

IMAGE: LAND SECURITIES

TARGET GROUP: TOURISTS



How shopping centers are discovering tourists as customers.



People do not travel to London just to visit Big Ben, Tower Bridge, Buckingham Palace, Hyde Park, and countless other attractions, but also to go on shopping sprees. This vacation combination is not new. A recent study by Savills reveals how heavily it affects the retail market, however. According to the study, around 18.8 million international overnight visitors, who in turn contributed to annual tourist spending of \$24 billion (€21.6 billion), have contributed to the fact that more and more international retailers are settling in the British capital.

Since 2012, more than 98 new stores from international brands opened in 23 different locations.

The financially strongest consumers come from the United Arab Emirates and China, with an average spend of more than £1,000 (€1,360) per purchase. China is now regarded as the world's largest consumer market for luxury products. Great Britain currently accounts for only about 2.6%, or £559 million, of the money spent by Chinese tourists, however. In view of a simplification of visa procedures,

Visit-Britain predicts an increase in the number of visitors from 233,000 to 650,000 by 2020, with purchasing power rising to £1.1 billion. Savills believes this upward trend will lure more international brands from the Asia-Pacific region and South America to London. New suppliers have recently come mainly from Europe (64%) and North America (25%), for example JCrew, Other Stories, Carven, Celine, IRO, Lindex, American Eagle, Victoria's Secret, and Lululemon.

HELP WITH VAT-FREE SHOPPING

Peter Thomas, Director of Central London Retail at Savills, says: "The limited availability of spaces in traditional hotspots such as Bond Street and Oxford Street means that the interest in a number of other retail locations more accessible to users and customers is growing. The trendiest locations are currently occupied by Westfield shopping centers in West London and Stratford." As a special service for the tourists, the two malls offer "VAT-free shopping," for example. Travel desks at each center help them to fill out all their tax forms in advance of getting to the airport. Only non-European Union residents can profit from that sweetener, however. They are entitled to claim the VAT back on many purchased goods when they take them home.

Manchester and its more than 500,000 inhabitants also naturally welcome tourists. In this northwest English city, shoppers head to places like the intu Trafford Centre, with its approximately 177,000 sq m of retail, catering, and leisure space. Overall, the annual footfall is around 31 million. General Manager Richard Paxton says: "Earlier this year, the world's largest travel website TripAdvisor awarded intu Trafford Centre with a 2015 Certificate of Excellence. The certificates are awarded to the top 10% of businesses globally in terms of those that get the most positive comments and page visits. To qualify, businesses must maintain an overall rating of four or higher out of five. We continue to attract tourists from all over the world with an increasing number of shoppers from the Far and Middle East taking advantage of tax-free shopping in the United Kingdom. We have quickly adapted to the rapidly growing Chinese market and have endeavored to make our premises 'China-ready.' Our hard work has been recognized with a Great China Welcome accreditation, one of only a handful of businesses to receive one in the North West."

GOODIES FOR SPORT-LOVING TOURISTS

In Leeds, on the other hand, the tourist destination for visitors to West Yorkshire is Trinity Leeds, which opened in March 2013 and was developed by Land Securities. In July last year, the approximately 93,000-sq-m mall made a name for itself among tourists with a passion for bicycle racing. That's because the City of Leeds kicked off the Grand Départ for the Tour de France. Trinity Leeds was a designated hub for the sports event, housing one of the first-ever pop-up shops dedicated to the Tour de France, a locally-designed countdown clock, and Le Tour-themed leisure activities. The mall benefits in general from its position. Ileana de Guerre, Portfolio Manager for Land Securities, explains: "In order to attract tourists and shoppers from both the city and the center, accessibility is paramount. Trinity Leeds is located a few minutes from one of the busiest railway stations in the United Kingdom and just half an hour from one of its fastest-growing regional airports.

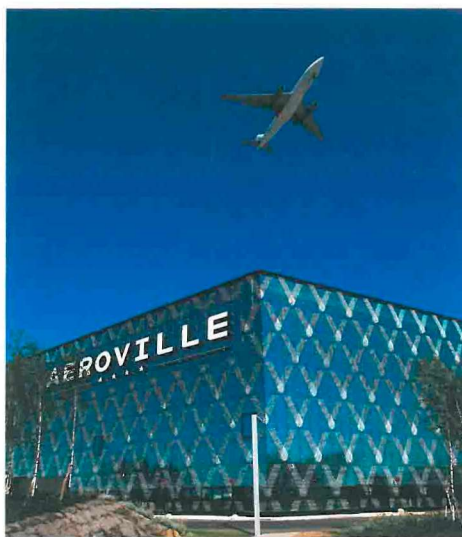


IMAGE: UNIBAIL-RODAMCO

Aéroville in Paris offers easy access for tourists from the Charles-de-Gaulle-airport and nearby hotels. Free shuttles are available for them every day, including Sunday, between 10 am and 11 pm.

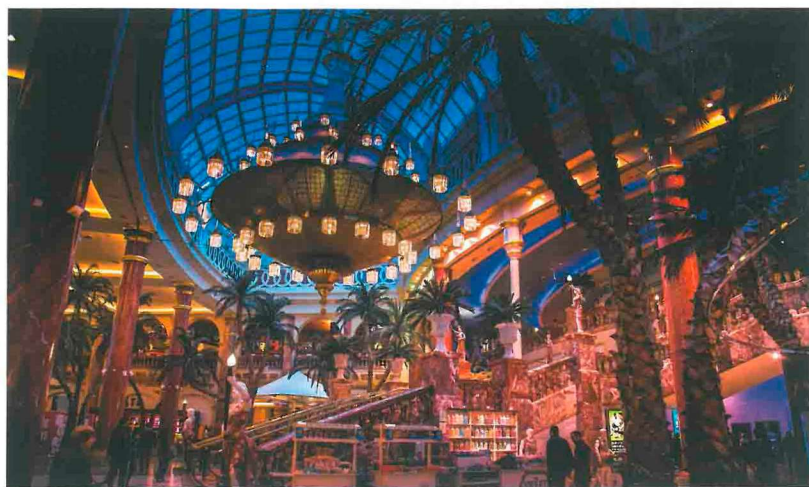


IMAGE: INTU

From day one, intu Trafford Centre in Manchester was positioned as a tourist destination taking architectural inspiration from the streets of New Orleans, China Town, and Caesar's Palace in Las Vegas.





IMAGE: LAND SECURITIES

Trinity Leeds as a destination for tourists with a soft spot for cycling: In July 2014, Leeds kicked off the Grand Départ for the Tour de France. The shopping center was a designated hub for the event, for example housing one of the first-ever pop-up shops dedicated to the Tour de France

Coupled with a strong road network, this means that potential customers in Paris and Amsterdam are only two hours and one hour and 40 minutes away, respectively, from the center’s doors.”

While we are on the subject of Paris, it of course remains an absolute top destination. Depending on which source one believes, it may even be the destination with the most visitors in the entire world. Aéroville, developed by Unibail-Rodamco and opened in October 2013, benefits from this. Due to its proximity to Charles-de-Gaulle airport, the mall is a tourist destination, as the surrounding area hosts 60 million passengers each year. Moreover, the center, with its 83,300 sq m of GLA and over 200 shops, is open seven days a week. Aéroville also offers easy access for tourists from the airport and nearby hotels. Free shuttles are available for them every day, including Sunday, between 10 am and 11 pm. Furthermore, the mall’s parking lot is free for the first five hours.

SWIMMING AND SHOPPING ON THE ADRIATIC

Away from urban tourism, tourists are also attracted

to places more focused on recreation than urban sights: Europe’s beaches. Nearby shopping malls of course also target these desirable tourists. With success. This has allowed Cogest Retail’s Il Cuore Adriatico steadily to increase its market share targeting both the resident population (350,000 inhabitants within a 30-minute drive) and Italian and international tourists spending their summer vacations on the beautiful beaches of Civitanova Marche. The brands in central Italy have a total of 180 km of Adriatic coast – an El Dorado for sun worshipers. To cater to these holidaymakers, Il Cuore Adriatico, which opened in April 2014, has developed tailor-made services. For example, free shuttles allowing tourists to reach the mall straight from the city center or from the beach – highly appreciated by older customers as well as teenagers – and the summer kindergarten activities offered by Youngo. To raise awareness and increase traffic to the shopping gallery, beach marketing actions are planned: street entertainment, distribution of gadgets (branded playing cards, quiz and puzzle magazines, etc.), and advertising. All this culminates with top events, concerts, and shows attracting visitors from the whole province and even farther afield.

The fact that the shopping center industry has responded to such performances at its flagship centers by offering more and more, and especially more professional, services targeting tourists, is no longer just a no-brainer, it is also urgently demanded. In addition to VAT-free services, information in national languages, shuttle buses, discount offers, coordinated gastro offers, and delivery services tailored specifically to tourists are all deemed to be must-haves. The fact that this is all financially worth it is also clear from the story of the Alexa shopping center in the heart of Berlin, which is part of Sonae Sierra’s portfolio. Its approximately 16 million visitors each year include seven million shopping-ready tourists (see interview on page 42).

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IMAGES: COGEST RETAIL