:

- Management team;
- Tenancy mix;
- Location;
- Anchor tenant; and
- Accessibility.

Management team

It is no surprise that the human element takes precedence over all other criteria. Retailers look for an experienced shopping centre management team or a centre manager who can, given the time, turn an ailing centre into a success.

Of importance here is the attitude and philosophy of the manager and the team. Are they passionate about the job and do they treat the centre much like their own home, or is it merely a place to

earn a regular monthly income?

Creative marketing strategies as well as emphasis on advertising and promotions (A&P) will contribute to a centre's success and retailers' bottom line. Of no less importance, though, is the emphasis on the quality of services provided - after all, back-of-the-house operations (which are often taken for granted) also contribute tremendously to the shopping and retail ambience.

Other assets include the management's willingness to be flexible, adapt to the ever-changing economic conditions and form a solid owner-tenant relationship that will affect retailers' decision.

However, the most vital ingredient in a good management team must be its willingness to invest funds effectively into the centre to ensure its continuing competitiveness.

Location

This is another matter at the top of retailers' minds when scouting for a shopping centre. While a certain location can either make or break a centre, it

can also mean that the management team has to work that much harder to make it a success.

A centre's location in either a bustling city centre or a residential suburb will, by and large, determine its direction or target market: One that is close to a college will naturally target the younger shoppers, while that in the city centre will position itself for the working yuppies.

Subsequently, this will determine the centre's tenancy and retail mix.

A location at a strategic junction or crossroad is definitely advantageous, but this may come with inherent burdens such as traffic congestion, especially during sale periods and peak trading seasons - if not resolved, they may become a put-off for potential shoppers.

On the micro level, retailers may want to choose their outlets based on the floor themes as set by the centre management, or by designated trading sectors, such as food and beverage outlets on the higher levels, and lifestyle and *al fresco* outlets on the ground and more visible levels.

There may be many exceptions within this segregation, based on the intrinsic nature of the retail operation. For example, there may be several mini-anchor retailers strategically placed to encourage appropriate traffic flow that will be complementary to other trades.

Tenancy mix

The variety of trades planned for a centre will indicate to retailers the kind of customers it will draw, and if they will complement their businesses.

For instance, a mix revolving around leisure and entertainment elements such as theme parks and cineplexes will draw the young and happening crowd, which might suit one type of trade but not another.

Anchor tenant

It is the centre management that initially determines who the anchor tenant will be and very often, just who this is will influence the type of retailers that will want to be a part of the centre.

It is the proactive and financially sound anchor

tenant that will perform its role well, have aggressive marketing strategies and a big advertising and promotions budget that other retailers will look up to.

However, there are reasonably successful centres that do not have anchor tenants, though most, if not all, promote themselves as specialist centres concentrating on certain predominant trades.

Ultimately, the philosophy and direction of the anchor tenant will determine whether it is a friend or a foe to the retailers at the centre.

Accessibility

Public transport - buses, taxis, the light rail transit and even the commuter train service - can also determine the popularity of a shopping centre, and consequently, how vibrant the retailer's business will be. No shopper wants to waste time in traffic congestion, and neither does the retailer want to see his staff facing problems getting to work.

Therefore, it is important that both the centre developer and the local authorities work closely to



Location is vital: A centre's location in a busy city centre or a residential suburb will determine its target market.



Easy access: Transport facilities are a key to a centre's success.

ensure a good transport network around the centre as it develops.

Internally, access to retail outlets via the car parks, vertical transporta-

tion such as lifts and escalators, functional layout of outlets and common areas as well as good visibility will also have an impact on retailers' turnovers.



Choosing correctly: The retailer today has to consider whether he will face competition in the mall he picks, or whether other retailers will complement his trade.



Drawing crowds: An upmarket locality and facilities such as ample parking space are elements that draw the shoppers.

Measuring the vibrancy of a mall

How does one really measure the success of a shopping centre? What are the yardsticks? It would perhaps be both pertinent and prudent to consider the following areas:

Occupancy

The higher the occupancy, the more positive its retailing environment will be. It is therefore very important that the time lapse between any change in retailers be kept to a minimum.

Needless to say, high occupancy also means good income, which is the ultimate objective of all centre owners and managers.

Crowd

The more visitors a centre has, the more the chances of them spending on the merchandise and services offered by retailers. It is indeed very rare for visitors to window shop aimlessly, without at least spending on food and drinks.

Crowds attract more crowds, and retailers go all out to attract impulse shoppers. Attractive storefront displays will also mean return visits, which, in turn, will ensure the life of a centre and its tenants.

High income

High occupancy means a centre will be able to maximise its earnings in rental income. Any further progress would involve the ingenious creation of more retail space, usually through short- or long-term promotion areas in the concourse, advertising revenue, or rental of intangible space to tenants.

With high income, the value of the property will increase over time. Therefore, value creation is a vital factor in centre management.

Winning awards

A shopping centre that wins awards will naturally enjoy a better public image. Heightened public awareness means that it will have a higher profile and thereby attract new visitors who want to satisfy their curiosity.

High turnover

With such good things going for a centre, it wouldn't be difficult for an aggressive retailer there to achieve a high turnover through its own merchandise, service range or marketing efforts, if not through the spill-over effect.