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new dimension of shopping experience

RETAIL
MARKET
OF THE
FUTURE

**PROSPECTS FOR
RETAIL PROPERTY
MARKET
DEVELOPMENT
IN VIEW OF
CHANGING
SHOPPING
PREFERENCES**

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THE SHOPPING EXPERIENCE OF
TODAY IS DRIVEN MAINLY BY
EMOTIONS. SHOPPING CENTRES ARE
EXPECTED TO ACT AS MODERATORS
OF THIS EXPERIENCE, DELIVERING
FLOOR SPACE, INSPIRATION AND
EXPERTISE TO TENANTS.

(R)EVOLUTION IN SHOPPING CENTRES

The first modern commercial facilities were developed in Poland in the 90's with hypermarkets being the then driving power. Many years have passed since then and more than 500 modern commercial facilities have been built. Today, retail space volume across Poland exceeds 10.7 million sq m.

Over the last 20 years, shopping centres in Poland have undergone transformation from the properties with one hypermarket and rather limited supporting services to multi-functional centres with extended shopping, entertainment, cultural and food offerings. Changing consumer behaviours, technological advancement and market maturing process has propelled the shopping centres to introduce significant modifications resulting, among others, in development of new retail formats and distribution channels.

In the upcoming months, a new supply of retail space volume of another 818,000 sq m will be delivered to the market, mainly due to Posnania shopping mall in Poznań and Wroclavia in Wrocław where high tech mobile solutions and an array of entertainment and gastronomy services will play a major role.



Wioleta Wojtczak
Associate,
Research & Consultancy
Savills Poland

In this publication we present our account of the (r)evolution we have had the opportunity to witness. We point out its roots and attempt to answer the question what the future holds for the retail property market in Poland.

Enjoy!

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The role of shopping centre managers will evolve towards the role of event managers



PROSPECTS OF MARKET DEVELOPMENT

THE EVOLUTION OF SHOPPING CENTRES IS NECESSITATED BY
THE CHANGING CUSTOMERS' SHOPPING PREFERENCES

Despite the success of e-commerce, the stock of retail space volume is still on the rise. What is more, retailers who so far relied only on online sales, are now expanding their physical presence in shopping centres in order to enhance the brand image, increase recognition and establish closer relationships with their customers.

For many brands though, operating the existing format while maintaining financial liquidity becomes a real challenge. In addition, the ever-changing group shopping behaviours amongst Poles question the effectiveness of any long-term strategy. The only solution seems to be to change the approach: to determine the character of in-store presence in the context of omni-channelling

and to find optimal retail formats for the brands' long-term presence in the marketplace.

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**MANAGERS
AND OWNERS
OF SHOPPING
CENTRES WILL
FACE THE
CHALLENGE OF
CREATING NEW
VALUE FOR BOTH
CUSTOMERS AND
TENANTS**

Managers and owners of shopping centres will be forced

to align their offer with the ever-changing marketplace and create new value for both customers and tenants. These actions should be based on insightful analysis of shopping behaviours and active search for optimal solutions in terms of costs and effectiveness. To this end, it will be necessary to determine the most strategic customer touch points with the biggest impact on customer's satisfaction.

„Although the retail market is undergoing dynamic changes, shopping centres are still be commercially successful. The role of managers evolves towards the role of event managers who provide customers with entertainment based on a pleasant shopping experience” says Wojciech Zawierucha.

MEMORABLE SHOPPING EXPERIENCE - A CHALLENGE FOR THE SHOPPING CENTRE

Building a better *customer experience* has become the key element of brands' and shopping centres' strategies.

Customer experience can be defined as the product of all interactions between the customer and the brand or

shopping centre touch points. Experiences surrounding the shopping experience depend on the quality of customer service.

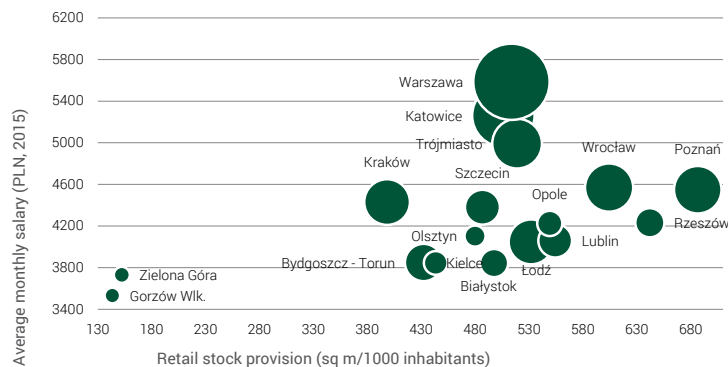
Factors that contribute to a positive shopping experience include not only the quality of customer service, but also efficient complaint handling procedures and polite gestures surpassing conventional ways

of shopping. Mall operators should strive to exceed customer expectations and surprise them in a positive way, thereby making the experience even more exceptional and memorable.

A shopping centre of today must provide demanding shoppers with a *WOW experience* that will guarantee promotion is social networking sites.

GRAPH 1

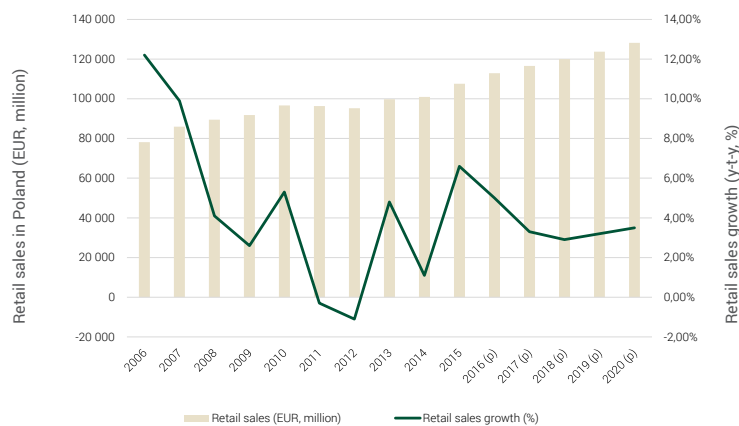
Retail space saturation in agglomerations



Marker volume = Modern retail space in agglomerations
Source: Savills, Central Statistical Office

GRAPH 2

Retail sales in Poland



Source: Savills based on Oxford Economics data

TABLE 1

10 largest shopping centres under construction

NAME	CITY	DEVELOPER	LEASABLE SPACE (SQ M)	OPENING DATE
1. Posnania	Poznań	Apsys	98,000	Q4 2016
2. Galeria Północna	Warszawa	GTC	64,500	Q2 2017
3. Wroclavia	Wrocław	Unibail-Rodamco	64,000	Q3 2017
4. Forum Gdańsk	Gdańsk	Multi Development	62,000	Q4 2017
5. Lublin Retail Park	Lublin	P.A. Nova	57,000	Q4 2017
6. Serenada	Kraków	Mayland RE	42,000	Q3 2017
7. Gemini Park Tychy	Tychy	Gemini Holdings	36,500	Q4 2017
8. Galeria Metropolia	Gdańsk	PB Górski	33,700	Q3 2016
9. Galeria Aviator	Mielec	E.Leclerc	26,000	Q4 2016
10. CH Galeria Wołomin	Wołomin	Rockcastle Global Real Estate, Acteeum Group	23,500	Q4 2016

RETAIL MARKET BAROMETER



10,7 mln sq m
EXISTING RETAIL SPACE

0,818 mln sq m
RETAIL SPACE UNDER CONSTRUCTION



412
SHOPPING CENTRES



59
RETAIL PARKS



13
OUTLETS

3,1%
VACANCY RATE*
*CITIES OF MORE THAN 200,000 INHABITANTS AND KIELCE, RZESZÓW, BIELSKO-BIAŁA, OLSZTYN

280
SQ M/1000 INHABITANTS
AVERAGE RETAIL STOCK PROVISION IN POLAND

474
BLN PLN
PROGNOSSED RETAIL SALES IN POLAND IN 2016

35,8
BLN PLN
PROGNOSSED E-COMMERCE SALES IN POLAND IN 2016

2

In shopping centres of the future, food court surface area will be increasing at the cost of retail space



NEW GENERATION OF CUSTOMERS

FOOD COURTS HAVE BEEN PLAYING A PIVOTAL
ROLE IN INCREASING THE TIME SPENT BY
CUSTOMERS IN THE SHOPPING CENTRE



Jarosław Tutaj
Director,
Retail Agency,
Savills Poland

Shopping centre professionals are becoming more and more aware of the shift in customers' tastes. Apart from increasing footfalls or the basket value, they focus on the prolongations of a visitors' stay in the shopping centre. It can be achieved through extension and modernisation of food courts and investment in various leisure amenities and entertainment zones such as kids play areas or green areas.

Floor space of these areas has been noticeably on the rise comparing to a total leasable area of newly opened retail properties. In Hong-Kong, for instance, this ratio is 20-30%, whereas in Germany it grew from 5% to some 10-12% over the past years.

Changes affecting dining areas, according to the results of numerous studies, are centred on two aspects: variety of food operators and comfort of dining amenities.

“

**FOOD COURTS
SHOULD PROVIDE
ENVIRONMENT
ALIGNED TO
THE NEEDS AND
EXPECTATIONS OF
CUSTOMERS**

In recent years, food courts have been evolving towards architecturally diverse floor

space which, depending on the customer preferences, allows one to have a meal in either a family zone or a zone ensuring comfort and intimacy of conversation or a lounge zone with comfortable seating area and coffee tables.

As shoppers increasingly spend more time taking care of their health and diet and being physically active, the casual dining offer should be properly aligned to include the right sort of restaurants, bars, wine bars, bakeries, cafes or pubs.

“We anticipate that some part of the retail offering will soon be replaced by food offerings. Already in the existing centres, these areas are now being refurbished and extended”, says Jarosław Tutaj.

SHOPPING CENTRE - A CONVENIENT PLACE FOR MEETING

A prevailing trend that we observe both worldwide and in Europe is the rise of investment in various leisure formats. Modernisations and changes to the offering are dictated by the need to prolong a visitors' stay in the shopping centre and the willingness to attract new customers. This is achieved by creating public spaces where, thanks to extensive leisure offering, people can meet and easily spend a whole day.

GENERATION Z WANTS MORE ENTERTAINMENT

Generation Z, a term referring to teenagers born after 1996, will become the largest group of consumers forming 40% of the customer base in the United

States, Europe and BRICS countries (Brazil, Russia, India, China and South Africa) and 10% in the rest of world. This group feels a strong need for entertainment and wants to be able to pursue it also in the shopping centres. When asked about their preferences, they refer to a shopping centre as a place they would like to spend the entire day providing it will satisfy all their needs.

According to generation Z, a shopping centre should have a coffee shop, a co-working space, a cinema and sporting facilities as well as food court where they can eat lunch with friends.

According to eMarketer, a market research company, teenagers from the United States prefer in-store shopping from all other distribution channels.

CASE STUDY

KidZania, *the kids city*

In 2014, KidZania was opened in London Westfield shopping centre - an innovative educational concept for children with a floor space of some 7000 sq m. KidZania provides a safe, unique and very realistic educational environment that allows kids between the ages of four to twelve to do the role-playing by mimicking adult activities.

The indoor theme park is a city built to scale for children, complete with buildings, paved streets, vehicles, and even its own currency. As in the real world, children perform jobs and are paid for their work in KidZania money that can spend for products and services within the city.

KidZania's first location opened in Santa Fe, Mexico in 1999. Today, KidZania is present in 20 other locations, including two in Europe - in Lisbon and London. KidZania has already entertained over 35 million visitors. The concept won numerous industry awards and was rewarded as the world's best family entertainment centre.



Duckie Deck

CASE STUDY

Workshops for children

In Poland, we observe a strong demand for the education of children through fun and experience. A company which successfully filled this market niche is Duckie Deck - a Cracow-based company renowned for its games and apps for learning and playing available in 20 locations worldwide.

In 2015, the firm launched Duckie Deck Academy - a series of workshops combining new technologies with creative and joyful playing, popular among parents and children. To date, some 20,000 children between the ages of four and twelve have participated in the Academy workshops in the largest Polish cities. Parents may enrol children for topical workshops including robotics, construction of jet vehicles, creation of film stories using stop-motion animation

technique or programming basics. The research run by Duckie Deck shows that the vast majority of parents want their children to attend regularly. 90% of parents participating in the Academy declare their willingness to enrol their children on a paid series of 8-10 workshops. Parents expect a comprehensive workshop framework, including drinks and meals adapted to the specific needs of children and a corner for small kids.

Duckie Deck Academy is organized predominantly in large-format facilities such as the National Stadium, Campus Warsaw (Google), Pixel (Allegro) or Forum Hotel (Cracow). The company also provides games for kids zones (in shopping centres such as Blue City in Warsaw).

3

Customers seek added value in the form of aesthetic, artistic or cultural experiences



PLACES WITH SOUL

NEW RETAIL FORMATS

ADAPTATION OF HISTORICAL BUILDINGS INTO SHOPPING CENTRES HAS BECOME A PROMISING NEW WAY OF ATTRACTING CUSTOMERS



Marta Mikołajczyk-Pyrć
Associate Director,
Portfolio Manager,
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Savills Poland

An increasing awareness of the Polish consumer and growing demand for cultural and social activities translates into a growing demand for interesting retail concepts.

Art as well as local, social initiatives are becoming more and more important for customers. Modern shopping centres distinguish themselves through attractive design, engaging history or an array

of leisure activities surpassing merely the shopping experience. Customers want to spend time in a place that provides them with aesthetic, artistic and cultural experiences.

Retail centres located in inspiring, historical premises are able to meet these expectations best. *Places with soul* compete to capture the spirit and atmosphere of a historic place within which they are located.

Examples include Galeries Lafayette in Paris or Stary Browar in Poznań.

"Adaptation of historical buildings is a new concept, but nowadays when the society is maturing and consumer patterns are changing, this concept is gaining importance and becomes more and more attractive" says Marta Mikołajczyk-Pyrć.



The Galeries Royales Saint-Hubert is a historic shopping arcade dating back to 1847. The gallery consists of high-end shops, art galleries, coffee shops and restaurants.



Barcelona's "Las Arenas", a historical building that until 1977 served as a bullfighting ring, is now transformed into a remarkable commercial complex.



The Gasometer in Vienna is four former gas tanks revitalized into apartments, offices, a cinema and a shopping mall.



Magna Plaza in Amsterdam is a shopping mall located in the former Main Post Office building.

CASE STUDY

Locality does matter

Ferio Wawer shopping centre in Warsaw is a retail facility of exceptional architecture, designed to meet the needs of local community. The investor adapted the pre-war halls of the Electrical Apparatus Factory established by Kazimierz Szpotański. Architects of Kuryłowicz & Associates skilfully combined historic premises with the state of the art construction solutions. Ferio Wawer investor, RE Project Development, ensured the strong tenant-mix including shops,

restaurants and service outlets.

Ferio Wawer, apart from its commercial and services offering, consistently implements the idea of active participation in the life of local community through co-operation with the Wawer Cultural Centre, the Society for the Care of Animals and the shelter for homeless animals in Celestynów.

"Customers of Ferio Wawer are members of the local community willing to participate in joint social initiatives and cultural

events. These actions form part of our strategy. Monthly artistic meetings organized with the Wawer Cultural Centre or social campaigns in co-operation of the shelter for homeless animals, as a result of which Ferio adopted a dog-friendly policy, are our way to stand out from our competition. The former factory established by K.Szpotański was once the centre point for the Wawer's community and we, in our role as managers, want to continue this tradition" says Marta Mikołajczyk-Pyrć.

“

**FERIO WAWER
CONSISTENTLY
IMPLEMENTS THE
IDEA OF ACTIVE
PARTICIPATION
IN THE LIFE
OF LOCAL
COMMUNITY
THROUGH CO-
OPERATION WITH
LOCAL PARTNERS**



Hala Koszyki is a retail and office complex to be built in a former market hall constructed in 1908. It will house a unique food service concept encompassing 18 restaurant and 11 retail outlets.



Koneser factory complex is located in a former Warsaw Vodka Company currently being revitalized to house some 25,500 sq m of office space and 20,000 sq m for retail shopping, services and food outlets.

ArtN is an office, retail, services and cultural complex to be constructed in a former Norblin factory in Warsaw. The revitalisation concept will preserve ten listed buildings and 44 machine sets to be integrated into the future project. The new development will contain a cobbled Norblin road, where cafés, boutiques and art galleries will be situated.



Boxpark is a mini pop-up shopping mall in London made from 61 shipping containers. The mall is populated with a diverse group of both local and large-scale retailers with a few popular gathering spaces, where one can do shopping, spend time out with friends in dining area situated on terrace, listen to live music or take part in cultural events.



4

Customers want to be treated individually and to receive recommendations as for their purchases



CUSTOMER SERVICE AS A KEY ADVANTAGE

CUSTOMERS EXPECT AN INDIVIDUAL APPROACH AND PROBLEM-SOLVING ASSISTANCE. QUALITY CUSTOMER SERVICE HAS A POSITIVE IMPACT NOT ONLY ON THE BRAND IMAGE BUT ALSO ON SALE VOLUMES

Interpersonal contact is the key factor in enhancing customer experience with a brand. The opportunity to ask questions, solicit opinion or obtain required information undoubtedly outpaces impersonal contact with the brand through digital channels. Customer service is therefore a significant factor shaping not only the brand image, but also shopping decisions of customers. The research carried out by Daymaker, a Swedish firm specialising in the measurement of customer experience in different selling channels, indicates a change on the Polish market that took place over the last couple of years.

For the purpose of the Daymaker Index survey, mystery shoppers visited 760 stores of 152 brands in 19 industry sectors. As they do every year, they examined the customer journey in the store, from entering the premises to completing checkout procedure.

Results revealed that Polish store staff are doing well when asking about

customer preferences and advising on individual products.

However, they fall short on closing the transaction - encountering difficulties in product recommendation and persuading the customer to make the purchase.

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**ACCORDING
TO DAYMAKER
RESEARCH,
ACTIVE PRODUCT
RECOMMENDATION
MAY BOOST SALES
EVEN BY 182%.**

This is all the more important as according to the very same research, active product recommendation may boost sales even by 182%.

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In 2016, we published the results of the Daymaker Index in Poland for the sixth time. Over this time, we have observed systematic improvement of the quality of customer service.

Year by year, the quality of customer service in Poland is improving by 5% on average. Store staff give a friendly welcome and establish personal relationship more frequently than a year ago, they are also more polite.

The greatest growth is noticed by brands for which quality customer service is the key element of their strategy and which constantly invest in the improvement of the quality of customer service.

Sofia Valentin
General Director
Daymaker International

PERSONALIZED SHOPPING EXPERIENCE

Perceiving customers exclusively as sales generators makes them feel they are important only before they leave the cash desk. Many companies seem to forget that the sales process always involves emotions and that people buy from people.

To improve the customer's shopping experience, more frequently than not it is enough to give a warm welcome. Welcoming the customer makes them stay longer and positively influences the conversion factor. Interestingly, it also reduces retail theft as it alerts the potential shoplifter who no longer feels anonymous.

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GIVING A FRIENDLY WELCOME TO THE SHOPPER HAS A POSITIVE IMPACT ON SALES AND REDUCES RETAIL THEFT

According to the data in the Customer Experience Impact Report Oracle & Harris Interactive), 86% of customers are ready to pay more for better customer service.

Bad customer service and disappointing shopping experience drive customers away to the point they may never come back again. That is why a personalised approach to the shopper, establishing rapport and getting to know their needs are the key factors enhancing the customer's overall shopping experience.

New technologies are an important factor which shapes the awareness and requirements of customers. At the same time, these technologies constitute a great tool which assists companies in satisfying the needs and expectations of customers and in optimizing their shopping experience. Innovative solutions support sales processes and relieve store staff of many duties so they can focus on building personal relationship with the customer applying solution solving approach rather than product or service recommendation.

69%

PERCENTAGE OF CUSTOMERS RECEIVED WELCOME FROM THE STORE STAFF

Source: Daymaker Index 2016, Poland

86%

CUSTOMERS READY TO PAY MORE FOR BETTER CUSTOMER SERVICE

Source: Customer Experience Impact Report

CASE STUDY

Daymaker International

A Polish clothing retail chain of 70 stores catering for the needs of men and women between the ages of 18-40, decided to implement a comprehensive programme improving the quality of customer service.

Mystery shopping surveys were carried out periodically every two months in order to measure and subsequently improve the quality of

customer service. After each passing month of survey, Daymaker organised a series of workshops for store managers to train them on best practices for customer service.

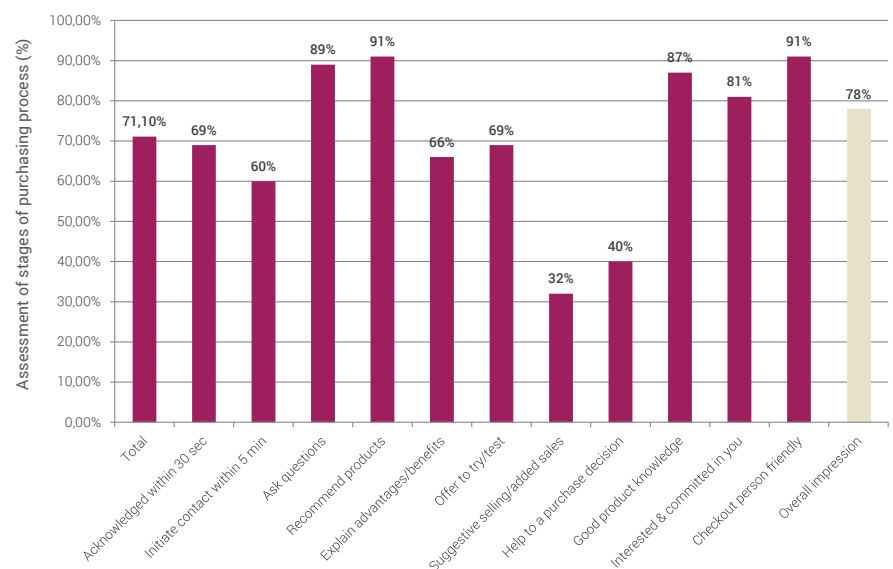
Throughout the year of the programme duration, the quality of customer service improved, increasing the average basket value by 5% comparing to the survey start date.

5%

AVERAGE BASKET VALUE GROWTH AFTER A YEAR FROM LAUNCHING THE CUSTOMER SERVICE QUALITY IMPROVEMENT PROGRAMME IN A POLISH RETAIL CLOTHING CHAIN

GRAPH 3

Daymaker Index 2016 (Poland)



Source: Daymaker

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BAD CUSTOMER SERVICE AND DISAPPOINTING SHOPPING EXPERIENCE DRIVE CUSTOMERS AWAY TO THE POINT THEY MAY NEVER COME BACK



5

New technologies
enhance the
comfort of
shopping



TECHNOLOGIES STREAMLINE PURCHASING

EMPLOYMENT OF NEW TECHNOLOGIES TRANSFORMS THE CUSTOMER'S
CONTACT WITH THE BRAND INTO A PLEASURABLE EXPERIENCE

CONVENIENCE OF THE SHOPPING PROCESS IMPROVES CUSTOMER'S SATISFACTION

Ma Being aware of how new technologies are important in the service and product sales processes, companies compete with each other in surprising shoppers and facilitating them both in the decision-making process and the actual purchase of a product.

Mobile applications are becoming increasingly common in facilitating the customer service through smart phones or tablets. Applications allow better and more personalised communication with the customer and support the store staff in managing the customer waiting times.

According to the 2015 report by Inquiry Market Research "What upsets Polish clients", the checkout process is a decisive factor for the store's operations - 98% of respondents reported issues such as long queues, predominantly at the grocers and at the chemists. That is why companies want to alleviate this experience by streamlining the shopping process and optimizing customer waiting times.

CASE STUDY

Reducing average time in queue

Empik's strategy assumes different selling formats: product collection points, physical stores and modern high street stores where the staff uses tablets to facilitate the checkout process during seasonal growth in sales.

McDonald's streamlined its ordering process by implementing "one queue" system and in most of its locations it separated food ordering and paying counter from counters where customers collect their food order.

Auchan, Carrefour, IKEA and Tesco introduced self-checkout machines already several years ago. The machines provide a mechanism for customers to scan, pack and apply payment for the items themselves without traditional cashier-staffed checkout. The advantage of the self-checkout systems is cost optimisation by making better use of human resources and making the shopping process more convenient.

Biedronka piloted the first vending machine in Poland - in Wrocław that sells basic essentials 24 hours a day.

In the Swedish village of **Viken** an automated, totally unmanned 24-hour store was opened. Using a smart phone application, a client is able to open the store door, select foodstuff and pay online on a round-the-clock basis.

“

FOR 98% OF
CUSTOMERS IN THE
GROCERS AND THE
CHEMISTS, QUEUES
SEEM TO BE A MAJOR
ISSUE

CASE STUDY

mBank interactive solutions

i3D, a Polish new tech company, created a number of pioneer, interactive solutions that were implemented at the bank's locations in shopping centres across Poland.

Bank's locations received a comprehensive system of interaction with the client comprising a storefront display with kinect smile detection functionality, interactive wall and kids zone.

A high tech interface panel with touch screens encourages the customers to familiarize themselves with the bank's offer in an attractive way. The application is adjusted to the sex and age of the client thanks to cameras installed above the screens. While the parents are familiarizing themselves with bank's offer the children are learning the basics of the economy - all by playing games and using interactive applications. This innovative project was rewarded internationally in the 2015 edition of FinovateEurope, a prestigious competition in the banking industry.

GROWING E-COMMERCE MARKET

E-commerce is the fastest growing retail segment responsible for 3.5% of its value. According to PMR Research, online sales have grown by PLN 8 billion during the last 4 years. By the end of 2016, they are estimated to reach PLN 35.8 billion. Within the next 4 years, the e-commerce market will reach PLN 63 billion annually, according to the forecasts.

Development of online technologies and the changing shopping habits of consumers who tend to shift online seem to be the key drivers for the growth of the e-commerce segment. Even though more and more Poles shop online, according to the research company Gemius, 42% still find online shopping somewhat risky.

Despite this, according to the 2016 edition of Barometr e-commerce report, out of 97% businesses selling online for more than 2 years, as much as 87% consider this channel beneficial for their business. On the other hand, 50% of brick-and-mortar stores are considering to launch their own online shops.

SWIFT CHANGE OF SELLING CHANNELS

According to E-commerce Polska's M-commerce report, as much as 55% respondents buy products of the same brand through more than one selling channel - offline, online or using portable devices.

As the research shows, an interaction with the brand should therefore be possible through all available touch points and ensure the same quality regardless of the preferred channel (e-commerce, call-centre, mailing or in-store). The transaction may be initiated on portable device by taking a picture of the product or scanning the code. It can then be continued either online or offline. Interaction with the brand, regardless of the selling channel, should be uncomplicated and pleasurable.

It should be remembered that user experience is inseparably linked to a previous interaction with the product or service. It means that experiences are cumulative and contribute to the ultimate customer experience. Designing new website or application or product should, on the one hand, be consistent with the existing perception of the brand and the user's habits, and on the other, focused on improving the shopping

experience - or how to positively surprise the customer.

More and more brick-and-mortar operators go online and the majority of online shops provide their customers with mobile applications. Shopping is now also possible from social networking sites.

“

PREDOMINANT AIM OF NEW TECHNOLOGIES IS TO INCREASE THE COMFORT OF SHOPPING

New high tech payment methods are being developed which combine the real world with the virtual world such as Mastercard's scheme that would authorize online transactions by having users take a photo of their face as a means to verify their identity. With this technology, PIN number will no longer be needed to complete online transaction. Biometrics is also used in fingerprint scanners and blood vessels-scanning systems which secure bank's financial transactions.

35,8
bln PLN

e-commerce
market value in
Poland in 2016

63
bln PLN

e-commerce
market value in
Poland in 2020

23,500

number of online
shops in Poland
in 2016

30,000

number of online
shops in Poland
in 2016

CONCLUSIONS

SHOPPING CENTRE MUST CONSTANTLY DEVELOP
TO KEEP THE CUSTOMER FOR LONGER

01

Despite changing shopping preferences and online sales growing by 15-20%, there is no need to fear the decline of shopping centres. However, new form and strategy must be developed for shopping in-store. This will also impact the operations of shopping centres which will face the challenge of aligning their services to the tenants' new requirements. Retaining large storing space may become unnecessary.

02

From among all distribution channels, shopping in-store allows the best interaction with the customer and getting to know their preferences. Information on the customer profile and how to build a relationship with them are decisive to improve the effectiveness of marketing actions, build brand recognition and optimize the offering. For a shopping centre it may involve the need to allocate more space for pop-up formats, showrooms or co-working space.

03

Appealing design of physical space allows stand out from competition, using multi-channels optimally and building communities around the brand. Nothing will replace meeting the customer face by face and building positive relationship with them. Only shopping in-store and interaction with professional staff may facilitate this. The shopping experience of today is driven mainly by emotions. Shopping centres are expected to act as moderators of this experience, delivering floor space, inspiration and expertise to tenants.

04

Customers constantly demand new, positive and surprising experiences. Regardless of the trading scheme, the customer's final experience is always the most important success factor. With this in mind, the overall shopping experience as well as retail units and the centre layouts should be planned and designed.

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**SHOPPING CENTRES SHOULD KEEP PACE WITH
SOCIAL CHANGES, INDUSTRIAL TRENDS AND
TECHNOLOGICAL ADVANCEMENT**

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REGARDLESS OF THE TRADING SCHEME,
THE CUSTOMER'S FINAL EXPERIENCE IS
ALWAYS THE MOST IMPORTANT SUCCESS
FACTOR. WITH THIS IN MIND, THE
OVERALL SHOPPING EXPERIENCE AS
WELL AS RETAIL UNITS AND THE CENTRE
LAYOUTS SHOULD BE PLANNED
AND DESIGNED.

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SHOPPING CENTRES ARE INCREASINGLY AWARE OF THE CHANGING CONSUMER SHOPPING HABITS. APART FROM INCREASING FOOTFALLS OR THE BASKET VALUE, THEY FOCUS ON THE PROLONGATION OF VISITORS' STAY IN THE SHOPPING CENTRE.



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Portfolio Manager,
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AS THE POLISH SOCIETY MATURES AND THE CONSUMPTION PATTERNS CHANGE, THE ADAPTATION OF HISTORIC BUILDINGS GAINS POPULARITY



Kamil Kowa
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BEING AWARE OF HOW NEW TECHNOLOGIES CAN HELP IN SELLING PRODUCTS AND SERVICES, RETAILERS COMPETE WITH EACH OTHER IN SURPRISING SHOPPERS AND FACILITATING THEM BOTH IN THE DECISION-MAKING PROCESS AND THE ACTUAL PURCHASE OF A PRODUCT



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CHANGING CONSUMER BEHAVIOURS, TECHNOLOGICAL ADVANCEMENT AND MARKET MATURING PROCESS HAVE PROPELLED THE SHOPPING CENTRES TO INTRODUCE SIGNIFICANT MODIFICATIONS RESULTING IN, AMONG OTHERS DEVELOPMENT OF NEW TRADING SCHEMES AND DISTRIBUTION CHANNELS

Savills is a leading provider of global real estate advisory services. We have an international network of more than 700 offices, employing 31,000 associates worldwide. Savills has operated in the Polish retail property market since 2004. We advise tenants, developers and investment funds. Our people combine entrepreneurial spirit and a deep understanding of specialist property sectors with the highest standards of client care.

Savills Retail Agency focuses on maximizing returns of commercial facilities by advising and implementing strategies that take into account all market aspects. Landlord representation services include: market positioning of a commercial facility, devising tenant structure, brands selection and commercialization. Tenant representation services focus mainly on supporting clients in their nationwide and worldwide expansion.

Savills Property Management proactively manages our clients' assets to maximize return on investment, this being achieved through building rewarding relationships both with developers and tenants as well as ensuring professional management of a commercial facility integrated with promotional activities and cost optimization solutions.