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## Press Release

### **RegioPlan reports from the 19<sup>th</sup> European Shopping Center Symposium More Experience Per Square Meter**

On April 27<sup>th</sup> around 300 international shopping center operators, investors, owners, center managers and retailers, as well as marketing experts and innovators, exchanged views on current and future trends in the shopping center industry at the Palais Ferstel in Vienna. Experience, Omni-Channeling and Digitization. These were the main topics of the 19<sup>th</sup> European Shopping Center Symposium with the title "Innovation" by RegioPlan Consulting. Through dynamic discussions, as well as individual lectures, the industry was encouraged to explore new ways of thinking.

**Hania Bomba**, CEO of RegioPlan Consulting, opened the Symposium with emphasizing the three most important issues in the industry today: co-operations, concentration and consumer knowledge.

Due to the changed consumer behaviour and the new requirements people set for shopping, strong concepts focus more on the individual customer and the development of individual solutions. The scatergun approach is expensive, not efficient and does not help brands to position themselves sharply. An approach in the form of co-operations, but also for cities in the form of concentration and reduction of retail space, is a possible solution in response to the new requirement of turning shopping into leisure activities, says Hania Bomba.

According to **Lukas Schwarz**, Head of Shopping Center Services Austria & CEE at CBRE, Austria is among the countries with the highest shopping center density and there are hardly any new developments taking place. It is now mainly about extensions to existing areas and clever refurbishments of existing

buildings. Nevertheless, there is a good investment climate in Central and Eastern Europe - more than one-third of the investment volume from the highly eventful year of 2016 has already been achieved in the first quarter of this year.

### **Omni-Channeling will be omnipresent**

Stationary retail therefore continues to be of great importance, however nowadays it is more complex than ever before, thanks to online trading. As Mr Schwarz stressed, multi-channel use is no longer just a trend, but actually works. Initial research shows that stores with an Omni-Channel strategy achieve revenue growth of up to + 19%, while sales of pure online players is decreasing. Since many consumers get information about products online, buy them and have them delivered to physical stores, the use and linkage of several channels allows for additional sales of up to 30%.

**Nicole Srock Stanley** from the strategic creative agency dan pearlman, the agency that consulted the successful Bikini Berlin in marketing and positioning matters, also agreed with that. Stationary retail should be reoriented and could learn a lot from the leisure industry, especially when it comes to storytelling, because "people want stories. We're still too rational when approaching consumers." When buying goods becomes shopping, Srock Stanley says it turns into a leisure activity. The future retail business should be focused on "more experience per square meter", because revenues will be generated through other channels.

True innovation is not linear, but revolutionary, because otherwise it would not be innovation, but adaptation. As an example, Srock Stanley explained the frog experiment. If you put a frog in boiling water, it immediately jumps out. But if you put the frog in water and gradually heat it, it will sit inside until it dies. The development of innovative solutions will therefore only be possible for those who keep the impulse of "jumping out" and immediately notice when the water begins to heat up.

Furthermore, Srock Stanley emphasized that online retailers are looking for stationary space because digital top placements are often more expensive than a prime location in the city center.

A panel discussion with **Anton Schilling** (Pioneers Discover), CEOs and founders of four start-ups (Phizard, Insider Navigation, 7LYTIX, Combyne), proved that numerous innovations in retail are already taking place. From digital dressing rooms to indoor navigation, stationary retailers can profit from the resulting big data and interactivity with customers.

### Short leases for more flexibility

The participants of the high-profile discussion of property developers and owners, **Christoph Augustin** (Managing Director International, ECE Project Management), **Etienne Dupuy** (Senior Director Asset Management, Invesco Real Estate) and **Ernst Kirchmayr** (CEO, Plus City) all agreed on the most important current issues of shopping centers from the perspective of land lords: in addition to appropriate positioning, outstanding locations and strong tenants with unique features, it is above all the appropriate length of leases and the complete redesign of catering services, which need a lot of attention.

For the first time at a panel discussion at the Shopping Center Symposium, it was clear that short leases are also desirable from the developer's point of view, as they significantly increase the flexibility and adaptability of shopping centers. The fact that the time for innovation and change is now, seems undisputed. According to Etienne Dupuy, the current worst case for a shopping center would therefore be "signing 15 year contracts and going to sleep".

### Gastronomy as a new asset class

As far as gastronomy goes, the trend is clearly headed in the direction of an increase in range. Diversification and contemporary design should be the main difference to traditional food courts. Especially in the gastronomy sector experiences with local providers are positive, which strengthen the local identity. **Ian Hanlon** (Associate Director, JLL Food Consulting) shared this opinion and emphasized that the catering industry is easily able to adapt to the general set-up of shopping centers. According to JLL, the current share of gastronomy in shopping centers is between 8% and 10% with a great prospect for increase – in 2025 the gastronomy share should take up over 20% of the GLA.

### The Race for Space is Out

With this statement, **Jörg Bitzer** (Head of Retail Properties, EHL Immobilien) opened the final round of discussion with **Rodolphe de Campos** (Property Manager, IKEA), **Matthias Rassbach** (CEO, Lidl), **Simon Müller** (Expansion Manager, Blue Tomato) and **Fabian Rieden** (CEO, Eataly Germany). This statement however does not hold true for Ikea, which according to de Campos will implement new concepts at the location of the "Blue House" in Vienna and Vorarlberg. In addition, Ikea would like to continue to test and improve new products according to Ikea Kompakt in St. Pölten. Lidl will continue their steady expansion course, especially in Vienna. However, Mr. Rassbach explained that the Lidl Express Store as well as a Click & Collect Store in Berlin will not be rolled out, due to lack of market maturity.

All retail experts agreed on the need to offer experiences and emotions associated with the product, rather than the product itself. Eataly, for example, is planning to interact with customers through a combination of cooking classes, events and cookbooks. Simon Müller from Blue Tomato followed up and spoke about brand and store experience, which online shops are not able to provide, this being a major reason for the former online retailer for expanding into stationary retail. This is also in accordance with a statement by **Dr. Alfred Koblinger** (PKP BBDO Advertising Agency), who explained that the key to success in the retail business is the perfect link between digital and emotional.

**RegioPlan Consulting** pan-European business consultancy with focus on retail related issues.

We have over 30 years of practical and scientific experience, due to dealing with pan-European consumer behaviour, international retailers and retail real estate on a daily basis.

We understand consumer behaviour as well as the international market developments and translate their implications into the stationary retail relating to the future.