



Experience Retail

A new form of destination for shopping, leisure and entertainment

Malcolm Allan, a Director of Locum Consulting, argues that experience retail will be a major form of development over the coming decade. Here, he explains the value of experience retail, outlines the ingredients for its success and makes some predictions for the future.

Shopping is changing

Shops used to be found on high streets. Then, after the Second World War, following influences from development in the United States and the impact of the growth of private car ownership, they could also be found in large boxes in out-of-town locations and at motorway junctions. Then, they were increasingly found in airports and at railway termini and at the more sophisticated forms of waterfront development. In a few places the developers added in a cinema or two, or a multiplex, possibly also a bowling alley and, more recently, an indoor adventure sports centre. The more adventurous of these offered indoor skiing, or watersports, or mountain-style, rock-climbing faces and rope walkways. Along the way, shopping moved from being something of a necessity to something of a pleasure, to being a form of entertainment for some, almost a pastime. Gradually, over time, but now with greater rapidity, we are seeing the emergence of a new kind of place, a new kind of experience, a new form of destination – the 'experience retail destination'. This article explores this recent phenomenon in more detail.

What is experience retail?

Experience retail is not just a loose combination of shops in a big box with a few leisure add-ons, such as a multiplex cinema and a bowling alley – now pretty standard and boring fare for many out-of-town big box retail developments. Experience retail is a much more sophisticated offer to consumers of a place where they can satisfy many of their needs, wants and aspirations for the products, services and experiences that they require for their lifestyle and self-image. Experience retail combines very innovative forms of delivering the retail experience together with the leisure, entertainment and cultural experiences that consumers want or aspire to, and, increasingly, the residential lifestyle they aspire to as well. In the delivery of service in the retail environment, experience retail provides a more personal and higher quality service. Staff really do know about the products they are selling (often modelling the clothes themselves), who designed them, and where they are made. They are backed up by the latest technologies, like the dressing cubicles with built-in, time-delayed cameras which can show you how the dress or the suit looks from behind. Experience retail is a new form of 'retail place' – a destination where the main driver or attractor is a retail component supported by a combination of activity attractors designed to drive sustained footfall to it. It's a form of development where the overall experience on offer for consumers is a place to spend time and money on a mix of experiences. The mix can include retail, leisure, entertainment, cultural, heritage and sports attractions. It may include a casino/hotel combined with a cultural or sports attractor, such as a museum, theatre or a stadium, and perhaps a commercial office element. It can also be a place where people may wish to stay overnight to experience the full menu of attractors, facilities, events and programmes.



Changing consumer behaviours

The drive towards experience retail is being fuelled by changes in consumer behaviour, especially in the advanced consumer societies of Western Europe, North America, South East Asia, Japan and Australasia.

Research by Locum and others is showing that consumers now regard shopping as a form of leisure and entertainment and are looking to spend more time in places which offer them a mix of experiences including shopping, leisure, entertainment, sports, cultural facilities and even access to heritage attractions in one centre or place.

The Brussels-based retail development company, Uplace, in a recent publication, summarises the research they have been conducting on changes taking place in consumer behaviour and how consumers now wish to satisfy their needs, wants and aspirations in new kinds of places. What they found is that consumers want to accomplish more in less time; that as shopping evolves into an experience, retail is becoming part of the 'entertainment industry'; that shopping is a way for people to express themselves and associates people with desired lifestyles; that witty aspirational brands are becoming more important; that bricks are becoming a more important retail marketing channel and the physical retail experience should be entertaining and authentic.

Social trends research in the UK also indicates that consumers increasingly need to manage many options for themselves and their children in increasingly busy and complex lives. They face the paradox of increasing time pressures and expanding choices. They are increasingly looking for 'multiple experience settings', shopping that's more like entertainment, and places to hang out with friends and family.

The evolution of the retail experience

For consumers with money, and even those on temporarily reduced budgets, shopping is becoming more 'fun' than 'run'. Consumers increasingly desire experiential pleasure and feel-good sensations from consumption and are spending more money on quality experiences than on material goods. To address this trend, product manufacturers have recognised that they need to offer consumers experiential sales environments, such as the new Apple Stores in major and capital cities around the world or the Abercrombie and Fitch stores in New York and in London.

The Abercrombie & Fitch store in Greenwich Village looks and feels like an old-style select gentlemen's club, where their clothing fits like a glove. Consumers can now distinguish such environments and offers in terms of the differentiation (quality, fun, level of service) of the experience they offer. In London, the new A&F store feels almost like a nightclub where fashion-conscious young people and models hang out wearing the clothes from the store, and where the static displays of the clothes seem almost incidental to their display on the bodies of those who 'inhabit' the store. It's a place to be seen in and one where the A&F cognoscenti feel at home. By contrast, the lure of the Apple store in London's Regent Street is that it is a place where it's cool to be an informed 'geek', to be savvy about the cool technology, to be comfortable playing with it, to learn about its capabilities from equally or more savvy people of your age (if you are under thirty-five), and to decide what to buy and have it shipped to your home within days. As unlikely as it seems, these stores have a predecessor in the form of the Disney Stores which, although designed to shift product in large volumes, are also designed to give the customer a foretaste or remembrance of the Disney experience, whether it be to see one of their movies or to visit one of the Disneyland theme parks. Buying your Goofy puppet in store and taking it home extends the pleasure of that experience.

The implications of this are that retail development must offer consumers (who are becoming ever younger) an authentic and entertaining environment in which to find, try on, buy, wear and display goods alongside a complementary and relevant mix of attractors and lifestyle experiences, if they are to be attracted to spend their time and money there. Evidence from the United States indicates that such places are also offering a 'public realm', in-store or in the mall that acts as a setting for new forms of public art and sculpture and as a stage for people to show off what they have bought and for them to listen to or participate in live music, drama and dance events.

The implications for developers are that shopping centres will need to include leisure and entertainment and sports offers and that shopping centres will be more like integrated, urban entertainment centres with high-quality, well-managed, and active public realm.

Where can you find experience retail

The full experience retail offer envisioned here – places that combine pleasurable shopping experiences with indoor and outdoor sports, leisure, cultural and entertainment facilities, catering for families, singles and special interest groups as well, possibly with hotels and residential accommodation in the mix – has not yet been fully realised, but there are examples of its principal elements being combined in different locations around the world.

EMEA

In the UK, combinations of retail and indoor sports and leisure and entertainment facilities can now be seen. Located in Milton Keynes, Xscape, the first indoor snow sports facility, offers an all-year round snowslope, rock climbing, "Airix" – which simulates freefall skydiving – health and fitness facilities, bowling, and a cinema. In the Trafford Centre in Manchester there is an indoor, state-of-the-art soccer dome which provides facilities for small-side soccer teams to play and practise on, plus a twenty-screen multiplex cinema and a comprehensive upmarket foodcourt.

In London, Locum Consulting has been working for developer Hutchison Whampoa on the development of a new experience retail concept – 'The Creative Place' – to sit at the heart of a new, predominantly residential development of twenty-five hectares at Convoys Wharf in Deptford in London's docklands. This creative facility is designed to attract people to live in the development and be a place for residents to entertain friends and relatives, and for people who live in its catchment area to visit, as well as adding to the retail and leisure offer and experience of the area. Located in one of the Mayor of London's creative hubs not far from Goldsmiths College and centred on a listed former warehouse building known as the 'Olympia', this project has taken creativity as its driving theme. Locum is proposing a mix of creative retail facilities and activities, including bespoke fashion designers' shops, workshops and showrooms for designers of fabrics, restaurants, cooking schools, specialist bookshops and spaces for performance arts – drama, dance, live music and theatre.

In Eire, Locum has been working for a developer to create the concept of Europe's first 'retail resort'. Located midway between Dublin and Belfast, this will be known as 'The Perfect Place', a place in which to stay and relax in a top-class spa hotel, while shopping in a retail facility that will be home to the world's top designer fashion, jewellery, shoe, accessory, furniture and interiors and automobile brands, eating at one of a number of world-class restaurants or making use of a great range of indoor and outdoor sports facilities, including watersports, sailing, golf, hill-walking, equestrian facilities and Ireland's first all-weather race track.

In central Europe, some examples of retail developments that are moving towards the experience retail concept are the Rivetoile commercial centre in Strasbourg, the Ballymore riverside, mixed-use retail centre in Bratislava in Slovakia and the new retail centre in Duisburg in Germany.

In the Middle East, good examples of experience retail can be seen in Dubai. For example, the Sahara Centre complements an international array of global retail brands with a food centre offering local and global cuisines plus an 'Adventureland' family entertainment centre offering twenty rides, an indoor roller coaster, a multi-level train, an indoor water flume, a billiard hall and a mini bowling alley. Dubai is also the site of the Middle East's first major comprehensive experience retail development, the 'Sunny Mountain Ski Dome', due for completion at the end of 2008. The project consists of a dome that will house a large revolving ski slope, going through and around an artificial mountain range created to emphasize an 'Arctic Experience' effect.



Within the dome, there will be a range of Arctic experiences including a Penguinarium, winter aquarium, snow castle, ice-rink, Arctic animal statues, 4-season aquarium, snowfall, sound and light effects, cold and warm bath spa, an ice-bridge, a cable-lift, snow maze, ice-slide, and polar bears. All of these will be complemented by a deluxe hotel, a shopping mall, restaurants, coffee shops and other retail outlets.

Dubai also hosts an annual shopping festival in January of each year which serves to showcase the complete visitor experience of the city – Ski Dubai, the Zoo, the Dragon Mart, Dubai Creek, the Dubai Museum and camel racing. There are other events as well, including international fashion shows, children's events, street performances, nightly fireworks, film festivals, and many other cultural events that reflect the Emirate's cosmopolitan character. In addition, one of the biggest events of them all, the Dubai World Cup, takes place during the festival, with a US\$12 million purse that makes it the richest horse race in the world.

Lessons from America – why experience retail is the future

In the United States of America, the developer Rick Caruso, who heads up 'Americana at Brand', based in California, is a pathfinder showing how to meet changing consumer demands. Caruso has significantly changed the face and form of US retailing by creating what Matthew Garrahan of the FT describes as "vibrant open air retailing centres instead of bland indoor shopping malls". A very good example is his development in Glendale in California, which offers a mix of retail, leisure, entertainment, food and beverage facilities and a high-quality residential component, with condominiums and apartments to rent or buy. This is a place for the local population who



'Flight Stop' Eaton Centre, Toronto

“Experience retail developments will change the offer of the places in which they are located”

are tired of big boxes with no sense of place or personality to live, to meet, to hang out and be associated with. This development is the opposite of so many impersonal retail malls across America, which are now feeling the full force of the effects of the sub-prime mortgage fiasco and the credit crunch. Many of these malls, almost wholly retail in their floorspace, are rapidly emptying or facing complete closure. As they shut, their local communities are losing their main meeting places, especially where the malls had previously replaced the old main street. In an article in the Observer newspaper, James Doran observed that many malls, once the centre of life in American town and cities, are falling dark and local populations are feeling their communities have lost their sense of place and focus. How different this might have been if, instead of being predominantly retail, they had offered leisure, recreation, entertainment and sports facilities, as envisaged in our concept of experience retail.

Examples of such developments can be found across America and they do appear to be weathering the economic storm in far better shape. They include the Shadow Lake Town Center which serves the Kansas City and metropolitan Omaha metro region, The Shoppes at Chino Hills in California, Solair in Los Angeles's Koreatown and Culver Studios Plaza in Culver City in California. Important characteristics which unite these and many other similar developments are: the return to the street as the predominant built form; the increasing space being allocated to non-retail lifestyle facilities and services; and the high quality public realm with its use as a venue for meeting others, hanging out, events and entertainment. They are being deliberately designed as places with a human scale. People can spend lots of time and money there on a mix of activities that help them define who they are as consumers and satisfy their aspirations.

Some conclusions

In conclusion, we believe that experience retail will be a major form of development over the coming decade. It has the capability to revive many flagging town and city centres and return them to being places in which people will want to spend time and money. Experience retail developments will change the offer of the places in which they are located, change the nature of the experience offered to consumers and change their branding as destinations.

Our offer of services

In response to these changing consumer trends we have created the team to enable developers to realise this new form of destination.

The Experience Retail Team offers an integrated service and works with its clients from the point of developing their vision and concepts for the development to its sale or its ongoing management. The team provides integrated services combining destination brand strategy, destination specification, development appraisal and risk assessment, planning, valuation, investment, licensed and leisure, attractor and tenant identification, hotel development, letting strategy, asset management, marketing strategy and communications, and overall project management.



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