

# Tomorrow's Retail

## IDENTIFYING HUMAN needs

as a way to predict  
the future of retail

## I HAVE SEEN THE FUTURE

How technology is reimagining  
the retail marketplace

## Shop Eat Repeat

F&B is the Place To Be

## ENTERTAINMENT

Elevate the experience in shopping centres

## JLL's CUSTOMER

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WILL SHOW YOU THE WAY



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# Introduction

How do we imagine the future of retail? Is retail dying? Is it moving online? Or is it reinventing into multifunctional projects? So many questions and no simple answer. In today's fast changing world we need to stay alert and ready for each new trend in order to stay in play. However, there is no one simple solution for each and every one out there in the retail universe. Today's consumers have been trained to expect what they want, when and where they want it. This newfound consumer behavior and the increased appetite for experience will continue to re-shape retail destinations. From redefining the tenant mix to implementing new technological solutions, shopping centres and retailers are becoming smarter to effectively cater to consumer demand.

First and foremost we need to find out what are the human needs. In this paper we have identified the hierarchy of human needs. Moreover, we have collected and distilled the top 12 technological trends that will shape the retail market in the coming 25 years. Furthermore we have measured the profound changes in gastronomy and entertainment sectors. Lastly, we have analysed customer experience walk in shopping centres.

Also, we were curious how do Polish fashion bloggers foresee the future of retail. So, we asked them. As crème de la crème on the last pages of this magazine you will find out their opinions.

As technological advancements are being implemented, shopping centres need to ensure they don't forget what

sets them apart from digital channels: experience. Shopping centres have long been seamlessly intertwined with their local communities. The balancing act between maintaining that and catering to an evolved consumer base will be paramount in building out the shopping centre of the future.

No doubt the retail industry is undergoing a revolution. Innovations in retail and technology are altering the customer paradigm. Shopping centres and retailers alike are exploring new ways to evolve to meet demands that will significantly change tomorrow's shopping centres.

If you want to find out what shapes the future of retail please read the magazine.

**Anna Wysocka**  
Head of Retail Agency, JLL







# Identifying human needs

as a way to predict  
the future of retail

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Some say that retail is dying. They say that people will no longer shop in physical stores since everything can be purchased online and delivered straight to our doorsteps. They say that the era of shopping centres is fading, giving way to e-commerce. Is that so?

Well, no. Only about 5% of all Polish retail sales are made online. The crowds we constantly see in shopping centres seem as big as ever. And so is the continuously growing number of new retail facilities delivered to the market.

The retail market is rapidly evolving and dependent on human needs. The big question is, what are human needs?









## MASLOW'S HIERARCHY OF NEEDS

Abraham Maslow is famous for his hierarchy of needs. According to his theory, basic human needs, such as food, water and sleep, must be satisfied in the first place in order to move on to higher necessities, such as safety, love and health.

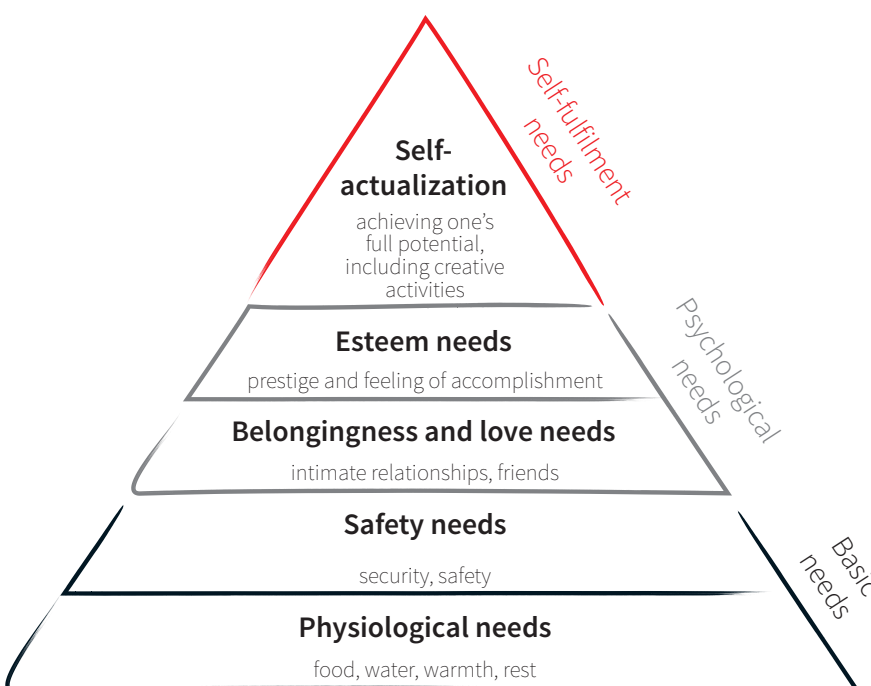
OK, but how does this correspond to shopping behaviour? Every human being needs food and water. Those are the most common goods sold in

every grocery store. Retailers that meet those most basic needs face a more competitive market. On the other hand, goods intended to satisfy more advanced needs are rarer and therefore more difficult to obtain.

The higher the need that a product meets, the bigger the profit margin is.

In general, the profit margin goes in parallel with the hierarchy of needs.

Also, products and services that satisfy more advanced needs often require higher levels of service, personalisation and customisation. These needs are rarer and more complex, therefore the value they have to the customer is higher. Naturally, the higher the needs, the higher the value of goods and services that meet those needs, but the number of people requesting them is fewer.



Needs	Types of retailers that meet needs
<b>Self-actualization</b> (reaching one's full potential)	<ul style="list-style-type: none"> <li>• Yoga, Tennis</li> <li>• Specialized book stores</li> <li>• Educational centers</li> <li>• SPA</li> <li>• Plastic surgeries</li> </ul>
<b>Esteem</b> (success, respect)	<ul style="list-style-type: none"> <li>• Premium fashion apparel and accessories</li> <li>• Automotive</li> <li>• Fitness clubs</li> <li>• Fancy restaurants</li> <li>• Perfumeries and cosmetics</li> <li>• Electronic / sport equipment</li> </ul>
<b>Love and Belonging</b> (friendship, love, family)	<ul style="list-style-type: none"> <li>• Gift shops</li> <li>• Casual dining, ice cream, sweets</li> <li>• Toys</li> <li>• Furniture</li> <li>• Cinema</li> </ul>
<b>Safety</b> (health, security, stability)	<ul style="list-style-type: none"> <li>• Pharmacies, medical centers, dentists, urgent care</li> <li>• Natural foods</li> </ul>
<b>Physiological</b> (food, water, sleep, warmth)	<ul style="list-style-type: none"> <li>• Grocers</li> <li>• Basic and discount apparel</li> <li>• Quick service restaurants</li> </ul>



## WATER VS WATER

There are different kinds of goods as there are different needs of human beings. Let's take water as an example. Tap water meets our most basic need: thirst. Bottled water, either plastic or glass, offers something more and is marketed to meet both the basic need (thirst) and also health, which is a higher level in the hierarchy of needs. Moreover,

glass instead of plastic and foreign packaging and origin conveys status of exclusivity and meet the needs of esteem and status. Higher demand for need fulfillment comes with higher cost.

Almost every product is designed to meet a variety of needs on different level of the pyramid: fashion apparel

and accessories, cars, furniture, houses, etc. On the market, goods carrying little status (e.g. own-label store brands) are sold alongside nearly identical name-brand goods. Those who are able will pay more for status.

### TAP WATER



Cost: 0.1 PLN / liter  
Needs met: thirst

### PLASTIC BOTTLED WATER



Cost: about 1 PLN / liter  
Needs met: thirst, health

### GLASS BOTTLED WATER



Cost: > 3.5 PLN / liter  
Needs met: thirst, health, status





### **WHY DO PEOPLE STILL BUY VINYL RECORDS?**

An understanding of the hierarchy of needs can help to explain a whole lot of mysterious human behavior. Let's take vinyl records as an example. The reason for the resurgence of vinyl records is that they have moved up another level in the hierarchy of needs. Those who collect vinyl albums are looking for the experience of buying, owning, and playing a record, something no digital file can replicate.

Although streaming is now established as the most popular format in the modern music industry worldwide, physical sales continue to be a significant distribution channel in many countries, including Poland (where they account for 74% of sales). According to ZPAV (Związek Producentów Audio Video) vinyl records saw the largest increase in sales year on year. In 2017 sale of those jumped by 63% (PLN 27 million) compared to 2016. This is where physical stores can find

their niche and offer products that meet shoppers' desire to be cool. Fashion retailer Urban Outfitters is said to be the second largest seller of vinyl albums in the world. The fact that so many people buy vinyl proves that it isn't about utility for them, it's about a lifestyle.

### **THE ROLE OF NEW TECHNOLOGY IN MEETING HUMAN NEEDS**

Technology can help retailers and shopping centre owners to create a more satisfying client experience. But in order to be successful when introducing technology one needs to maintain a keen awareness of human needs. After all, one size does not fit all.

**Technology delivers efficiency and low cost. Therefore, technological innovations will work perfectly for retailers that meet needs on the basic level of the hierarchy.**

Daily needs retailers are more likely to lower costs and increase efficiency and customers are more likely to choose a high-tech experience over human service. We have already become accustomed to self-service check-outs in grocery stores as well as digital self-order kiosks in McDonald's restaurants. On top of that, the ability to order and pay on McDonald's mobile app is being tested now.

Another fast food chain, KFC, is also testing the Skip the Line mobile app which lets us order a meal via a smartphone and pick up the food at a restaurant without queuing. Carrefour is currently testing a SmartCart, an intelligent shopping cart equipped with self-service checkouts which will enable us to do our shopping even faster. And Tesco has introduced a Scan & Shop service offering similar solutions.

However, for retailers eager to meet higher human needs personal service is important, since consumers have highly



personal preferences and purchases require extensive decision-making and product interaction. For those retailers there are other innovative ways to employ technology, often behind the scenes and out of the customer's sight. These may include mobile applications designed to collect data about customers that can mine data from their every shopping move. Smart technology is one of the most promising sources of data for retailers. They offer possibilities such as video and Wi-Fi tracking to follow a customer's paths through stores and shelves to see what items he/she picks up and his/her move-around path. Such devices as beacons are also set to transmit smartphone notifications to passersby and to send them personalised offers and promotions.

### HIGHER NEEDS WILL TREND TOWARD PHYSICAL RETAIL

In the era of digitalisation we have seen that anything that can be digitalised will be digitalised. But what has become known as the war of clicks versus bricks is actually a false dichotomy. Nearly all

successful retailers will have to operate in all spaces in order to succeed.

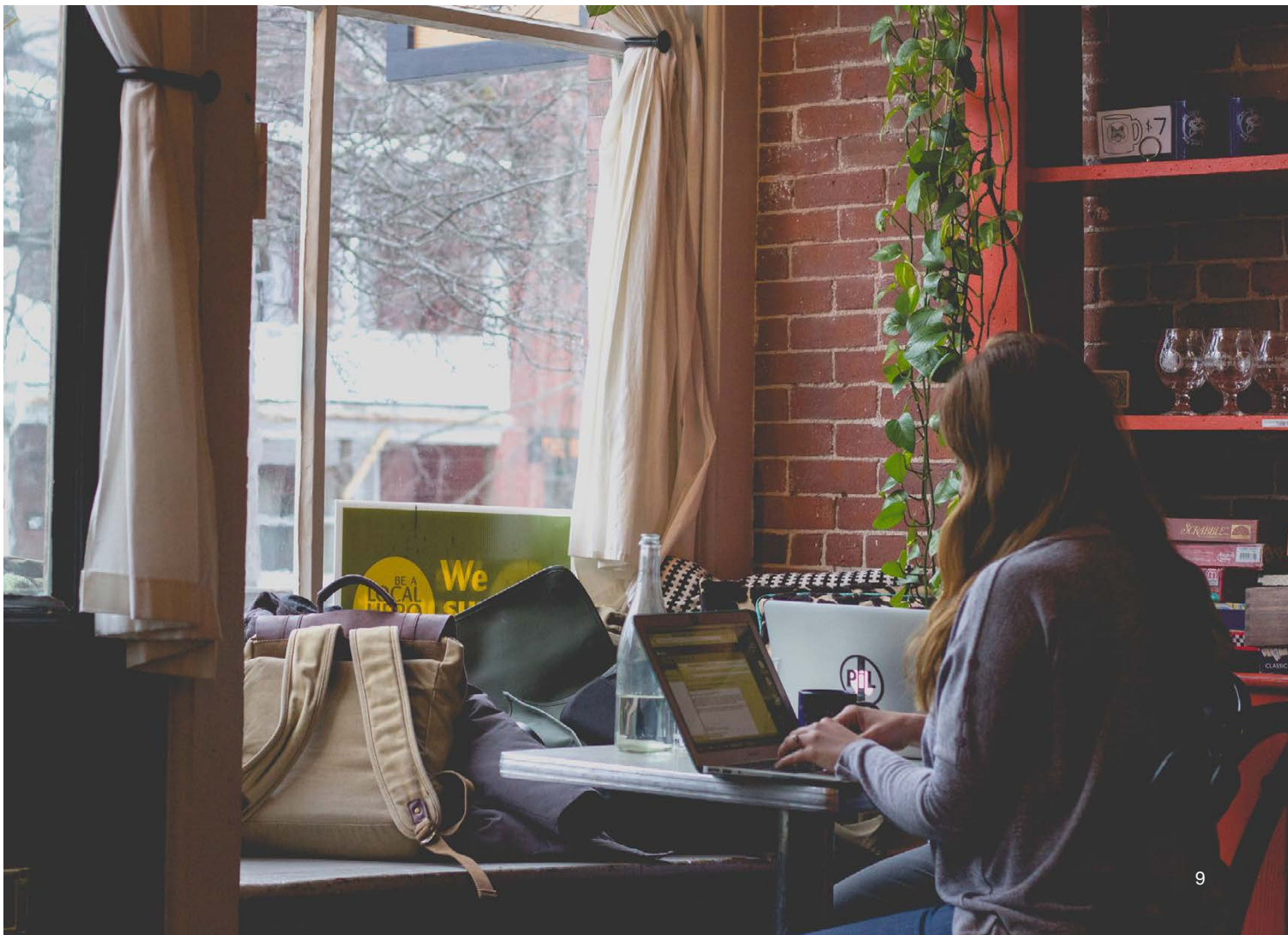
**We can use the hierarchy of needs to predict which channels will be most useful to which retailer.**

Retailers whose offering is based on meeting physiological needs, such as grocers, are expected to continue to offer many locations in high-traffic areas. Shoppers at those stores will more willingly trade automation and impersonal experience for savings and convenience.

Premium apparel retailers, on the other hand, often meet higher needs, such as esteem, and those retailers serve an audience that requires personal physical interaction. They need to feel important, exceptional even, they desire special attention. That is why sellers of luxury clothes will not switch to clicks over bricks, as luxury shopping is a shared experience that thrives on feelings of

status and esteem which cannot be felt in the online vacuum. Those retailers who treasure physical human interaction open showrooms, flagships and pop-up stores, organise events, offer additional services, and expand from online to offline, because goods sold to meet higher order needs require high-touch customer service and human interaction.

As the penetration of e-commerce increases, and the distinction between basic and higher human needs becomes more pronounced, the key for retailers will be to tailor the appropriate business model to the desired consumer need level, so as to optimise costs and profitability. High-need products will revolve around positive personalised experiences, which mean using relevant technologies and best-in-class employees. For low-need products, speed, efficiency and price will be of crucial importance, so there will be a focus on more commoditised management through automated channels but also on speeding up the process of buying and paying.









# I have seen the future

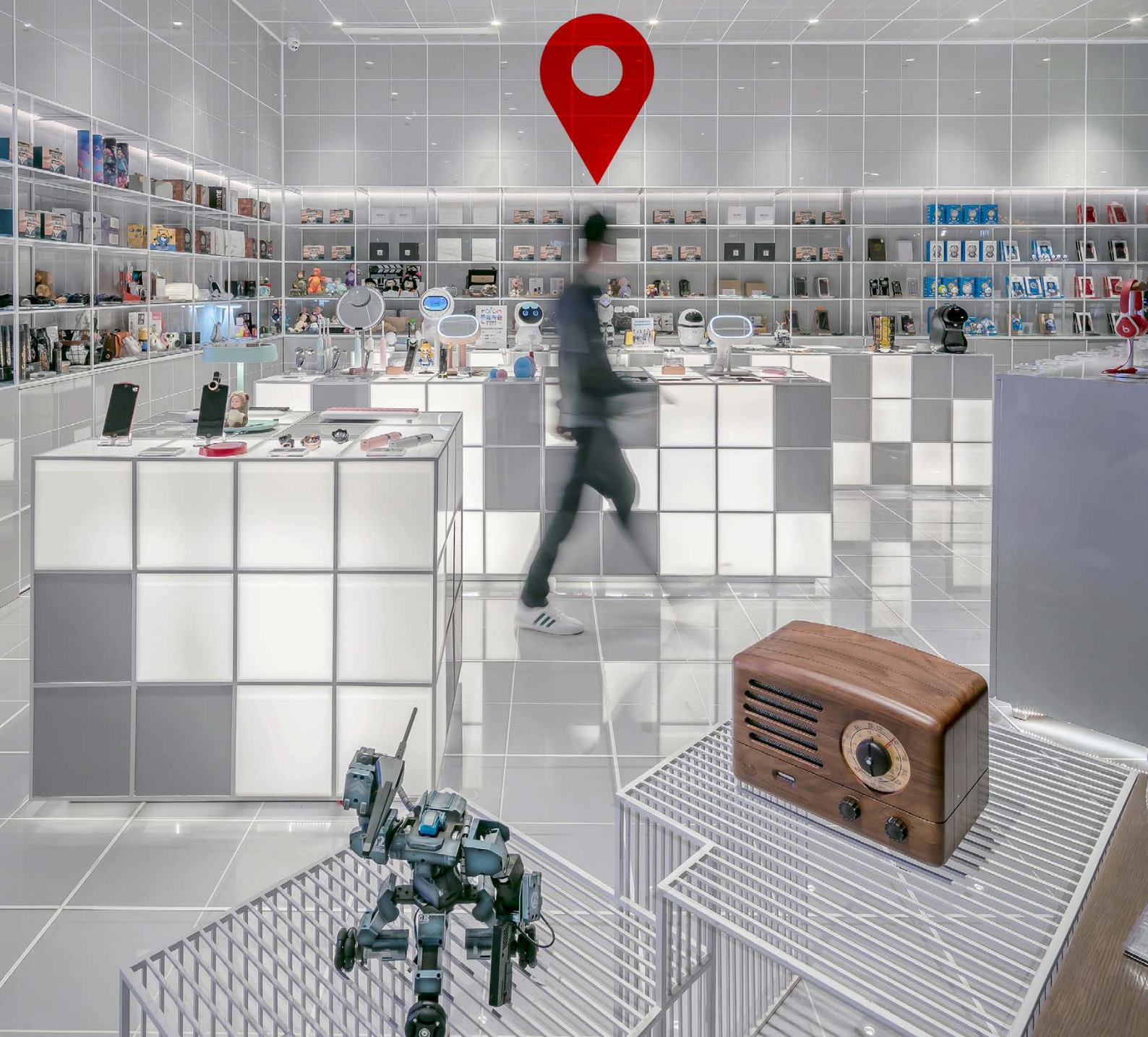
## How technology is reimagining the retail marketplace

The world of retail is changing. It evolves, transforms and adapts to human needs. Omnipresent technology streamlines the retail development and reshapes the way we shop today and tomorrow.

I believe we all remember the cult visionary film “Back to the Future II” from 1989, which envisioned that a bunch of futuristic new technologies and products would be in common use in our times. But did you know that at least 10 predictions from that film came true? Flying drones, hands-free gaming consoles, tablets and mobile payment technology, auto-lacing shoes, waste-fueled cars, hover boards, flying cars, biometric devices, video glasses or video phones, to name but a few and there is probably more to come.

In JLL we are visioners as well. A part of our job is future-proofing the business of retail. On the next few pages we are about to envision what lies ahead, what the future brings in the real estate market for the next 25 years. We have collected and distilled the top 12 trends that will shape the retail market. Although some of these are not brand new ideas, the timescale set indicates more or less the years we anticipate that these will be broadly used in the retail environment.

So, good luck, time traveler. The future is yours.



# 1

## GEOFENCES – LASSO SHOPPERS FOR RETAILERS AND OWNERS

Geofences are virtual geographic boundaries, defined by GPS or RFID technology, by retailers or shopping centre owners. The technology enables software to trigger a response when a mobile device enters or leaves a particular area. Expect geofencing technology to become more widespread in the next five years.

Aggregated data can be quite useful in answering important questions: e.g. where do shoppers come from before

they visit a store? What places do they go after stopping in at a certain shopping centre? What neighborhoods do they live and work in? Geofencing allows retailers to understand shoppers' behavior profiles so they can tailor merchandise and promotions for an exact fit. Apparel retailer American Eagle Outfitters turned to geofencing to boost both foot traffic and revenue at its outlet stores by pinpointing shoppers who entered the geofenced shopping centre parking lot and offering them promotions. The campaign resulted in tripled sales. But it's not just retailers who benefit from geofencing.

Shopping centre owners can use the technology smartly to create better consumer loyalty programming, support leasing efforts and learn more about local competition. Knowing where customers go before or after shopping at their shopping centre provides valuable insights. Using geofences as a tool for market research and customer loyalty will become even more common over the next few years.



## MOBILE PAYMENT – SPENDING MADE SIMPLE WITH MOBILE



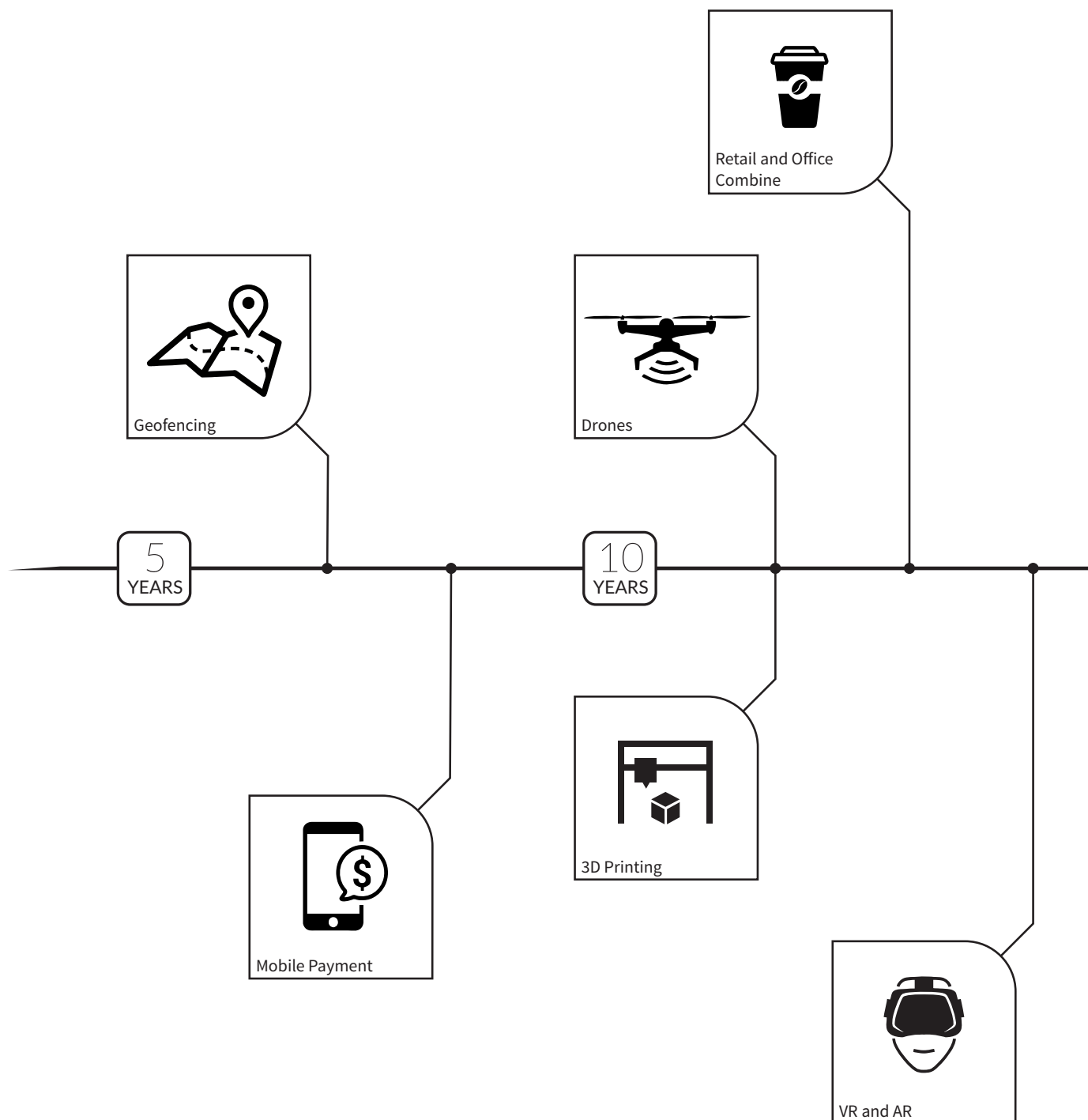
Mobile payment options will become nearly universal. This trend will have a medium impact on physical retailers in the next five years.

It used to be that cash or check was the only way to pay. Now credit and debit cards are standard. But will plastic someday become a quaint relic of the past? Probably so, as mobile payments are poised to go mainstream. Apple Pay and Google Pay are the major digital wallet and payment systems in the United States, but the landscape is quickly evolving. By 2020, 90 percent

of smartphone users will have made a mobile payment. This capability has gone from a nice-to-have to a must-have. Retailers and major banking institutions are jumping onboard to create their own products to satisfy consumer demands, negate transaction fees and vie for their share of the mobile pie that Apple and Google have been gobbling.







## 3 DRONES – PICKING AND PACKING. DO WE STILL NEED PEOPLE?

Stores using drones will have a small impact on efficiency and customer service in the next five to 10 years. The bigger impact will be on supply chain logistics but it won't be felt for 15 to 20 years.

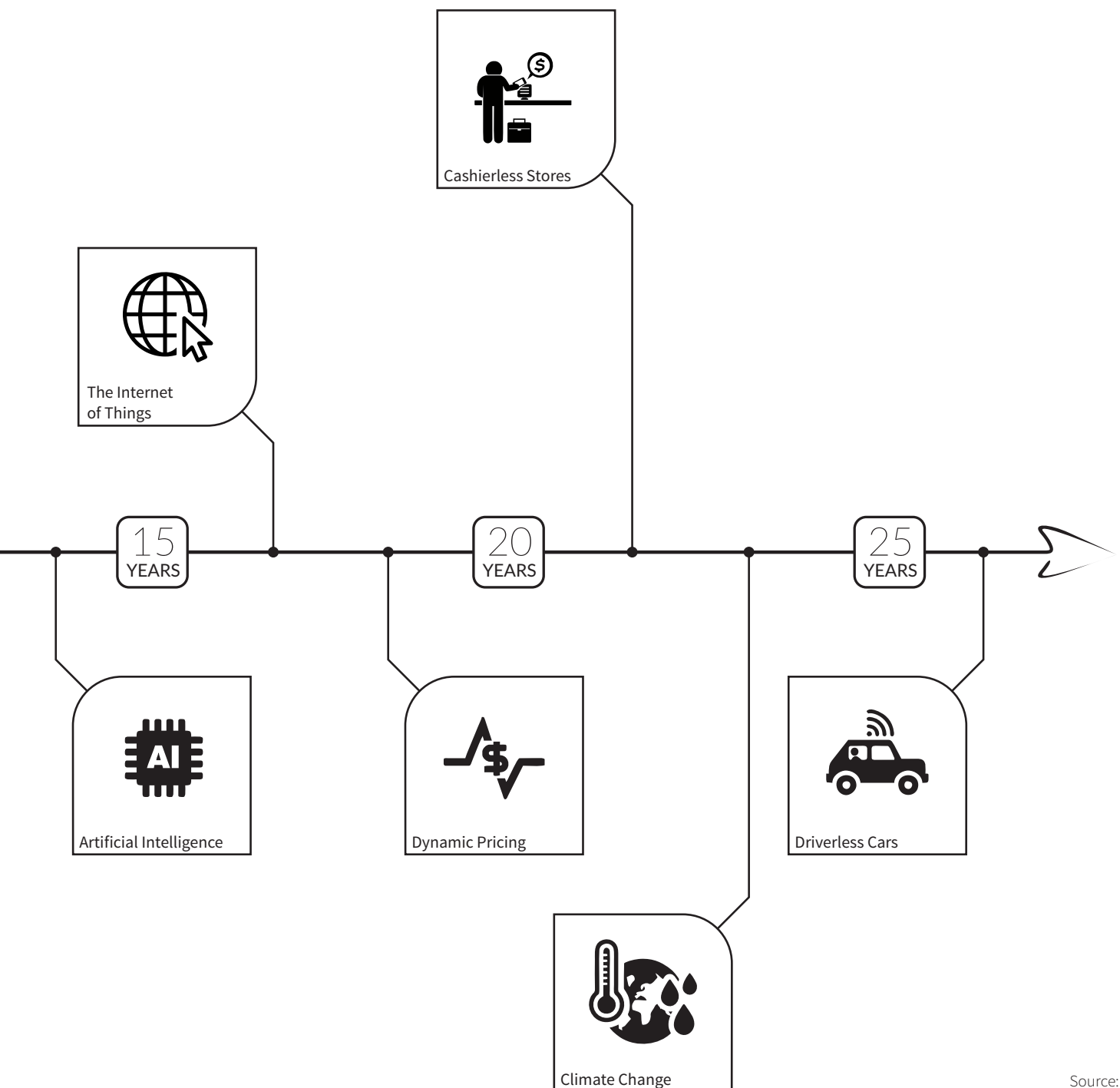
The use of drones inside retail stores is gathering momentum. One top retailer

filed a patent involving the use of drones for inventory management and product delivery inside the big box. Flight paths would be coordinated using sensors and 3D mapping to prevent drones from colliding with shelving displays. While drones will likely hover over our heads in stores before they deliver a package to our doorsteps, neither concept has yet been profitably deployed. But there are more realistic uses. Retailers could put them to work in warehouses and outside stores for security and to track shopper movement. Drones could circle store perimeters and parking lots while transmitting video back to the store. They also could aid site selection and

construction management, or help employees with the warehouse picking and packing process.

## 4 RETAIL AND OFFICE COMBINE – YOUR OFFICE LOBBY THE NEXT HAPPY HOUR HOT SPOT

The blurring of lines between where we work and where we shop will have a medium impact on shopping centers, restaurants, bars and office buildings over the next decade.



Source: JLL

More companies are offering employees unique and comfortable workspaces that encourage collaboration, build morale and draw talented people. Part of this strategy is to break down traditional boundaries between life, work and play by adding retail- and hotel-style amenities to office spaces. Employers are mixing business with pleasure, adapting workspaces to include coffee shops with professional baristas and beer taps with bartenders. Entire office buildings are activating common spaces by bringing outside retailers in from the perimeter and encouraging people to drink, dine and socialize in office lobbies. Rooftops and interior office spaces are providing

new opportunities for retailers to serve a consumer base that is by its nature a very captive audience. The reverse is also occurring, as underutilized retail space is being tested as a destination for more traditional office users. In 2015, the Macy's in downtown Seattle sold its top four floors to Starwood Capital Group to be converted into creative office space.

Not only does this deal offload the underutilized retail space, but also the proximity to a new workforce is likely to bring in more shoppers to the Macy's just a few floors below. At Westfield San Francisco Centre, a portion of the lonely fourth floor was transformed into

Westfield Bespoke, a co-working space for retail tech startups. The new tech hub features an event space as well as an area for pop-ups and demos. Westfield estimates that in its first year, Bespoke drove an additional 100,000 shoppers through the doors of this popular urban mall.

# 5

## 3D PRINTING – SHOPPERS TURN INTO MANUFACTURERS WITH 3D DIY

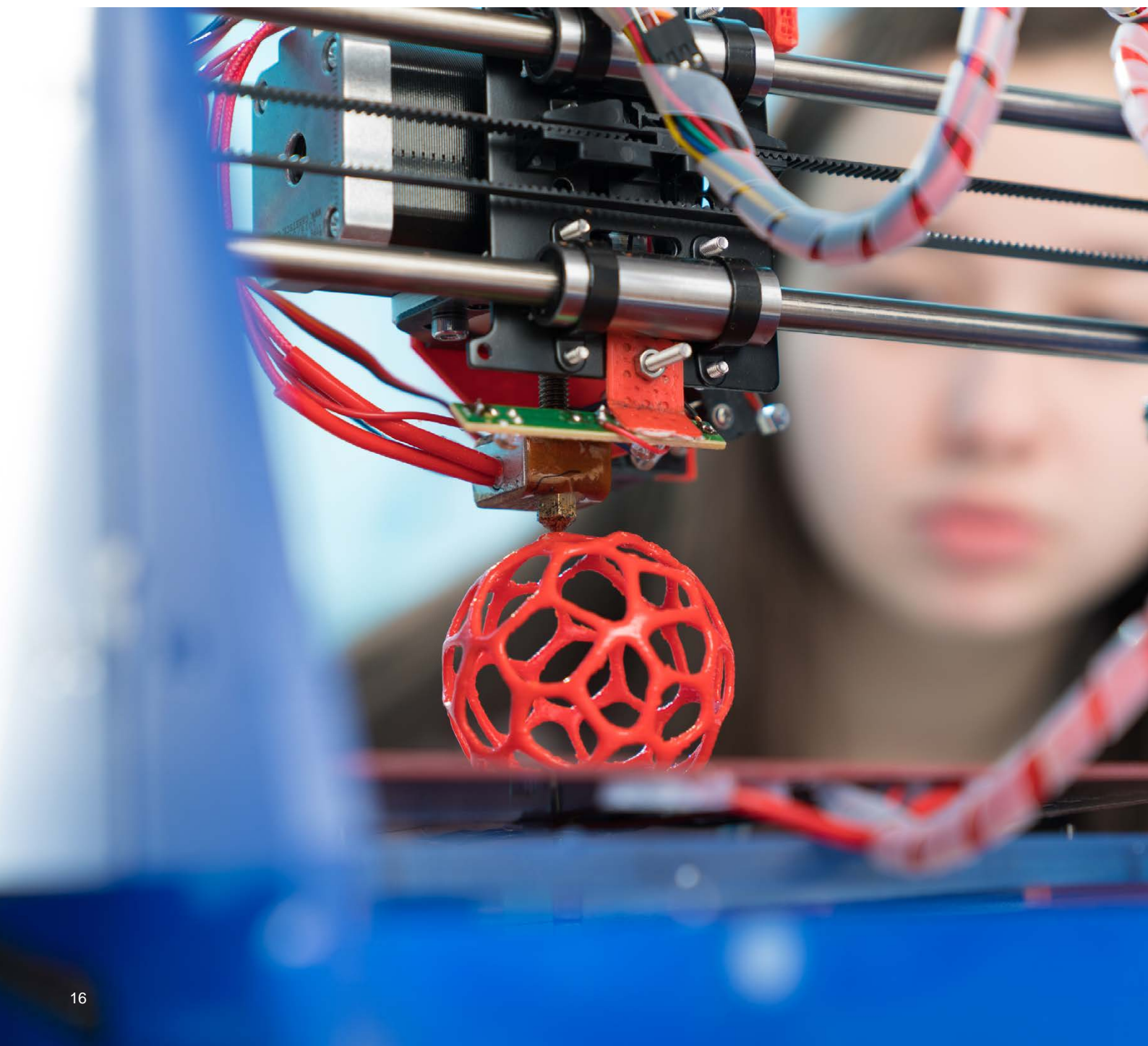
3D printing technology could disrupt retail by turning the consumer into a manufacturer. But while the impact will be large, it will be at least a decade before the technology is prevalent and affordable.

3D printing could be the third industrial revolution, allowing regular people to fabricate three-dimensional objects on-demand at home or in a store. For the consumer, 3D printing promises

faster, cheaper and more customized goods. For retailers, it could offer on-demand manufacturing and on-the-spot personalization of products that appeal to shoppers. But the promise of 3D printing is emerging slowly, and the technology is still common only in the realm of hobbyists and specialists. It will likely be another 10 years before the retail realm feels its impact. Retailers are experimenting with the technology, using 3D printing to improve the shopping experience and the quality of products. Part of Macy's \$400 million renovation of its Herald Square store in 2015 was One Below, a 5,000 m<sup>2</sup> space dedicated to teens. A 3D printing shop lets customers

create their own iPhone cases and jewelry. Athletic apparel retailers Under Armour, Adidas and Nike all have released 3D-printed shoes in the past year. The Adidas version is made from recycled ocean waste. These retailers are using 3D printing for its ability to translate customized measurements into bespoke sneakers that perfectly fit a person's foot.

There will be less need for manufacturing facilities and logistics suppliers as more consumer goods are made on-demand using local printers.





## AR VS VR – WHICH WILL WIN THE IN-STORE SHOPPING TRANSFORMATION

**Virtual reality devices will have a medium impact on the e-commerce shopper experience and may help to decrease retail space demands in the next 10 to 20 years. Augmented reality will have a big impact on the in-store shopping experience over the next 10 years.**

The potential value of a tailored customer experience through augmented reality (AR) and virtual reality (VR) technology is not to be underestimated. According to the Harvard Business Review, retailers' investments in AR and VR could be as high as \$30 billion by 2020, transforming the way consumers interact with retail brands. VR and its sister technology, AR, offer distinct opportunities for retailers and their customers. VR technology immerses the user in an entirely simulated world, and requires stand-alone devices such as headsets and controllers. This makes VR the ideal platform for gaming and other experiential uses tied to movies and TV shows. Location-based VR experience companies - Nomadic, founded by veterans of Disney, EA and other media giants, are snapping up vacant mall spaces and cinemas across the United States and equipping them with VR experiences like Ghostbusters: Dimension, a story-driven virtual playground created by The Void. VR is not only transporting users to fantastical worlds, but also occasionally serving a practical retail purpose by allowing them to visit malls from the comfort of their sofas. Startups like London-based Trillenium have experimented with the possibility

of employing VR devices, to transport customers to virtual malls. They can walk through virtual stores, examine virtual versions of real-life products and make purchases just as they would in the real world.

Despite VR's expected growth as an industry consumers are reluctant to wear VR devices, even in their own homes. Although this may gradually change over time, the immediate future of online retail seems to be the domain of AR.

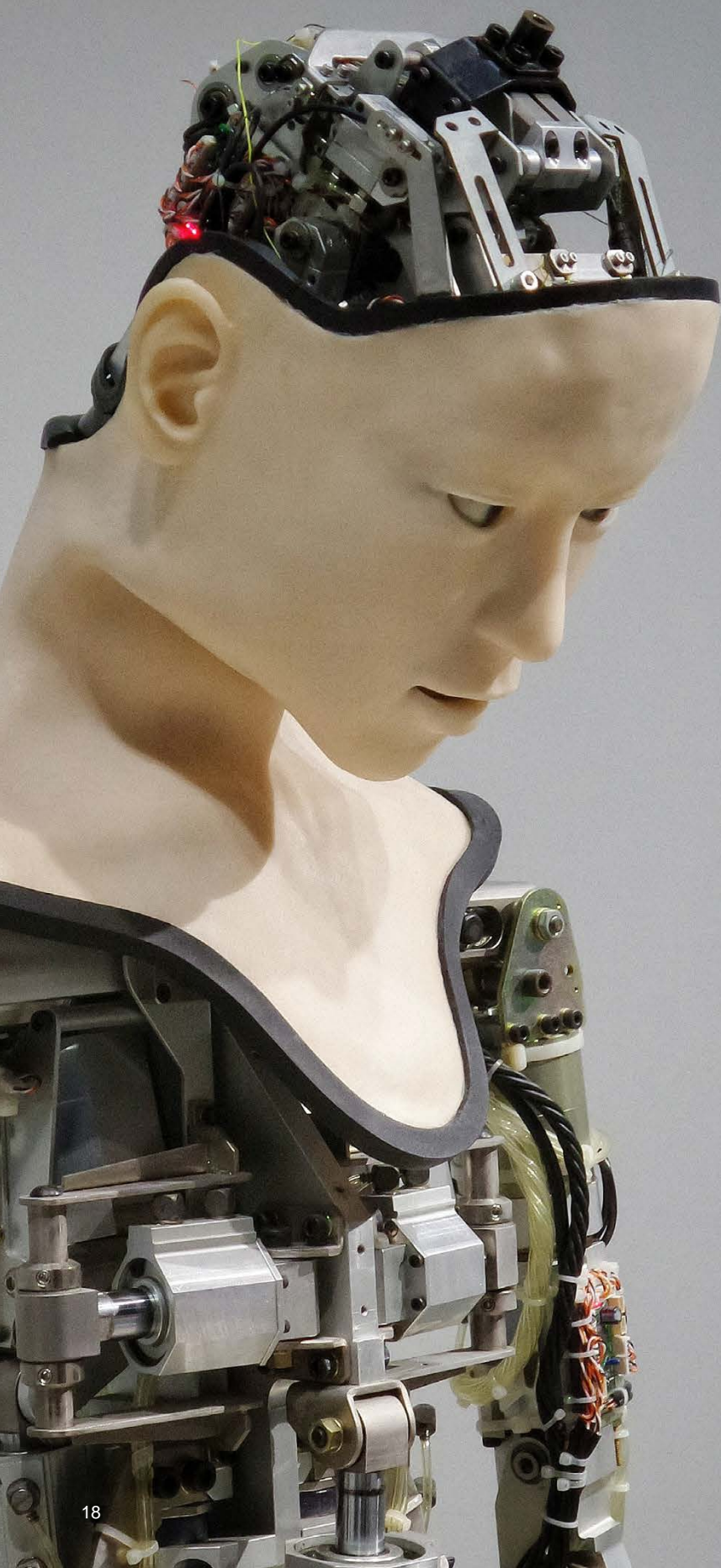
AR, at its most basic level, overlays aspects of the virtual world with real-life objects and locations, using devices such as smartphones and tablets. The most notable example is Pokémon Go. In the world of retail, AR technology may revolutionize the shopping experience for apparel, cosmetic and home goods by helping shoppers visualize products either on themselves or in their homes. IKEA Place enables customers to visualize rugs, lamps or couches in their own

homes, and Sephora's Virtual Artist allows shoppers to virtually apply makeup without ever stepping into a store. Other retailers are adapting this emerging technology to increase convenience and personalization for consumers. Lowe's is employing a hybrid strategy when it comes to AR and VR by focusing on in-store technology. The home improvement retailer is rolling out an AR app that tells shoppers the fastest way to find items in the store.

Virtual reality devices will have a medium impact on the e-commerce shopper experience and may help to decrease retail space demands in the next 10 to 20 years. Augmented reality will have a big impact on the in-store shopping experience over the next 10 years. According to Harvard Business Review, retailers' investments in AR and VR could be high transforming the way consumers interact with retail brands.







## ARTIFICIAL INTELLIGENCE – CUSTOMER SERVICE WITHOUT HASSLE OR HUSTLE



As artificial intelligence (AI) and machine learning become increasingly sophisticated, retailers will use it to enhance customer experiences. Expect AI to have a big impact in retail in the next 10 years as it becomes common in everyday activities.

With the help of AI software, retailers are capitalizing on advances in cognitive computing. In other words, software that can learn. Several retailers have teamed up with IBM to use its Watson technology to power an AI assistant that operates in select stores across the United States. “Macy’s On Call” answers questions and guides shoppers to their destinations. Customers simply open the site on any smartphone and type in their question – no human interaction needed. “Macy’s On Call” is a novel way for the store to interact with consumers on a personal level, boosting customer engagement. Machine learning allows computers to become more intelligent without being explicitly programmed. AI software can process massive amounts of data quickly to create endless opportunities for innovation. Under Armour teamed with IBM’s Watson to buff out its health and fitness app, UA Record, giving users real-time information about their personal health and fitness program. Watson monitors and analyzes daily exercise, sleep habits and food intake (manually entered by the human), and provides personalized insights based on the data. North Face launched an app to help shoppers find the right coat depending on where the shopper is going, what time of year it is and what activities are planned.

AI not only supplies companies with more information than ever before, but also gives customers personalized experiences that enhance day-to-day activities. Technology like Watson will transform the retail industry by changing the way consumers interact with products and brands. But more importantly, retailers will be able to digest and comprehend unprecedented amounts of data. As AI becomes more sophisticated, it will tackle even more complicated tasks. There’s no telling how much more work artificial intelligent software may take on.





## **DYNAMIC PRICING – SETTING THE PERFECT PRICE EVERY TIME**

Dynamic pricing depends on real-time data to perfect the supply and demand model. Online stores have already embraced it, so further impacts in that arena will be minimal. Expect bigger impacts for physical stores in 10 to 15 years, when the technology is broadly available and affordable.

Imagine a world where supply and demand are in perfect harmony. Goods are sold at prices that factor in available supply, current customer

demand, competitor prices and any number of other influential factors. It's a perfect market in real time and has the potential to change how retailers price goods, both online and in stores. Retailers use dynamic pricing to price goods based on different variables, such as time of day and demand. During happy hour, for example, a bar drops drink prices to encourage consumers to come during slow times.

E-tailers have led the way in dynamic pricing, thanks to their access to data and technology. Dynamic pricing succeeds when retailers have immediate access to all the variables and components that go into correctly pricing goods. Just as important is a system that correctly interprets that data and sets prices

accordingly to beat the competition. In the physical world, one new bookstore doesn't even place printed price tags on products, allowing the retailer to charge different prices for different customers. A digital price tag lets any retailer quickly change prices based on the time of day, competitors' prices, proximity to a major holiday and countless other variables. One obstacle to this practice may be the universal dislike of "price gouging". It seems unfair to some shoppers that different groups would pay different prices. As more retailers roll out dynamic pricing online, they'll need to develop transparent pricing policies to make the practice successful in physical store.

## INTERNET OF THINGS – A NETWORK OF EVERYTHING

**Expect that in the next 10 to 15 years IoT will have an even bigger impact on physical shopping and e-commerce as retailers get more in tune with buyer preferences and real time trends.**

Imagine the world as a galaxy. Each person is a sun with planets revolving around. Those planets are sensors and devices that communicate to bridge information seamlessly in orbit around each person. This is the Internet of Things (IoT). The growing IoT will affect city planning, security, medicine, logistics and shopping. Sensors in homes, clothing, cars and phones will communicate

with store aisles and shelves, and even individual products, and then relay information to a retail distribution system. This IoT platform can contain information that could be used to make decisions about what to sell, for how much, to whom and when. The transition to an IoT world has already begun, albeit modestly. Considering the complexity of working with huge volumes of data and interactivity among countless devices, as well as issues around security and privacy, it will be 10 to 15 years before the retail industry feels the biggest impact.

The system reports on which items have been touched or tried on so retailers can optimize merchandising and store layout. Hugo Boss has deployed heat sensors in its clothing stores to track customer movements. This allows managers to place premium products in high-traffic

areas and give the retailer a deeper understanding of customers' paths to purchase. Many retailers rely on IoT technology to use weather patterns to forecast grocery sales and stock certain products accordingly. BI Intelligence predicts that by 2020, there will be more than 24 billion IoT devices on earth. The potential totaleconomic impact of IoT will range from \$410 billion to more than \$1 trillion per year by 2025, according to McKinsey & Company. But because of the complexity of the systems involved and the level of investment needed, this is a long-term development. Already, 21 percent of retailers surveyed in a recent study by Zebra Technologies have implemented IoT, and another 27 percent are deploying in the next year. By 2021, 70 percent of retailers surveyed plan to invest in IoT.







# 10

## CASHIERLESS STORES – GRAB-AND-GO, AND GET CHARGED LATER

Walking out of the store without having to stop and pay sounds great, but in the short-term, the technology will be too expensive to see widespread adoption. Expect a moderate impact on physical stores and a full landing for payment systems in 20 years.

What if you never had to wait in line again? Or if you could complete your purchase without ever pulling out your credit card? A cashierless shopping experience has seemed just around the corner for quite some time, and recent moves by major retailers have fanned

the anticipation. Amazon opened a 170 m<sup>2</sup> retail beta store for employees in Seattle that has no checkout. Using computer vision, sensor fusion and deep learning, the store tracks what customers carry from the store and charges their accounts the appropriate amount. In major airports across the globe, travelers sit down at a restaurant table and are greeted with a touch-screen tablet that allows them to view the menu, order and pay. Self-checkout technology has been around for many years and seems to be getting better, but no retailer has created a truly cashierless store, where shoppers

can stroll in and out freely while an all-seeing technology keeps perfect tally. And even when that ideal is perfected, it will be costly to implement this technology on a large scale across a chain of stores. It's likely that when cashierless stores do make the scene, rollouts will be limited.





# 11

## CLIMATE CHANGE – SUNNY WEATHER IS A STRUGGLE FOR RETAILERS

The impact of climate change on global weather patterns will affect consumer behavior as seasonal needs shift with extreme weather. Expect a moderate impact in about 20 years. In short term, environmental awareness will become more prevalent among retailers.

The world is getting warmer, weather patterns are becoming more severe and sea levels are rising. Climate change is a global phenomenon with local impacts on retailers. Given current projections, climate change will impact retail in several ways in the next 20 years. There will be disruptions to supply chains, property damage due

to severe weather events and changes in consumer behavior. Severe weather that affects power lines, roads and other infrastructure hinders retail activity.

As extreme weather events become more common, they can only hurt businesses and the everyday lives of millions of people who have to shop for clothes, food, supplies and household items. Retailers and property owners must adapt to meet new demands created by climate change. In some regions, longer summers and shorter winters will force retailers to adjust the type of apparel they sell and when it's available. Consumers may demand more sandals

and shorts earlier in the season instead of jackets and gloves. Fear of climate change also has reshaped consumer preferences. According to a 2015 Nielsen study, 66 percent of global respondents claimed they are willing to spend extra money on products from businesses that are committed to positive social and environmental impact. This figure is 11 percent higher than the previous year and 16 percent higher than in 2013. Retailers are responding by advertising their environmental and sustainability efforts. Starbucks, for example, has publicized its commitment to use more recycled and reusable cups.



# 12

## DRIVELESS CARS – LONG DISTANCES MADE SHORTER

# 14

Autonomous vehicles will cause a huge shift in how physical spaces are planned, making some retailers obsolete and giving rise to new ones. Expect a large impact on physical stores to be fully felt in 25 years.

While companies like Google and Uber are testing driverless cars in real-world settings, and Tesla has offered autopilot functionality to owners of its electric vehicles, cars that drive themselves are still not a regular part of our lives. It will be decades until the technology is widespread enough that nearly every car on the road is autonomous. But as that change happens, we will see widespread impacts on the physical environment.

The way our mobility changes as a result will have substantial effects in many business sectors, including retail. Autonomous vehicles will alter the way humans organize themselves spatially around urban centers. Fairly rapid deurbanization could result once the use of driverless cars becomes widespread. Many will no longer want to pay the higher costs of living in dense urban cores when commuting becomes a hassle-free experience. Yet it also could mean an increased importance for prime urban corridors.

The cost and inconvenience of parking are common reasons to avoid the city. Without those obstacles, even more

shoppers may take excursions to top city centers. With fewer cars on the road, fewer expansive parking structures in central locations will be needed. In typical suburban malls, more space is taken up by surface parking lots than by the mall itself. These spaces could be repurposed for retail, housing or office uses, and new developments would be more feasible. Removing or reducing the parking requirement for projects would reduce the barrier of entry for certain retailers and developers.











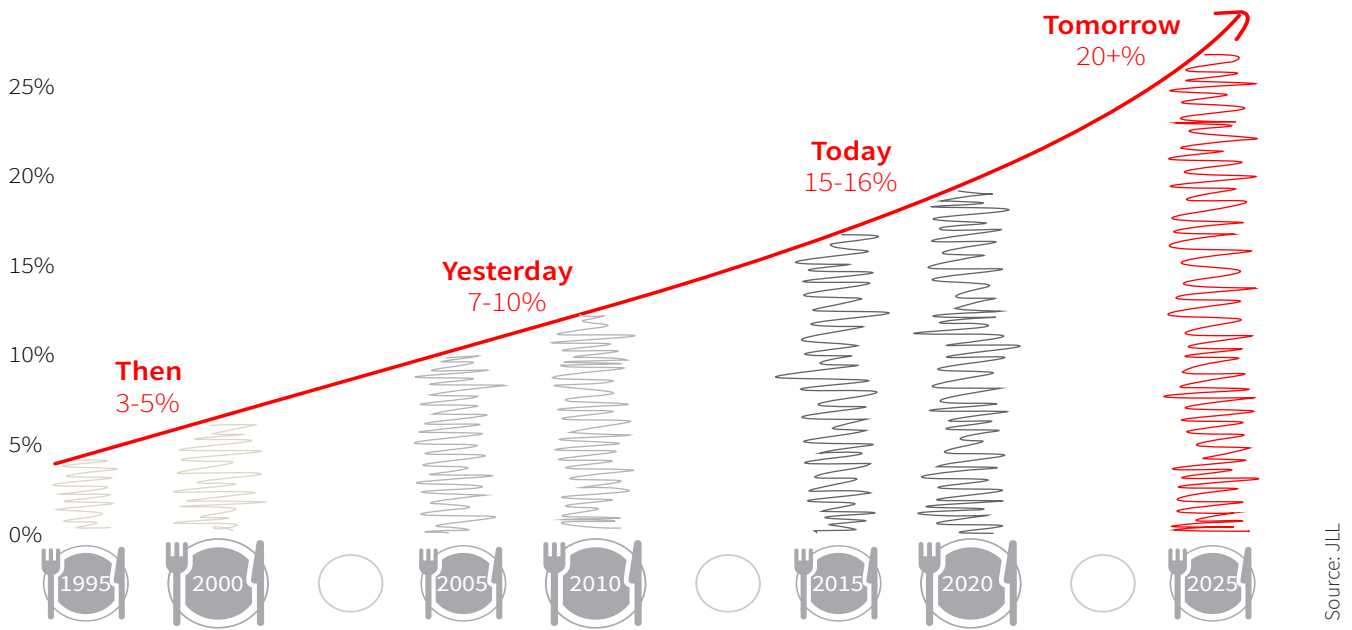
# SHOP EAT REPEAT

## F&B IS THE PLACE TO BE

The amount of space dedicated to the food & beverage (F&B) sector in retail projects across the world is increasing each year, and changing the global retail landscape. Demographic trends, technological innovations and growing customer expectations are the key factors behind shifts in consumer spending patterns and the resulting changes to retail space allocation. People are no longer happy with merely material items: customers expect memorable experiences, which they can share. For an increasing number of clients, dining experiences and time are becoming commodities of greater values than things. This trend is particularly visible with the millennial generation; however, people of all ages are realising that experiences often make us happier and are as important as buying material things.



## TYPICAL GASTRONOMY SHARE OF TOTAL GLA IN EU SHOPPING CENTRES



The perception of gastronomy has undergone profound changes in recent years. The range of food available is no longer an addition to a pure shopping experience, but now also provides reasons why customers continue to visit shopping centres. One of the recent examples is the new Grand Kitchen concept introduced by Unibail-Rodamco in its shopping centres in Warsaw (Arkadia) and in Wrocław (Wroclavia).

### THE FOODSERVICE (R)EVOLUTION

The F&B sector is gaining in importance to retail schemes, as foodservice drives additional footfall and thus increases overall spend when visiting a mall. Of course, the proportion of foodservice space in shopping centres varies between regions, and is driven by factors such as cultural nuances, market maturity, the relative wealth of customers, and foodservice competition at the micro level.

The F&B sector in Poland now takes up to 12.5% of space in top-notch shopping centres. Interestingly, Warsaw is only in fifth place among major agglomerations in terms of the share of gastronomy in GLA, which gives potential for further growth. The share of gastronomy calculated as a percentage of units in the total number of units and sales points in a given scheme is often even higher than the figure which results from occupied space, which is mainly due to the rather small size of these units as compared to other categories of tenants.

*We have been experiencing in recent years a significant increase in consumer spending on foodservices caused by macro demographic changes, technological advancements and consumers' desire to experience rather than to have. This increase prompts us to allocate more space in our shopping centers for desired F&B. It is, however, crucial to understand that it is not only about quantity but also about quality of the offer provided. Our main goal is to create a unique, unexpected ambience and we are working on delivering exciting areas within our assets, which we call "destinations". When it comes to F&B, there are two main concepts we are introducing within our portfolio: Fresh! and The Dining Experience™. Fresh! is a*

*unique food market presenting local fresh food champions and awarded experts. Our customers have a year-long access to seasonal products and cooked meals. The first market "El Marcat" was introduced in Glories (Barcelona) in 2014 and the second one is planned to open in 2018 in our new project Mall of the Netherlands (The Hague). The Dining Experience™ is an area providing the best local and international restaurants bringing social and differentiating experiences to our visitors. We are proud of our long-lasting cooperation with premium restaurant concepts such as Wagamama, Vapiano, Five Guys or Starbucks, as well as large international players such as Amrest. By the end of 2017 we will have delivered about 15 dining areas within our portfolio*

*including the recently opened "Grand Kitchen" in our shopping center in Prague (Chodov) and another delivered in October 2017 - Wroclavia (Poland). These areas provide different innovations such as Click&Eat service, where customers can order on line dishes from one or more restaurants and pick up the whole order in one place. We also guarantee events like concerts, cooking classes, meetings with well-known chefs, etc. It is all about experience!*

Arnaud Burlin  
Managing Director  
Central Europe & Austria  
Unibail-Rodamco SE





The number of restaurants, bars, and dining points in Poland is growing constantly. Between 2006 and 2016 the number of gastronomy units in Poland increased by more than 61%. The Mazovian voivodeship has more foodservice points than any other region (5,277). The regions of Świętokrzyskie, Pomorskie, and Dolnośląskie more than doubled the number of their gastronomy units between 2006 and 2016.

**Polish customers are spending more on eating out, both in relative and absolute terms.**

According to the Central Statistical Office of Poland, the restaurant & hotel sector has now a share of 4.4% in total household expenditures, compared to just 1.8% in 2005. In that timeframe the country has recorded an increase of 71% in average wages. Oxford Economics predicts for Poland retail sales growth of 5.9% between the years 2018 and 2020. Some of that growth will certainly be seen in the gastronomy sector.

## DIVERSITY

The surrounding infrastructure and catchment determine the types of foodservice operators. The growth and popularity of street food, upmarket fast casual and more diverse casual dining have triggered a marked “casualisation” of food and service. With a substantial amount of office space in a given immediate catchment area the foodservice units should be rather concentrated on weekday lunchtime as well as cafés that offer convenient workspaces for freelance clientele. If a shopping centre is located in or near a transportation hub, which feature high levels of pedestrian traffic, speed and impulse offerings will benefit the most from that. Footfall quality and the presence of leisure facilities within a shopping centre and in the immediate vicinity drive demand for different foodservice categories. New dining destinations with unique shopping and gastronomy projects are opening, predominantly in Warsaw (e.g. Hala

Koszyki, Soho Factory, EC Powiśle, Art N and Koneser), followed by other major cities (e.g. Off Piotrkowska and Monopolis in Łódź). The surrounding catchment and infrastructure naturally defines their characteristics and local strategy. Some foodservice operators will perform best in office buildings, others in market halls. Operators need to tailor their formats: one size no longer fits all.

Changing consumer habits and expectations will also affect the drinks sector. Craft beer multitap bars, champagne bars, bread & wine concepts, and sales points with fresh juices, which are all sprouting across Poland’s cities, are a tangible response to changing drinking habits. While this trend is observed globally, Poles seem to be also attracted by concepts referring to local assortments, such as “Wódka & Zakąska” format. However, as associated mainly with nightlife, such concepts work best in downtown areas and not necessarily in typical shopping malls.

## DIGITALISATION

The growth of digitalisation is setting a new scene. We chat, shop, meet and play online. Online sales are rising year by year. However, as we cannot eat online, gastronomy is becoming a unique selling point. Technology can be harnessed though, by, for example, online orders and payments, which are increasing, and social media platforms, which are becoming more sophisticated. We are witnesses of a delivery revolution: popular apps simplify online and mobile ordering, making “dining in” even easier. Foodservice has become an “on-demand” industry, as consumers have come to expect to be able to obtain food whenever and wherever they are. This has led to an increase in mobile apps which enable ordering and a huge growth in third-party delivery (e.g. UberEATS). Growth in digitalisation and convenience also means that eating at home is on the increase again, with consumers using new delivery services and technologies. As the methods for ordering become more varied and accessible, there will be an expansion in food delivery services.

Importantly, this trend should be seen in parallel with the increasing desire to eat out, which offers a much larger experience and caters for our social needs.

**As food becomes an expression of lifestyle, identification and status, creating an attractive setting in restaurants is of greater importance, especially in order to compete with the home-eating trend. Restaurants can establish themselves as a place of inspiration and knowledge, a place of social interaction and lifestyle.**

## THE MAGIC TRIANGLE

Despite the massive opportunities, foodservice needs special examination, as it requires a coherent strategy within the “Magic Triangle” which includes gastronomy, leisure and the overall retail offer available in a given scheme. Landlords have to understand what F&B operators sell and at what times of the

day, so as to better prepare their strategy for the entire retail schemes. They need to know where gastronomy units should be located and in what configuration, how units should be designed, how to create points of difference and which tenants would be the best fit for their strategies.

Foodservice is undoubtedly changing the retail landscape. Navigating the opportunities, identifying the risks, tracking the trends and understanding the habits of local customers are essential for achieving success and boosting the performance of a retail project. Noticeable growth in the quantity and quality of foodservice in shopping centres has a positive impact on the entire retail sector. The appetite for new and different is strong. We believe that the gastronomy sector will continue to play an important role in the creation of retail places, and shopping centres may soon change their names to “experience centres”.







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Elevate the Experience in Shopping Centres

# ENTERTAINMENT

Changes in shopping behaviour have revolutionised the retail industry, which has led to the integration of new trends and the adjustment of traditional offerings. Nowadays shopping centres are becoming less shopping and more centres with multiple functions. They have become an integral part of the city and a common meeting place for its inhabitants. Although shopping still dominates the brick-and-mortar businesses, it is more common to see other uses being introduced to the shopping arena, uses focused on elevating the experience of the shoppers.



Increasing shopping centres competition, new technological solutions, growing e-commerce, and changing customer shopping behaviour and needs are pushing developers to construct schemes which offer additional attractions rather than just pure retailing. They create places which become destinations where people can spend even an entire day. The natural tendency is to turn to an offering focused on providing services which are not available online. Incorporating leisure facilities is a good way of differentiating one's centre from competing retail schemes and of providing customers with a unique and sensory experience.

As Poles continue to become wealthier and their socio-cultural attitudes change, it is expected that the amounts of time and money spent on leisure attractions will grow. This was especially visible in 2016, after the government's "Family 500 plus" program was put into operation. According to the Central Statistical Office, in 2016 the average monthly expenditure amounted to PLN 1,132 per capita (up by 3.7% since 2015 and by 61% since 2005). The average citizen spent PLN 690 on recreation and culture in 2016. That is 6.2% more than in 2015 and 65% than in 2005.

The leisure sector in Poland may not be that spectacular when compared to Western Europe or the United States of America, but, as the role of the family and out-of-home activities gain importance, there is a growing demand for shopping malls to deliver a real sensory experience including family-based leisure amenities. Initially, the entertainment offerings of Polish shopping & leisure centres were based on multiplexes and food courts. Currently it additionally includes bowling alleys, kids' playgrounds, fitness clubs, dance and music schools, music clubs, museums, theatres, libraries, exhibitions, escape rooms, trampoline parks, climbing walls, etc. and the list of attractions is expected to grow further. Among the firms searching for retail opportunities in Poland is Merlin Entertainments Group.

Also, the kind of offering of tenants already present on the market is changing as well. Kids' playrooms are not a typical rooms with slides into balls, but places where kids can learn and play during workshops and educational shows. A typical kids' playroom has grown from 200–250 m<sup>2</sup> to 500–1,000 m<sup>2</sup>, depending on the given centre and the size of the city. New technological

**Chris Scurrah, New Business Development Director EMEA at Merlin Entertainments Group, comments:**

*There will be a greater focus on creating the leisure destination in the next 10 to 15 years' time. Where there is over-provision and competition the quality leisure destinations will succeed. Merlin Entertainments Group is the world's second largest visitor attraction operator, currently opening approximately eight new indoor visitor attractions around the globe each year, with brands including Madame Tussauds, LEGOLAND Discovery Centres and SEA LIFE Centres. The Merlin Creative team is constantly looking at new ideas and concepts for the market – ideas with global roll-out potential. Merlin develops unique, location-based, themed visitor attractions with strong brands; the quality and investment levels allow Merlin to appeal to visitors from up to two hours' travel time from the experience, even further for Merlin's Resort Theme Parks and LEGOLAND Parks.*



developments have changed the entire character of cinemas and the experience of watching movies. Fitness clubs now make you feel more at home by providing a homely, friendly environment and interior finishing. Moreover, some fitness clubs offer child-care, personal trainers and diet coaches, as well as healthy catering and even 24-hour opening.

What is more, non-leisure retailers also see the potential in delivering experiences to their customers. The Hamleys in Galeria Północna in Warsaw is not just a toy store: it's a place to have fun, thanks to such attractions as a mirror maze, a car racetrack, water games, a talking tree, creative workshops and a Nerf shooting range. And this store will soon start to organise birthday parties for kids. Wyjątkowy Prezent, a firm selling gift cards with vouchers for different kinds of attractions, previously only on stands at shopping centres, opened their first regular store at the end 2017 (also in

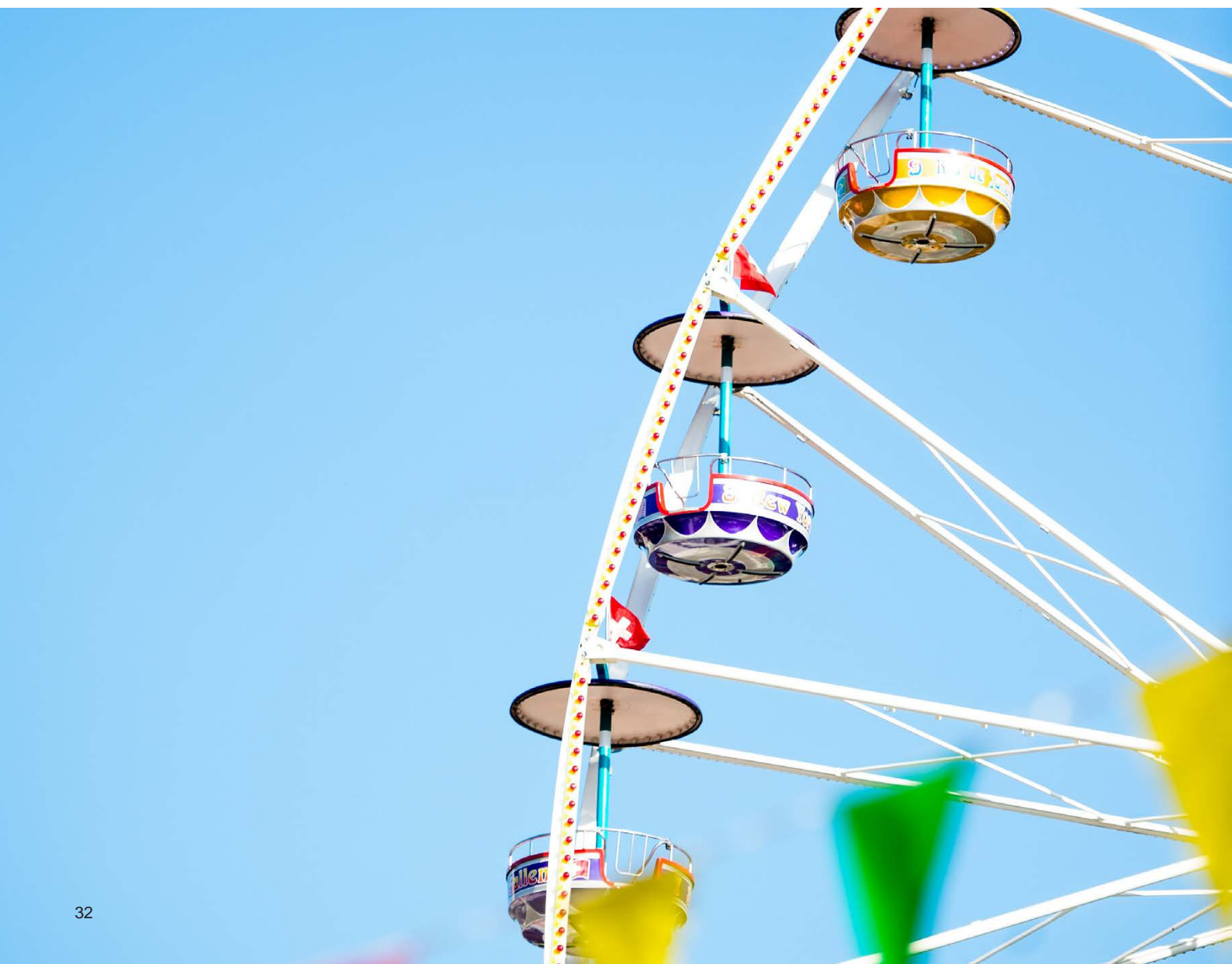
Jakub Matuszewski from Wyjątkowy Prezent explains, "It's all thanks to the simulator – the main attraction of our store. Placing one of our "experiences" in the store serves not only marketing functions but also makes the image of our brand more attractive and improves its functionality. Thanks to this, we have the opportunity to both sell and deliver services, which translates into a greater number of visitors to our stores."

Galeria Północna). The greatest attraction in their store is the opportunity to fly in the iconic F-16 fighter while in the store.

The proportion of shopping centres in Poland with incorporated leisure components is constantly growing. Currently, 99 of the country's 412

shopping centres offer entertainment amenities and 30% of new projects that are currently being constructed will have some kind of leisure element. Depending on the type and scale of a shopping centre, as well as the size of the city it is located in, the entertainment component basically accounts for 5% to 10% of a project's space.

From cinemas to trampoline parks, shopping centres across the whole country are offering various entertainment options which are blended together with brand retailers. Recently developed and future schemes prove that target consumers demand both high quality merchandise as well as high quality entertainment, all within the same venue. Nevertheless, everything depends on what the target market is able to support. This creates a challenge that has to be faced by shopping mall developers and owners across the whole of Poland.







JLL'S CUSTOMER

# EXPERIENCE WALK

The digital landscape is constantly expanding and offering new ways to connect with customers. As shopping centre managers, we have to react rapidly and accordingly, making sure that our attention and budgets are focused in the right directions.

Customer experience has become a critical differentiator in today's hyper-competitive-connected global marketplace. Shopping centre owners and managers can no longer afford to look at each customer touchpoint in isolation or solely focus their attention on customer acquisition. They need to understand the entire customer experience.

Many experts believe that customer experience will become the main area where a brand can have a competitive advantage in the next few years. In 2016 Forbes listed customer experience as one of the top digital transformation trends in 2017. The Gartner Institute has stated that by 2020 89% of the companies will compete with each other mainly in this field. This is further supported by the Walker study which found that in the next two years customer experience, rather than price and product features, will become the main differentiator between brands.

There are at least three reasons for the growing popularity and importance of activities in the area of customer experience: macroeconomic change (approximately 64% of global GDP currently comes from the services sector); digitalisation and the advanced technology that surrounds us and that exerts an increasing influence on the everyday lives of all of us; and increasing customer expectations – as our consciousness grows, as customers we expect more.

However, still not so many companies see the real business value that is behind measuring and managing the customer experience, which is clearly a mistake. A survey conducted by the Harvard

Business Review found that 86% of business leaders agree that customer experience is vital for success, and 75% believe that social media will be an “extremely important” part of successful customer experiences in the future.

## FINDING THE CUSTOMER TOUCHPOINTS

Customer touchpoints are the points of contacts between the customer and the brand, from start to finish. For example, a customer may find a business online or in an advert, see ratings and reviews, visit the website of that brand, shop at its retail store or contact its customer service. Identifying these touchpoints for each business is the first and crucial step toward creating a customer journey map and making sure that the customers are satisfied every step of the way.

There are three main touchpoints that must be taken into account when analysing the process of customer experience: before the purchase, during the purchase and after the purchase. Each main touchpoint is then followed by a number of specific touchpoints relevant to a particular brand. We have drawn up a list of the most common examples of touchpoints, but it can vary a lot depending on the brand or business.

The list below is a good starting point, as each of these touchpoints can have a number of underlying pieces, for example “advertising” can include touchpoints across many channels, while physical stores in shopping centres have touchpoints such as signage to help customers find the store, the parking lot, and the many different interactions that take place inside the centre.

## PUT YOURSELF IN THE CUSTOMER'S SHOES

JLL's Customer Experience Walk is our property management approach for reviewing the cumulative impact of multiple touchpoints in shopping centres and the aim to removing friction and enhancing the experience for every customer regardless of where they are in the journey (online or offline). In fact, we step into the customers' shoes from the moment they arrive at the shopping centre, through to how they find their way around, how they shop, rest, dine and go online to the moment they leave the centre.

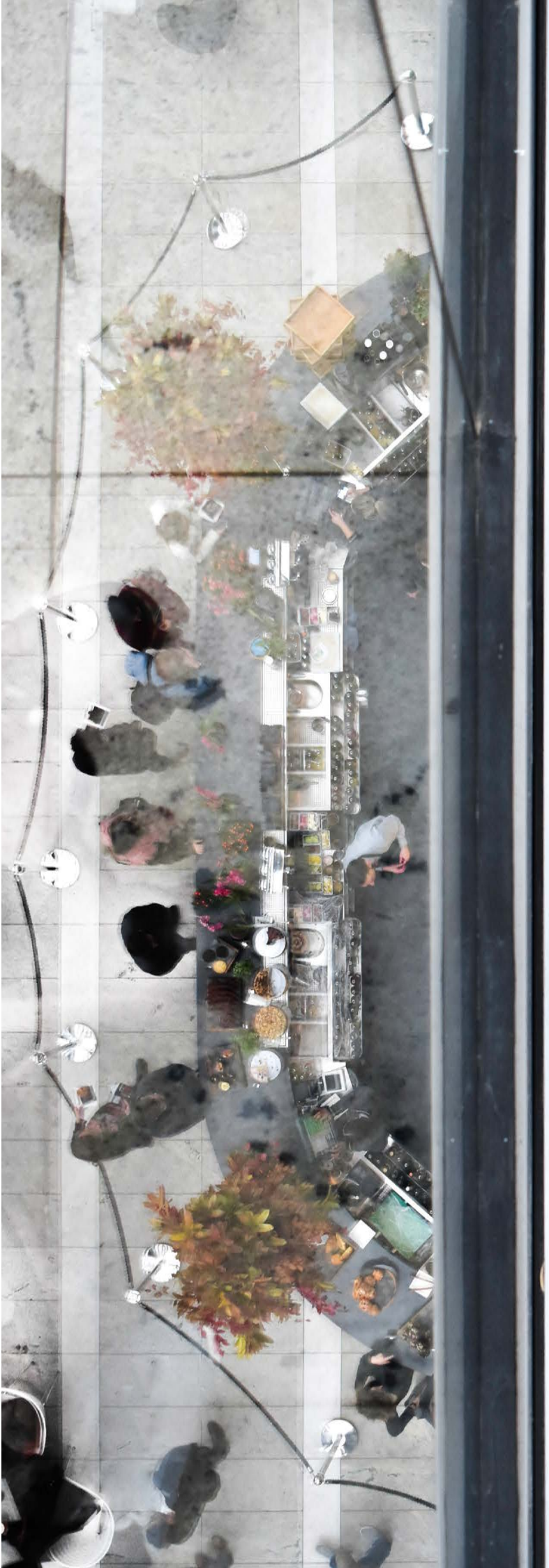
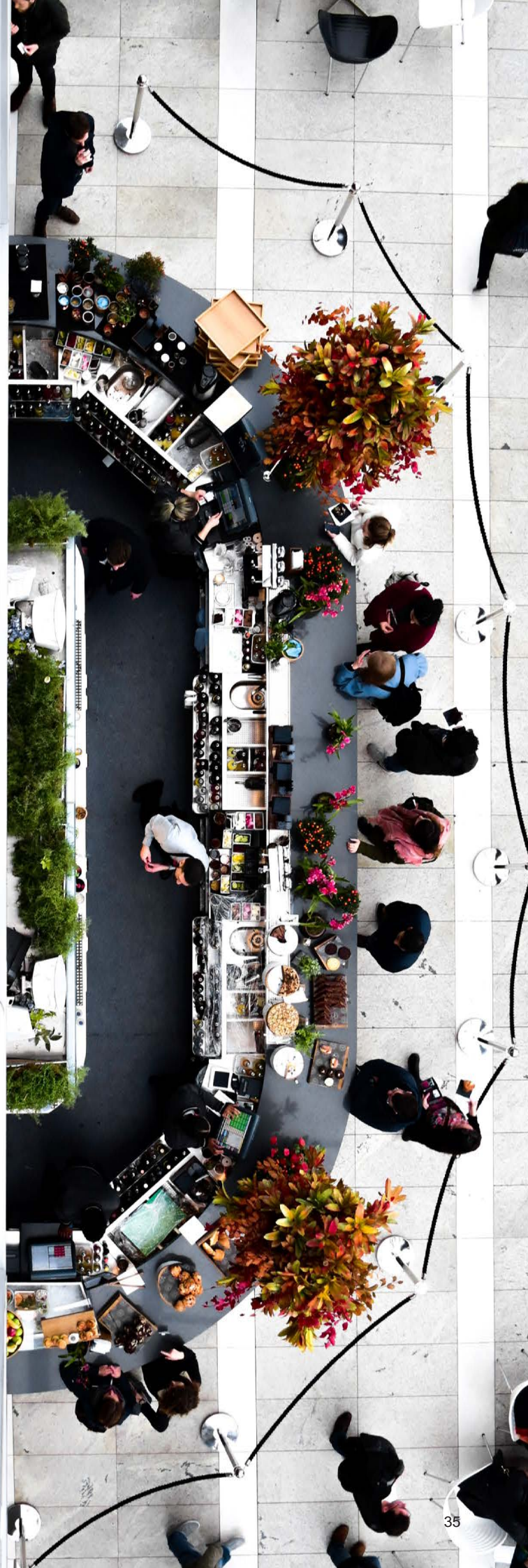
When identifying a shopping centre's touchpoints we become the customer. We are in the customer's mindset. We walk ourselves through the customer's journey step-by-step, from start to finish. We take into account the big picture: the overall customer journey through the shopping environment.

Identifying the customer journey helps us understand how those touchpoints create the experience. After we have created a map of the touchpoints in the customer journey we can see how they all fit together and ask where are the obstacles the customer might experience along the way? Are any of the touchpoints missing or neglected? Is it clear for the customer how to resolve potential issues during or after the transaction? Once we have drawn that map of the customer journey, we are able to evaluate the experience and to make improvements where necessary. Based on that knowledge we are able to prepare and implement a customer experience strategy.

BEFORE PURCHASE	DURING PURCHASE	AFTER PURCHASE
Advertising	Physical store	Billing
Marketing / PR	Website	Customer service and support teams (questions and returns)
Social media	Catalogue	Transactional emails
Word of mouth	Phone system	Marketing emails / newsletters
Geofencing	Social Wi-Fi	Customer satisfaction questions
Ratings and reviews	Point of sale	Online support centre
Testimonials	In-store promotions / discounts	Surveys
Mobile apps	Staff or sales persons	Social media
Promotions and sales	Upselling	Loyalty programs
Emailing	Fairgrounds	Thank you cards

Source: JLL









Source: JLL

The ability of a retailer or a shopping centre owner to deliver an experience that sets it apart in the eyes of its customers will increase the amount of turnover and dwell time and inspire loyalty to its brand. Loyalty is now driven primarily by a company's interaction with its customers and how well it services both their wants and needs. The key to success at a store or a shopping centre is delivering a consistent, branded experience that exceeds customer expectations.

## NEW TRENDS IN CUSTOMER EXPERIENCE

Customer Experience is based on feelings, biased and hard to measure emotions. Our customer experience, starting from seeing an advert, searching for the product, analysing it, contact with a sales person, purchase, delivery, service, complaints, etc are all subject to our feelings. Therefore, companies that want to attract customers introduce solutions that intensify the positive experiences of customers. In co-operation with the MAM platform we took a closer look at what awaits the retail market in terms of customer experience now and in the next few years and picked out the following most common trends:

### 1. Two generations

Millennials (11 million) and baby boomers (5 million) are currently the most numerous generations in Poland. Together they form a large group of customers that retailers should target.

### 2. Social media as shopping platforms

Facebook and Instagram are not only social platforms: they are becoming shopping platforms.

### 3. Bricks & mortar

A number of retailers that started online are now opening physical stores as well, which provide even more experiences for our senses.

### 4. Omnichannel

This is when a business uses multiple channels to offer its goods and services.

### 5. Advanced technologies

These include beacons, Smart Wi-Fi, RFID chips, 3D printers, virtual mirrors, inspiration corridors, emotion recognition systems, drones, and so on.

### 6. Big Data

Brands are more eager than ever to gather information about their clients in order to be able to tailor their offerings to the needs of individual consumers.

### 7. Mobile applications

Many retailers have already launched smartphone applications to help their clients connect with the brand.

### 8. Penetration of services and goods

To extend the dwell time in their stores, retailers are extending their standard offer, e.g. coffee in bookstores or clothes in a drugstore.

### 9. Instant Messaging and Artificial Intelligence

The ability to reach their brands in the fastest and easiest way at any time they want is one of the most influential factors on customers' experience.

### 10. Personalisation and the Internet of Things

The foundation of personalisation lies with getting to know the customer and presenting to him/her the experience he/she wants and expects.

## UNDERSTANDING CUSTOMERS' NEEDS

As shopping centre owners and retailers become increasingly global, they mustn't forget they're selling to a diverse range of people who are seeking contextual, local, personalised experiences.

Just as consumers' expectations around experience continue to increase with regard to physical shopping centres and stores, they will continue to increase online. Consumers want shopping hubs and brands to adapt to their location as well as speaking their language as a local would, with customised products and ranges. Enter 'glocalisation', which brings the best of global and local together. This is supported by hyperlocal targeting which responds to the individual based on their geographic context.



Drill down further and you reach personalisation, which contextualises and responds to the individual user based on his/her personal needs and preferences. Using data analytics to not only respond to but anticipate customer needs is the next step on from that.

Shopping centre owners and retailers must ramp up their efforts to provide such contextual, personalised shopping experiences. That way they can truly connect with their customers and target their offerings more efficiently.

Bricks-and-mortar stores are likely to survive only for as long as consumers enjoy the shopping experience. The fact that consumers can find what they want and when they want it online means they now demand a similar level of service

**A perfect example of achieving a synergy of various channels, both offline and online, is Forum Gliwice, one of the largest Silesian shopping centres managed by JLL.**

**Their omnichannel implementation, led by Social Wi-Fi and JLL, has been broadly recognised as the first of its kind in Poland. By utilising a combination of Smart Wi-Fi, social media, beacons, geofencing, aroma-marketing and info-kiosks, Forum Gliwice gained an increase in footfall, turnover and online customer experience.**

in physical stores. The retailers that take advantage of real-time technology, merging offline with online, will be the ones that have the best chance of attracting shoppers and elevating the customer experience in their stores.

So, what does the future hold for us retail property owners and managers? A lot will come down to the technology that becomes available. In 2018 our focus on the customer experience and customer journey will not decrease at all. But, as shopping centre managers, we need to think wisely about how we can provide more value at every stage of this journey. Being able to react at the right moment with a timely, well-positioned and customer-centric message will be the leading measure of success in the upcoming years.

*The key to managing customer experience in a shopping center is to create a travel map. Thanks to that, it is realistic to measure the level of satisfaction, diversification of contact points and optimization of activities at the lowest level. Observing customer travel before, during and after the purchase is crucial.*

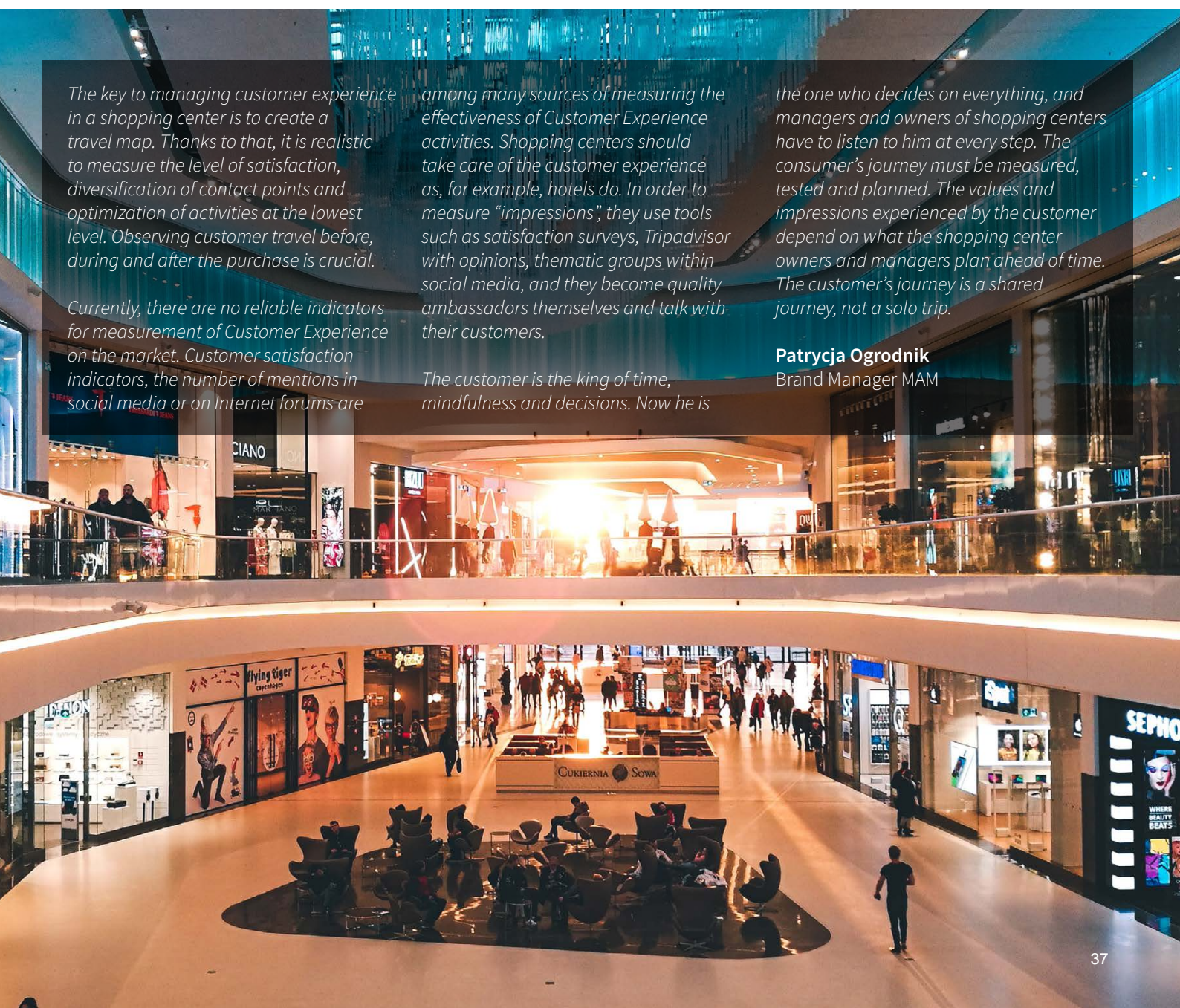
*Currently, there are no reliable indicators for measurement of Customer Experience on the market. Customer satisfaction indicators, the number of mentions in social media or on Internet forums are*

*among many sources of measuring the effectiveness of Customer Experience activities. Shopping centers should take care of the customer experience as, for example, hotels do. In order to measure "impressions", they use tools such as satisfaction surveys, Tripadvisor with opinions, thematic groups within social media, and they become quality ambassadors themselves and talk with their customers.*

*The customer is the king of time, mindfulness and decisions. Now he is*

*the one who decides on everything, and managers and owners of shopping centers have to listen to him at every step. The consumer's journey must be measured, tested and planned. The values and impressions experienced by the customer depend on what the shopping center owners and managers plan ahead of time. The customer's journey is a shared journey, not a solo trip.*

**Patrycja Ogrodnik**  
Brand Manager MAM











# The **blogger** will show you the way



It is no secret that the retail sector has gone through huge changes over the last two decades. From small shops located along the main streets through large shopping centres dominated by chain giants to the digital ether. In the early '90s we were still copying goods from the West and choosing from very limited product range to end up a few years later flooded by the never-ending offerings of the chain shops in brand new shiny shopping centres.

But what is the concept for NOW? In the era of individualism when everybody wants to be unique, we more often look for something special, extraordinary, one of a kind. This is the reason why consumers have turned to everything which is niche, personalized, and produced on a smaller scale and in an environmentally friendly way. This is the time for fashion, beauty and gastronomic start-ups and invention.

And because the easiest way to get things done in the era of digitalisation is to go online, so we – as consumers – do the same. To find something without spending hours walking from one shop to another, to try it on at home with a friendly mirror and without any random witnesses, walking through a shopper's paradise without getting up from our own sofa: this seems to be the preferable option for the new buyers' generation.

But how to swim through this veritable sea of possibilities without drowning? We decided to ask one of the currently most influential forces: bloggers.

Being a blogger, a vlogger, a youtuber or an influencer has become one of the most desirable professions these days.

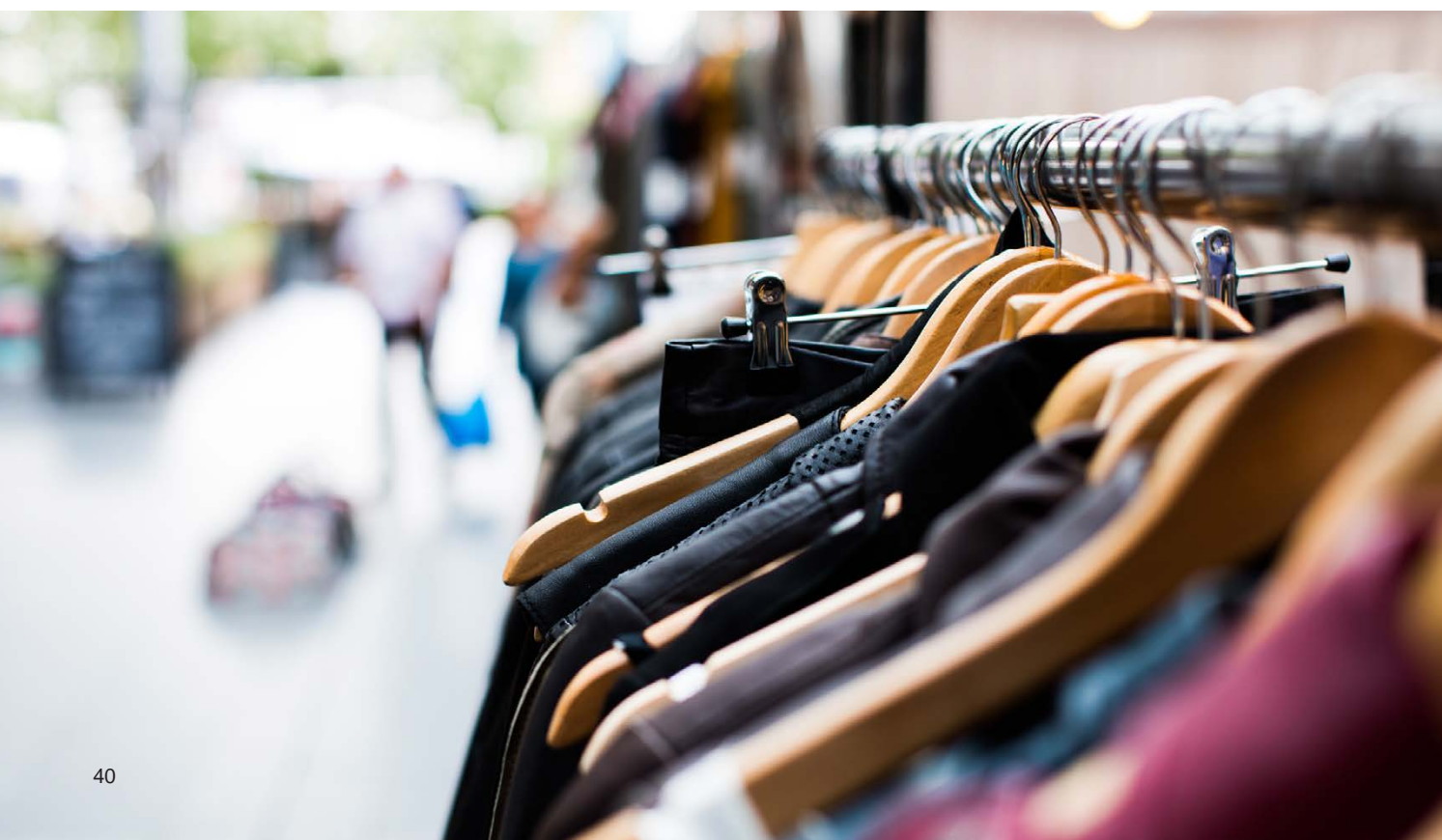
They are – almost like the great art dealers in the art industry years ago – real oracles of what the actual trends are. They decide what is worth wearing, they will tell you where to go, what to eat, how your apartment/house should look, and so on. It is not a question now of how fancy and expensive a collection is, it is the question of whether the bloggers – and then the customers – would like to have it or not.

The path from just starting one of many bloggers to the real celebrity of the blogosphere (and not only) with true power seems to be piece of cake, however it usually takes years to reach a valuable position.

The most popular bloggers in Poland – Julia Kuczyńska (maffashion.pl, almost 900,000 likes on FB, more than 1 million followers on Instagram), Jessica Mercedes-Kirschner (www.jemerced.com, more than 260,000 likes on FB, more than 860,000 followers on Instagram), Tamara Gonzales Perea (www.macademiangirl.

com, more than 200,000 likes on FB, more than 300,000 followers on Instagram) and Ewa Grzelakowska-Kostoglu (youtuber Red Lipstic Monster, more than 1 million subscribers, more than 1 million followers on Instagram) – have all been active in the web for the best part of a decade. Their visibility in the media, at fashion weeks, in fashion magazines, as special guests in various TV shows/programs and as faces promoting brands gives them real power to influence masses. They are the barometer of trends in almost every aspect of our lifestyle.

They all agreed that the future of the retail sector is ONLINE. Even the big luxury fashion brands have turned to the Internet to be able to meet their customers' needs. They also believe that the existing shopping centres could offer much more than just goods for sale. Malls could develop into places of not only distribution but also promotion of fashion and lifestyle in general. Malls could be places where people can see something interesting, eat something extraordinary, meet with friends and families in a nice and friendly environment, instead of being only for rather rapid and exhausting shopping. Shouldn't we take their opinion into consideration?







### **TAMARA GONZALEZ PEREA**

blogger

<http://www.macademiangirl.com/>

<https://www.facebook.com/MacademianGirl/>

<https://www.instagram.com/macademiangirl/>

*– How do you see the future of shopping centres considering constant and dynamic changes in trends, customers' needs and growing e-commerce?*

I personally think that shopping centres have gained popularity among Poles over the last 20 years and have a stable position on the market, therefore current trends should not have negative influence on them. I can still see crowds of people when visiting shopping centres and I believe their success is due to the fact that people can satisfy many of their needs in one place – buy clothes, electronic goods, food, and go for coffee or to the cinema.

*– What age group will be a frequent visitor in shopping centres in the near and distant future?*

Customers who like to buy things in shopping centres are rather either above 35 years old (those who do not like to buy via the Internet) or very young, who, among other things, just like to spend time there.

*– What has the greatest impact on changes in the retail sector?*

I believe it is the well developing e-commerce – online shops, with their flexibility, are the biggest challenge for existing shopping centres.

*– How do you like to shop?*

I definitely prefer to do my shopping online. The online shops such as ASOS, Zalando and Westwing in terms of home furnishing have very wide offerings and you can find almost everything you want there. But as I can see when asking my friends, this is not the only one obligatory tendency.

### **KASIA SZYMKÓW**

blogger

<http://www.jestemkasia.com/>

<https://www.facebook.com/JestemKasiaBlog>

[http://instagram.com/jestem\\_kasia/](http://instagram.com/jestem_kasia/)

*– How do you see the future of shopping centres considering constant and dynamic changes in trends, customers' needs and growing e-commerce?*

Since online shopping has become more and more popular, I prefer to do my shopping via the Internet instead of physical stores and shopping centres. I would visit shopping centres more often than I do now, for shopping and eating purposes, if only their gastronomy offering was more diversified and fancy. For people paying special attention to food quality and health restrictions (vegans, gluten-free meals, etc) the current food & beverage offering in most Polish shopping centres is insufficient. Therefore, my personal preference would be to focus on developing this sector of retail.

*– What age group will be a frequent visitor in shopping centres in the near and distant future?*

I see people from all age groups visiting shopping centres: young, elderly, whole families. I think the criteria is not the age, it rather depends on the location, and personal preferences.

*– What has the greatest impact on changes in the retail sector?*

In my opinion the very active online shops with their “no problem” return approach and free delivery are the biggest threat right now for physical shopping centres.

*– How do you like to shop?*

My preferred option is to buy online or to visit small vintage shops rather than popular chain stores.





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*– How do you see the future of shopping centres considering constant and dynamic changes in trends, customers' needs and growing e-commerce?*

To be honest, shopping centres are not my first choice when it comes to shopping. In my opinion people visit shopping centres because they are bored, have an urgent need, or simply want to touch / try on something they found on the Internet. I definitely prefer department stores, where fashion and lifestyle trends are promoted under the same brand and roof, for example BIBA from the '60s.

Shopping centres should be more like showrooms, gastronomic centres and the places of basic shopping, like convenience centres. Let them be the area of fashion shows, fashion and jewellery fairs etc.

*– What age group will be a frequent visitor in shopping centres in the near and distant future?*

Customers who visit shopping centres are usually very young – fast shoppers, or elderly people – who are not convinced by the Internet. Also, people from smaller cities or suburbs, who do not have access to a wide range of fashion brands.

*– What has the greatest impact on changes in the retail sector?*

The current mass scale and overproduction are not good for the retail sector from the wider perspective.

*– How do you like to shop?*

Personally, I don't like to buy online. I prefer personal contact in showrooms, designers' ateliers and fashion fairs. Sometimes I do visit shopping centres and see the brands I like, but the preferable option is to visit their own individual shops.

### MICHAŁ KĘDZIORA

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*– How do you see the future of shopping centres considering constant and dynamic changes in trends, customers' needs and growing e-commerce?*

In my opinion, strong and popular brands on the market do not face problems such as falling turnover in physical stores located in shopping centres and this tendency will most probably be maintained for the next few years. Smaller brands, however, or those just emerging, may face bigger challenges in physical locations and will focus on their online presence instead.

*– What age group will be a frequent visitor in shopping centres in the near and distant future?*

I suppose the average age of a consumer who visits shopping centres will naturally increase, since young people seem to prefer to do their shopping online. Unless shopping centres find a way to attract their attention with something additional to shops (e.g. better developed entertainment and gastronomy offerings), we will see an exodus of young customers from typical shopping centres.

*– What has the greatest impact on changes in the retail sector?*

I believe the biggest challenge for shopping centres right now are dynamic changes in terms of consumers' needs and expectations.

*– How do you like to shop?*

I prefer to buy in a sitting position in front of my computer, i.e. via the Internet.



# MAKE YOUR **BRICKS** CLICK!

Despite the doom and gloom being reported regarding traditional retail, we firmly believe that bricks-and-mortar retail is alive and well. Although e-commerce is developing rapidly, still some 95% of retail sales in Poland take place within the four walls of a store. Nevertheless, traditional retailers and shopping centre owners have to face numerous challenges, such as growing competition, digitalisation, and, above all, the changing and demanding expectations of customers. If we want to stay in the game, we need to react quickly and straight to the point.

In today's digitalised world we spent more than two hours a day on the Internet. We value our time and convenience. We search for an inspiration and follow bloggers. We want to be up-to-date with everything that is new to the market. There is a great potential for creating trends via bloggers' eyes, as their opinions are vital for thousands of customers. Let's not ignore that channel of communication with our customers.

Don't just wait and see what the future holds for us. Instead be active: search, test and implement the best solutions

for your business. Recognizing and understanding your clients' needs is a principle. Being aware of global retail trends that shape the market is essential. Introducing new technological solutions is taking a step forward. Constantly measuring the customer experience walk within your store/centre and reacting accordingly are huge steps towards winning in today's hypercompetitive market.

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