

Creating the future, not just talking about it

We at Sierra Balmain have commented widely on the future of shopping centres both before and during the COVID 19 pandemic. Our position has not changed significantly except to recognise the now more urgent need to design and deliver changes to maximise customer retention and attraction thereby protecting and increasing footfall and income whether tenants' sales or landlords' rent both of which have been hit hard for the majority of us in our industry - whether landlord or tenant.

As part of our strategy for many of our centres we are embracing many forms of leisure and entertainment. This includes longer term and pop-up operations, exhibitions, museums, activity based offers, mainstream leisure such as health and fitness and entertainment centres and not forgetting our ongoing support for our cinema partners to help ensure their recovery. Intrinsicly leisure and entertainment drives visitor numbers which in turn drives retail and significantly food & beverage. For an example of contemporary active leisure take a look at Gravity's latest incarnation in a London centre called Southside.

We were part of a conference session at SCF 2019 where we looked at the huge opportunity in the Polish market generally for growth in quality but affordable F&B. It is well known that Poland lags behind western European markets in this sector and despite the pandemic challenges, Poland is still well placed to deliver significant growth in F&B provision and sales over the next decade. A wider choice of leisure and entertainment in appropriate locations will help fuel and capture the growth in the F&B offer. This in turn increases customer dwell time and drives retail sales.

It is great to see some new F&B offers taking shape. Food Halls such as Stacja Gdansk and Elektrownia Powisle are great examples of well conceived and managed developments very much in the contemporary style. With such destinations will come the growth of many of the individual artisan operators in other locations and potential stand-alone casual dining restaurants. There is a lot of talent in the Poland dining sector which will be seen taking shape over the next few years and not only in the obvious more cosmopolitan or tourist locations. An example which is already real is the return of Blue Cactus to the Warsaw scene.

Meanwhile we are ourselves close to finalizing plans for a modern artisan Food Hall in one of our centres.

Our 17 centres under management which now include Alfa Centrum Gdansk and Nowy Rynek Jelenia Gora (both pictured) are family driven. We are operating or planning numerous leisure exhibitions and activity focused on a wide variety of subjects such as spiders, reptiles, sci-fi, surreality, dinosaurs (real ones obviously), cultural/social,

educational, sporting as well as charity and community events, pop-up cinema, theatre and concerts. Those which are short term provide a regularly changing scene to maintain interest and excitement for our customers.

The addition of healthcare, workspace and in some cases residential to this mix is all part of developing a community in which people can interact as part of a basic human need. After all, a shopping centre is simply a modern version of the heart of a traditional market town.

Whilst F&B, leisure and entertainment is a big part of our improvement strategy we are of course very much still focused on retail – the right retail in each location. We continue to bring in new operators both big and small. The popularity of the value and discount sector has meant that the majority of these retailers have withstood the storm very well and their sales continue to thrive and not least in family destinations. We are working on right-sizing a number of existing partners which allows for the evolution of tenant mix at the same time.

We continue to develop strategies to harness the potential of multi-channel trading and click and collect including solutions for immediate or so-called last-mile logistics. Many multi-channel retailers are unable to stock as wide a range of product in store as they carry online. With the popularity of click and collect in Poland rising, it is essential that all stock can reach a store or centre fast enough to satisfy customer expectation. This “stock differential” is a major challenge for many retailers and we as landlords can help solve this to maximise customer satisfaction, click and collect visits and consequent additional spend in-store and in-centre.

All of us stakeholders in this industry would do well too to remember the 2019 research by CACI (and others) showing the significantly higher online sales generated in catchments where there are physical stores. There is significant benefit from this proven “Halo Effect” for both retailer and owner. The reality being that tech is not killing physical retail, it’s transforming it.

Behind all this, as always we need to identify our customer, our place in the local hierarchy, our market potential and the art of the possible. Creating the future, not just talking about it.