How Research and Marketing drive Centre Productivity

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Zita Guerra

• In the sector for 17 years, specifically in Property Management
• Regional Manager at Sonae Sierra
• In the past, Head of Marketing & MKT Research
• Responsible for the letting and launch of several shopping centres
• International experience (start-up of Sierra in Germany and opening of Alexa in Berlin)
• Currently coordinating half of Sierra portfolio in Portugal, including letting

And you?

• Name, functional area, country, type of centers, main challenges
What are your expectations?

What are your learning needs?
1. Research & MKT – concepts, uses, case studies
2. Group Exercise
3. Good Research examples
4. Good Marketing examples
Current Market Trends

- Globalization
- Financial & Economical crisis
- Unemployment
- Concentration
- Emerging markets
- Financing restrictions
- Shortage in premium locations
Current Consumer Trends

- Social Media
- Mobile e-commerce
- Value = Experience / Price
- Diversity of tastes
- Higher polarization Luxury vs Value
- Continuous surprises
- Experiences (Flagship stores, Store sizes)
- Lifestyle
- On-line
Tenant Requirements

- Geography
- Market size
- Demographics / Psychographics
- “Neighbouring” tenants
- Market share
- Store size
- Frontage
- Technical requirements
Understanding your (potential) tenants

• Concept & Positioning
• Performance
• Market coverage
• Expansion plans
• Brand Awareness / MKT efforts
Why do you need Research and MKT?

Research & Marketing

Diagnosis & Action

How Research and Marketing drive Centre Productivity
Research

- Feasibility
- On going: benchmarking / fine-tunning

Marketing

- Letting
- On going: - Occupancy (fixed rent) / Asset value
  - Traffic
  - Sales (turnover rent)
  - Mall income / Sponsorship
**Quantitative**

- Public Information (official national data, trade associations)
- Tenants

**Qualitative**

- Focus Groups
- Surveys
- Even Taxi-drivers....
In-house team (with support from external suppliers) for standard research

- Annual Customer survey incl. internal benchmarking
- Annual Trade area survey
- Annual Tenant survey

Outsource specialized companies for specific projects

- Tailor-made focus group
- Punctual mystery shopper
Marketing Rule Nr. 1

If you have a “bad” product, don’t waste money in advertising. Invest the money in the product.

(i.e. The MKT budget doesn’t offset a bad location or a bad mix).
Product

- **Product**
  - 20,000 m² GLA
  - 100 stores
  - 3 anchor stores

- **Image**
  - 1st shopping centre in the region
  - High-end shopping destination

- **Services**
  - Vallet Parking
  - Loyalty card
  - Nursery

How Research and Marketing drive Centre Productivity
• **Name** (easy, memorable, distinctive, association, registration)

• **Logo** (colours, readability, distinctiveness, registration)

• **Claim** (not too long)

• **Values** (history)

• **Corporate brand** (awareness)
Brand equity is a set of assets and liabilities, linked to a brand’s name and symbol that adds or subtracts from the value provided by a product or service to a customer.” (D.Aaker)

Major asset categories:
- Brand name awareness
- Brand loyalty
- Perceived quality
- Brand associations
Legal environment

• Market size
• Tenant entry
• Opening hours
• Tenant contracts (e.g. rotation of mix)
• Advertising messages
• Media
Catchment Area

- Boundaries (accessibility – current + future)
- Size
- Growth Rate
- Demographic / Economic / Social incl. habits
- Sales Potential (category, price point)
Customers & Non-customers

- Demographic / Economic / Social Profile
- Frequency of Visit
- Expenditure Per Visit
- Main reasons for coming
- Length of Stay
- Stores Visited (Cross Shopping)
- Perceptions (tenant mix, operations, etc.)
- Missing brands
Catchment area definition is crucial... and with **visionary** perspective...

- Size
- Location
- Product (Tenant mix + augmented product) & Brand
- Marketing Strategy (Budget, Positioning, Media selection & messages)
- Sales Performance (Share)
- Customers Profile
Marketing Strategy

1. Executive Summary
2. Competitive Advantages (incl. SWOT Analysis)
3. Marketing Objectives
4. Marketing Budget
5. Target Audience
6. Marketing Plan
7. Accountability & Results
Target audience

Age

Origin (e.g. Tourists, Neighbors)

Income
Family Size
Education / Employment

Purchasing Power (Social Classes)
Marketing Plan

Corporate Responsibility
Public Relations
Events & Sales Promotions
Advertising

How Research and Marketing drive Centre Productivity
• Institutional
• Use events as positioning tools
• Visibility (e.g. good permanent outdoors)
• Explore New / Important Tenant entries
Advertising

- Copy
- Media
  - Selection
  - Planning
  - Buying
### Media Selection

<table>
<thead>
<tr>
<th>External Media</th>
<th>Internal Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Newspaper</td>
<td>- Signage</td>
</tr>
<tr>
<td>- Magazine</td>
<td>- Banners</td>
</tr>
<tr>
<td>- Television</td>
<td>- Information desk</td>
</tr>
<tr>
<td>- Radio</td>
<td>- Displays (park entrances, next to lifts)</td>
</tr>
<tr>
<td>- Outdoor</td>
<td>- Handouts</td>
</tr>
<tr>
<td>- Catalogs</td>
<td>- Videowall</td>
</tr>
<tr>
<td>- Direct Mail</td>
<td>- Store guides, Directories &amp; others</td>
</tr>
<tr>
<td>- Yellow Pages/Directories</td>
<td></td>
</tr>
<tr>
<td>- Internet/Interactive</td>
<td></td>
</tr>
</tbody>
</table>
## Media Selection

<table>
<thead>
<tr>
<th>Media</th>
<th>Most used for...</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>Awareness</td>
</tr>
<tr>
<td></td>
<td>Big catchment areas</td>
</tr>
<tr>
<td></td>
<td>Prestige</td>
</tr>
<tr>
<td>Press</td>
<td>Detailed info (e.g. Location, Mix, New customer services)</td>
</tr>
<tr>
<td>Radio</td>
<td>Awareness</td>
</tr>
<tr>
<td></td>
<td>Tactical events (Repetition e.g. Jingle) / Sales promotions</td>
</tr>
<tr>
<td>Outdoor</td>
<td>Awareness (location)</td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>Niche segments</td>
</tr>
<tr>
<td>Internet</td>
<td>Practical info, novelties</td>
</tr>
</tbody>
</table>
## Media Selection

<table>
<thead>
<tr>
<th>Media</th>
<th>But...</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>Expensive</td>
</tr>
<tr>
<td></td>
<td>Broad coverage</td>
</tr>
<tr>
<td>Press</td>
<td>Static</td>
</tr>
<tr>
<td>Radio</td>
<td>No image</td>
</tr>
<tr>
<td>Outdoor</td>
<td>Location restrictions</td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>Target selection</td>
</tr>
<tr>
<td></td>
<td>Database management</td>
</tr>
<tr>
<td>Internet</td>
<td>Not intrusive (sites)</td>
</tr>
</tbody>
</table>
Media Objectives:

- Reach or Coverage (%)
- Average Frequency (O.T.S. = Opportunity to see)
- Effective Reach (% + Min. Freq. level)

  Example: 50% (3+)

- Reach x Frequency = Gross Rating Points (GRP’s)

  Example: 100 GRP’s = 50% Reach * 2 Avg Frequency
  = 10% Reach * 10 Avg Frequency

- Share of voice
Events and Sales Promotions

• **Events**
  - “Invent” Space
  - Cultural / Entertaining / Solidarity
  - Maximize your tenant mix potential
  - Set rhythm
  - Repeat success stories
  - Don’t overspend in Christmas (repeat decoration but create every year new mall “experiences”)
  - Prioritize (with or without external communication)

• **Sales Promotions** (convert visitors into shoppers)
CascaiShopping - Sales Promotion Case Study -

- Objective: increase restaurants’ and cinemas sales during weekdays

- Restaurant tenants were asked to create special menus

- Internal communication
- Sponsorships (give space rather than $)
- Schools
- Councils
- Neighbors
- Other institutions
Fire Brigade Support
- Corporate Responsibility Case Study -

- Portuguese forests destroyed massively during Summer fires in ‘05
- Protect environment & involve local communities by fundraising to buy protection suits for the local Firemen Brigades
- Common image adapted locally
- “Free” TV, press and radio space and production
Understanding Journalists

4 W’s:

- Who
- What
- When
- Why
How to communicate with the Media

- Press Release
- Press Conference
- Event for the Media
- Exclusive Interview
In PR you need a …Hook

- Spokesperson
- Content (Event, Theme)
- Celebrity
- Exclusivity
Shopping Centre Life cycle

- Feasibility
- Pre-letting
- Construction / Letting new centre
- Launch
- Letting ongoing
- Refurbishment
MKT Research:
- Info feeds regarding competition
- Consumer expectations (regarding mix, identity, etc.)
- Catchment area potential, profile and evolution
- Dimension of the scheme
- Mix weight incl. pre-indications of possible anchor stores

Marketing:
- Awareness of involved parties (developer, letting agent)
- Credibility
MKT Research:
• Info feeds regarding competition
• Consumer expectations
• Possible anchor stores expansion plans & performance

Marketing:
• Centre Identity (name, logo)
• Floor Plans
• International retailing events (if applicable)
Pre-Letting / Centre Identity

Centre Identity (name, logo)

- Registration
- “Marriage”
- Meanings of name
- Readibility of logo
MKT Research:
• Info feeds regarding competition
• Consumer expectations

Marketing:
• International letting events, if applicable
• Letting brochure
• Floor Plans (manage updates)
• Outdoors incl. letting contacts
• Building itself
• Manage community relations incl. neighbors
• MKT suite (1st physical contact with project)
• Press-Releases – define construction/letting milestones
• Key Ceremony
Letting Brochure

- Identity / Logo
- Location
- Accesses
- Catchment area
- Mix
- Graphics
- Floor Plans (dated)
- Portability
- English version, if applicable
MKT Research:
- Info feeds regarding competition
- Consumer expectations

Marketing:
- Press-Releases
- “Politics” of occupancy rate
- Inauguration event
- Launching campaign (unfinished center)
Letting - ongoing

MKT Research:

• Comparative data vs competition regarding catchment area

• Centre performance:
  - traffic & evolution
  - sales & evolution
  - consumer profile
  - sales/m2 (and per sector)
  - sales / visitant
  - attention to non-declared sales (e.g. hyper)

• Consumer expectations
Marketing:

• MKT efforts and results
• Publicize tenant’s presence in the mall
• Letting brochure
• Floor Plans (manage updates)
• Press-Releases (performance, new tenant entries, events, etc.)
**MKT Research:**
- Comparative analysis vs. competition regarding mix
- Catchment area mix needs
- Consumer expectations

**Marketing:**
- Letting leaflet
- “Re-inauguration” event & communication
- Publicize new entries
- Public Relations
Letting Centre with high Vacancy

**MKT Research:**
- Comparative analysis vs. competition regarding mix
- Catchment area mix needs
- Consumer expectations

**Marketing:**
- Letting leaflet
- “Camouflage” high vacancy
- Traffic generating events
- Capitalize upon anchor stores
Two regional shopping centres, with similar size, are located in the same catchment area.

Shopping centre A is anchored on a well-known hypermarket brand, its 100 stores are spread among 2 levels. Its vacancy rate is about 5%. It has a balanced mix including all major Inditex brands. The foodcourt is not very appealing, neither from the design point of view nor from the offer’s perspective. It has a 10 screen multiplex cinema.

Shopping centre B is anchored on a less liked hypermarket brand, its 120 stores are spread among 3 levels. Its vacancy rate is about 10%. The mix is balanced in terms of sectors of activity but it has no Inditex brands at all. The food-court is very appealing, because the offer is very diversified and it includes an esplanade overlooking the river. Next to the foodcourt you can find the biggest cinemas in the region: a 20 screen multiplex, and a bowling.

Suppose you are the Letting Manager for Centre B and you are going to meet your Marketing colleague to discuss a way out for this centre: Which Research tools would you recommend to be used, and why? Which marketing tools would you recommend to be used, and why? Do you think there is a future for Centre B?
Good Research examples

- Social Trends
- Changing Demographics and Consumer Patterns
- Lifestage Segments
- Future of Brands
- Impact of Click on Brick
- Silver shoppers provide golden opportunity
- Connectivity -> broader tastes
- Abundance-> more things than needed
- Wellness -> more conscious about health
- Demanding -> consumers are better educated / info more available
- Post materialism -> more socially aware
- Pressured -> less time because more opportunities
- Increased spending on leisure/culture/communication/education

Source: BCSC ‘06
- Deflation has made many products cheaper, so purchasing power is growing

- Older segment with rapid growth (older consumers of tomorrow will be different from the counterparts today i.e. younger mindsets, more demanding, shop more categories, more fashion oriented, more individuality)

- Increasing mobility of young families

- Youth market less important

Source: BCSC '06
- Shopping places need to differentiate themselves more than at present.

- Internet pressure implies need for shopping centres to advertise themselves more and communicate directly.

- Service will provide one route to secure points of difference.

- Brands are important: give a sense of belonging and confer status.
Lifestage Segments

- Innocence to corruption (0-14)
- Identity forming (15-24)
- Mass acquisition (25-34)
- Split Priorities (35-44)
- Upgrading and renewal (45-54)
- Wanting it all (55-64)
- Function with taste (65-74)
- Mend and make do (75+)

How Research and Marketing drive Centre Productivity
5 “Great Brand” traits:

- Consistently deliver on their promises
- Have superior systems, products and services
- Deliver a distinctive positioning and customer experience
- Align strong internal and external commitment to the brand
- Have the ability to evolve, stay ahead and stay relevant

Source: BCSC ‘06
10 Brand Forces shaping consumer perceptions/expectations

- Keeping it real
- Telling us stories
- Getting organised
- Making things simpler
- Changing our lives
- Getting closer to us
- Feeling the difference
- Caring for our communities
- Getting more experienced
- Daring to dream

Source: BCSC ‘06
Keeping it real
- More authentic / Business ethics
- Strong brand identity is becoming a more important dimension
- Genuine nature of real people who sell, deliver and service products will need heavy training investment

Telling us stories
- Dramatic and powerful brand stories built around real consumers and corporate characters / situations
- Decide who will be our story heroes: e.g. tenants, centre staff, empowered customers

Getting organised
- Vision & values engaging with and motivating internally as well as externally

Making things simpler
- Because of lack of time, product abundance, communication saturation
- Being “simple”: highly sustainable and difficult to be copied by competition

Source: BCSC ‘06
Caring for our communities
- Sense of citizenship
- Understand dominant local concerns
- Shift towards more participative communication

Getting more experienced
- Holistic approach: convergence of retailing, leisure and entertainment
- Direct human contact is the most powerful MKT medium
- Multi-channel

Daring to dream
- Imagination (not information) is the driving force
- Dynamic
- Anticipate the consumers’ future needs

Source: BCSC ‘06
Changing our lives
- Transformational products, services and experiences that empower and inspire shoppers to improve their lives (e.g. more fashionable, confident, healthy, informed)

Getting closer to us
- Building valuable, trusted and sustainable relationships
- Brands as partners and enablers of life solutions
- More direct and realtime dialogue with consumers
- Shopping centres are location-based brands, so the physical connection exists. The challenge is to make it meaningful through regular communication

Feeling the difference
- Brands becoming more emotional, sensory and personal
- Consumers need to “fall in love” with the brand
- Loyal consumer base keen to evangelise about the brand
- Importance of total brand experience
- Shopping centres need to become real brands, and not just branded retail locations
- Net sceptics (security, feel & touch)

- Future is multi-channel -> keep investing in physical stores but also need to go digital

- E-tailing will never replace the shopping experience (e.g. exciting ambiance, service)

- “Click” meeting “brick” (e.g. promotions, suggestions, events)

- More grey surfers and better technologically educated

Source: BCSC ‘06
- Click requires a bigger effort in terms of updating
- Reduction in number of store locations
- Downward pressure on prices
- Growth in specialist stores
- Real product knowledge, technical expertise (where appropriate) and a genuine desire to assist customers / Get advice in physical stores
- Need for convenient pick-up points
- Increased customer service

Source: BCSC ‘06
- Less rent income
- Store size may increase because of investing in creating nice environment
- Shorter leases
- Most of the tenant mix still much based on fashion (“I like to try on clothes first”)
- Importance of car parking to recover online shoppers
- Unique / boutique style shops as “anchor stores”
- Younger more “clicked” than older segments
- Internet is still mainly used by men

Source: BCSC ‘06
- Retail age ≠ Chronological age

- Mobility issues => convenience (more focus on neighborhood schemes)

- Income level

- Senior shoppers are increasing in spending share

- Leisure evolution

- Reinforce shopping centre as “social meeting places”

- Improve accessibilities

Source: BCSC ‘06
- New retail concepts adapted to this segment needs
- Financial polarisation (join discount & luxury)
- Internet polarisation (no PC vs. Grey surfers)
- Importance of services (medical clinics, post offices)
- Store layout (e.g. shelf height, space between aisles)
- Service level => simple old-fashioned politeness highly valued
- MKT targeted at this segment
- Schemes with fewer levels (max. 2) / importance of signage

Source: BCSC ‘06
- Products with relevant design and sizing
- Focus on narrower range of products
- Retail experience = socialisation / recreation / spending time
- Value for money is key
- Need for visible security staff

Source: BCSC ‘06
"Silver Shoppers provide Golden Opportunity"

- Important role as shoppers (not necessarily as users)

- Brand loyalty

- Older shoppers less likely to upgrade goods (replacement cycle)

- Seating provision (e.g. food-courts, seating areas)

- Mixed centres are preferred format (stores in traditional high street setting + covered mall)

Source: BCSC ‘06
Class Evaluation:

Please remember to complete the class evaluation by using your smartphone or tablet.

Class Evaluations Link:

survey.icsc.org/2014ERPS
Thank you for your attention

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