Re-Inventing Retail

Digitizing the shopping mall experience

A Mappedin eBook

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Introduction

"Innovation distinguishes between a leader and a follower."
Steve Jobs
(1955 - 2011)

The retail industry is in turmoil and technology is at the epicenter of this change. Digitization of the retail landscape has become an expectation as consumers demand a physical world experience that mirrors the online world -- one that is informed, customized and frictionless.

Online competition and changing shopper expectations are placing significant pressure on retail real estate investment trusts (REITs), mall owners, and retailers to digitally transform their operations and properties. At the same time, to remain relevant and prosperous, mall owners must provide consumers with a fresh, exciting and entertaining experience -- one that goes far beyond the benefits of shopping in a virtual world. Retailers are no longer selling *things*, but the *experience* of buying those things.[1]

In this eBook, we will discuss the digital world of retail, its impact on retail REITs and mall property owners, and take a look at some of the ways leading retailers and shopping mall operators are rising to the challenge presented by changing market dynamics and shifting tech-savvy consumer demands.

1 https://www.forbes.com/sites/danielnewman/2017/03/14/top-five-digital-transformation-trends-in-retail/#2e56d597655e

Five top trends impacting the North American retail sector

Emerging retail
business model

Personalized
marketing

Demographic
changes

The distribution
revolution

Multichannel and
mobile commerce
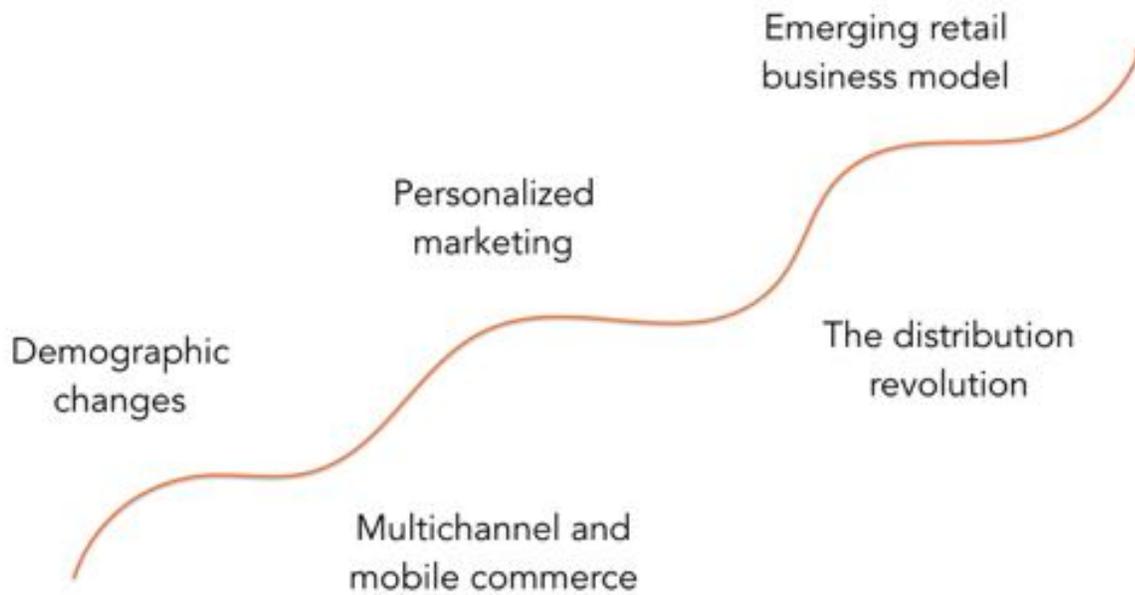
McKinsey&Company

Fact:

90% of total retail sales in America still happen in brick and mortar
stores.[2]

Welcome to the Digital World

How REITs and mall property owners are adapting their organizations to a digitally-changing world

It is "less about stores and more about experiences,'' says Paula Rosenblum, managing partner of the retail advisory company RSR Research. Malls are now becoming "centers of activity where people can come and actually find a reason to be there besides shopping."

Global financial services firm Credit Suisse predicts that up to a quarter of the nation's 1,211 malls could shut their doors by 2022, while in contrast, online fashion sales alone are expected to double to roughly 35.7% within 15 years.

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.
Charles Darwin
(1809 - 1882)

Large retail department stores - the traditional anchor tenant of the mall - are also facing significant challenges. US retailer JCPenney has said it will close 138 locations, roughly 14% of its stores. US retail brand Macy's said earlier this year that it would shutter 68 of its locations. And Sears, in a series of announcements, has announced 300 store closings.[3]

Amazon Books store in Seattle, Washington

Fact:

In 2000, only 22% of people shopped online. Today eight out of ten Americans are now online shoppers. That said, 64% of Americans say that all things being equal, they prefer buying from physical stores.[4]

3 https://www.usatoday.com/story/money/2017/08/21/malls-try-reinvent-themselves-cope-closing-stores/451814001/
4 http://www.pewinternet.org/2016/12/19/online-shopping-and-e-commerce/

So how do retailers, mall property owners and retail REITs retool to adapt organizationally and culturally to respond to consumer demand for a digitally-enabled retail experience? One source of inspiration has to come from Amazon, a company that is setting new records for online sales, and whose size, scale and revenue growth eclipses its traditional brick and mortar competitors.

Five reasons Amazon is winning in retail

1. **Platforms and ecosystems** - Amazon has built out a host of platforms that serve a broad array of retail from books to groceries to furniture and invests in delivering a superior consumer experience.
2. **Constant platform innovation** - From one-click ordering to streaming video, to rapid delivery to storefront experiences (Amazon Go, Whole Foods), Amazon is striving to offer a streamlined multi-channel experience.
3. **Always pushing the envelope on advanced technology** - Amazon is continuously supplementing its platforms with advanced technologies to stay one step ahead of changing consumer demand.
4. **Creating a data-driven customer experience -** Amazon uses data to optimize both its operations and supply chain as well as to understand and predict consumer behaviour.
5. **Streamlined operations** - Amazon is constantly improving and automating to be more efficient and to scale better.[5]

The Extraordinary Size of Amazon in One Chart

Amazon is bigger than most brick and mortar retailers put together

Market value as of December 30, 2016

$355.9B

#297.8B

amazon

Walmart

TARGET

BEST BUY

macy's

KOHL'S   NORDSTROM   JCPenney   sears
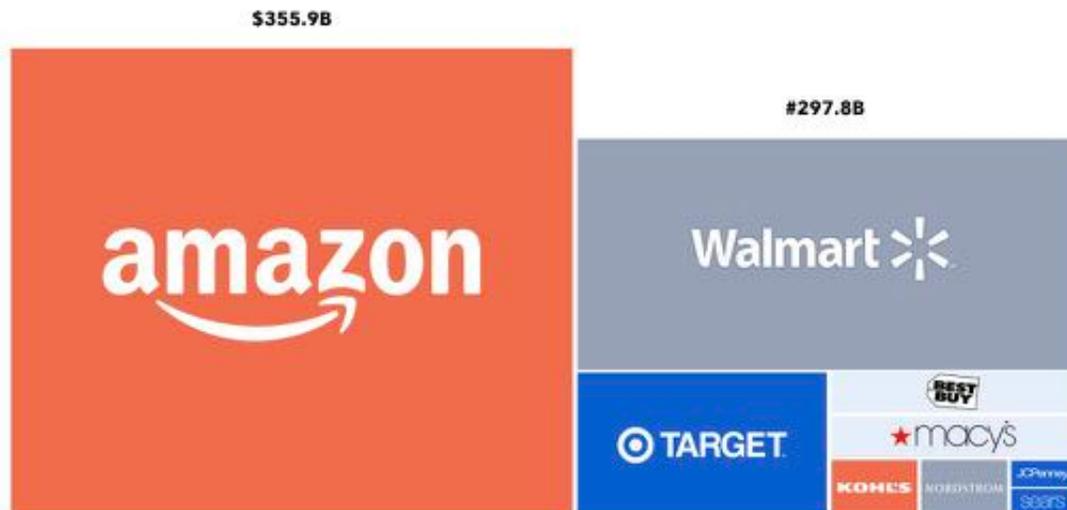
Vamsi Talks Tech

Retail makes digital transformation a priority

Digital transformation is now a top priority for retail merchants. According to recent <u>research</u>, 69% of retail executives say they plan to increase their investment in emerging technologies over the next year. This recognition that digital is an imperative is arriving none too soon. <u>Cisco</u> predicts that four out of ten leading retail brands might be displaced by digital disruption before 2020 if they fail to transform themselves digitally. Malls, in particular, have been hit hard by the shift in shopping preferences: traffic has declined for 43 straight months, with an average traffic decrease of 8% per month since January 2015, according to <u>RetailNext</u>.

While it is easy to blame the decline of the mall on the online shopping revolution, challenges facing mall operators actually have more to do with oversupply and inability to adapt to changing consumer behaviours. Top tier malls in cities with strong populations and income growth along with those who have stepped up their experiential game are actually thriving.[6] Recent commercial real estate data according to the Commercial Real Estate Developers Association Data reveals:

- 86.8 million square feet of new retail construction in 2016;
- Construction spending on retail structures increase 10.8% in 2016, to $74.1 billion;
- An increase of nearly 40% in construction expenditures on retail structures since 2013;
- Retail rents at their highest level since 2008, registering 13 straight quarters of positive growth; and
- Availability rates steadily declining since the end of the recession – down to 7% from a peak of 10% in Q2 2010.

Fact:
There were 1,221 malls in the U.S. in 2016, 300% more than in 1970, according to the International Council of Shopping Centers.[7]

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6 https://www.retailtouchpoints.com/features/trend-watch/retail-apocalypse-more-like-a-retail-transformation
7 IBID

Four prongs of retail transformation

Retailers and retail property owners seeking a digital transformation should consider developing a transformation roadmap built around these four core elements.

1. **Develop a customer-focused digital strategy**
   - What customer-focused business capabilities can be enabled across the organization?
   - What aspects of these transformations can be enabled best by technology? Where are the current organizational and technology gaps that inhibit innovation?
   - How do we measure ROI and Business success across these projects? How do we benchmark ourselves from a granular process standpoint against the leaders?
2. **Accelerate investments in new technology**
   - Retailers must implement flexible digital platforms built around the efficient use of data, real-time insights and predictive analytics, including deep learning.
3. **Use data to drive operations**
   - Leverage advanced analytics, artificial intelligence to drive product development, promotions and advertising, while re-examining business and technology strategy in product design, inventory optimization, supply chain planning, transportation and logistics, IoT store/space design, technology-driven warehousing and order fulfillment.
4. **Drive a digital customer experience**
   - Use data and analytics to create an immersive customer experience, including single view of the customer across all channels, customer segmentation, customer sentiment analysis, product recommendation engines, market basket analysis.[8]

8 http://www.vamsitalkstech.com/?p=4271

The Power of One

Shopping malls, REITs, and the shift toward centralized and experiential brands

A shopping centre's brand is core to its identity. From the care and maintenance of the property to its size and tenant mix, a mall's brand plays a key role in shaping consumer perception and the guest experience. As malls transform in purpose from simply a place to shop to an experiential destination, branding becomes even more important.

> **"Your premium brand had better be delivering something special, or it's not going to get the business."**
>
> **Warren Buffett**

Retail REIT reinvention in action

Since 2014, Cadillac Fairview, one of Canada's leading retail REITs and operator of properties such as the CF Toronto Eaton Centre and the CF Rideau Centre, has been steadily repositioning its portfolio of holdings under the moniker "CF." The goal? Create a unified, prestige shopping experience for guests. In support of a centralized brand approach, Cadillac Fairview moved away from separate shopping centre marketing teams to a consolidated group of about 55 marketers across Canada and reduced its agency relationships. "The company took the position about 10 years ago that e-commerce wasn't going to kill all shopping centres, it was just going to kill the

weak ones," said Jason Anderson, Senior Vice President of Marketing, Cadillac Fairview. Simon Property Group is bringing residential, office and hotel uses to its King of Prussia Mall in Philadelphia. And Westfield (recently acquired by Unibail-Rodamco) is looking to bring a concert venue to its Promenade Mall in Woodland Hills, California.[9]

American Dream Meadowlands, a massive retail development underway in New Jersey (spearheaded by Triple Five Group) is set to include an indoor ski slope and KidZania.

Fact:

Nearly one-third of shoppers (32%) are interested in attending a lifestyle lesson at their favourite store. Examples include personal services at beauty stores, classes (cooking, home improvement, etc.) and fitness analysis, among others.[10]

9 https://www.dailynews.com/2016/10/15/westfield-unveils-plan-to-turn-the-promenade-into-15b-live-work-and-play-complex/
10 https://www.prnewswire.com/news-releases/leading-shopping-center-operator-westfield-unveils-findings-of-extensive-research-underscoring-transformational-retail-shift-300216411.html

Global consulting firm McKinsey & Company sees the most successful and progressive mall players investing in three key areas:

1. **A differentiated consumer journey focused on experience and convenience**
    ○   Mall as the new "downtown"
    ○   Leisure and entertainment services that cannot be duplicated online
    ○   Dining and events to make the mall the "hub" of the community
    ○   Changing tenant mix toward smaller "curated" stores that provide a sense of novelty
    ○   Appealing to specific consumer segments through the creation of "zones" dedicated to fashion, technology and so on

2. **Transforming the mall experience through the use of technology and multi-channel strategies**
    ○   Use of technology to extend the customer experience to before and after the mall visit
    ○   Use of technology to improve customer satisfaction through elimination of pain points and elements of delight
    ○   Use of technology to take the shopping experience to the "next level"

3. **Exploration of new formats and commercial real estate opportunities**
    ○   Differentiated structures such as open-air malls
    ○   Incorporation of environmental sustainability, green elements such as plants and trees
    ○   Rebalancing of tenant to public space ratio from 70:30 to 60:40 and even 50:50
    ○   Mixed use: live, work, shop
    ○   Integration into urban landscape
    ○   Outlet malls for mature markets

Fact:

In the U.S., there is approximately 24 square feet of commercial retail space for every American, compared to 5 square feet per person in the UK, 3 square feet per person in China, and about 2 square feet per person in South Korea.[11]

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11 https://www.cnbc.com/2018/02/05/landlords-brands-brace-for-less-shopping-at-the-mall.html

Five key trends shaping retail's future

In 2016, shopping center operator Westfield released the <u>findings of report</u> revealing feedback from 13,000 shoppers and experts. The study identified five key trends shaping the future of the retail industry:

Rental Retail: Consumers are already accustomed to the 'sharing economy', tapping into Uber for rides, and Airbnb for places to stay. People are increasingly interested in retailers adopting this model.

- 15% of Americans are interested in renting from their favorite stores
- Nearly one in six shoppers in New York is interested in clothing rental, versus one in ten in San Diego
- The rental retail trend is particularly strong among millennials -- over a third (35%) of 25 to 34 year-olds are interested in renting
- Exercise equipment topped the list of what people wanted to rent (17%), followed by consumer electronics (15%), furniture (11%) and cars (10%)
- 23% of New Yorkers interested in renting would spend $200 or more on an unlimited clothing rental subscription

Classroom Retail: Shoppers are increasingly seeing retail spaces not only as places to purchase but as classrooms where they can learn new skills and build social networks.

- Nearly a third of shoppers (32%) are interested in attending a lifestyle lesson at their favourite store.
- Shoppers in the U.S. want health or fitness sessions most (29%), followed by inspiring learning sessions such as creative cookery (27%), expert sessions (20%) and then clubs (17%).
- Over a fifth of U.S. shoppers in New York (22%), Los Angeles (23%), San Francisco (22%) and San Diego (21%) are interested in sessions involving skills development such as music making.

Enhanced Reality Retail: The report predicts that virtual reality will become ubiquitous as shoppers increasingly want this technology to understand how products will work for them specifically.

- 42% of people in the U.S. would like to use new technologies, such as virtual reality headsets, to experience how products will look in their home.
- A third said they would be interested in using virtual assistance to see how clothes would look on them.

Loyalty Programs that Recognize Good Choices: There is a new consumer demand for loyalty programs that reward good lifestyle choices.

- More than a fifth (21%) of U.S. consumers said they'd like to be rewarded for good choices – including recycling (23%), exercising (23%), spending time with family (20%) eating healthier (16%), and even charity volunteering (11%).
- 16% of Americans want to be rewarded for making good financial decisions rising to 18% in New York and San Francisco.
- The youngest, 16-24 year old, audience in both the U.S. and UK particularly want rewards for having a work-life balance with time spent with loved ones.

Sensory Retail: Time spent engaging with screens plays havoc with our body's sensory system. Consumers don't just want to smell flowers or hear birds chirping on a reel in stores; they want to overload their senses with extraordinary experiences that re-awaken all of their senses all at once. They want inside-out retail.

- All five senses were deemed to enhance the shopper experience. Vision and touch came out on top, but just under a third of shoppers also identified smell and sound.

The interior of the bar and café at the Nespresso Boutique Bar in Yorkville, Toronto

Fact:

50% of millennials prefer going to physical stores at some point in the journey.[12]

12 http://www.adweek.com/brand-marketing/contrary-to-popular-belief-millennial-shoppers-actually-like-going-to-brick-and-mortar-stores/

The Marriage of Digital and Physical

How traditional retailers are turning to technology to create a memorable and differentiated mall experience
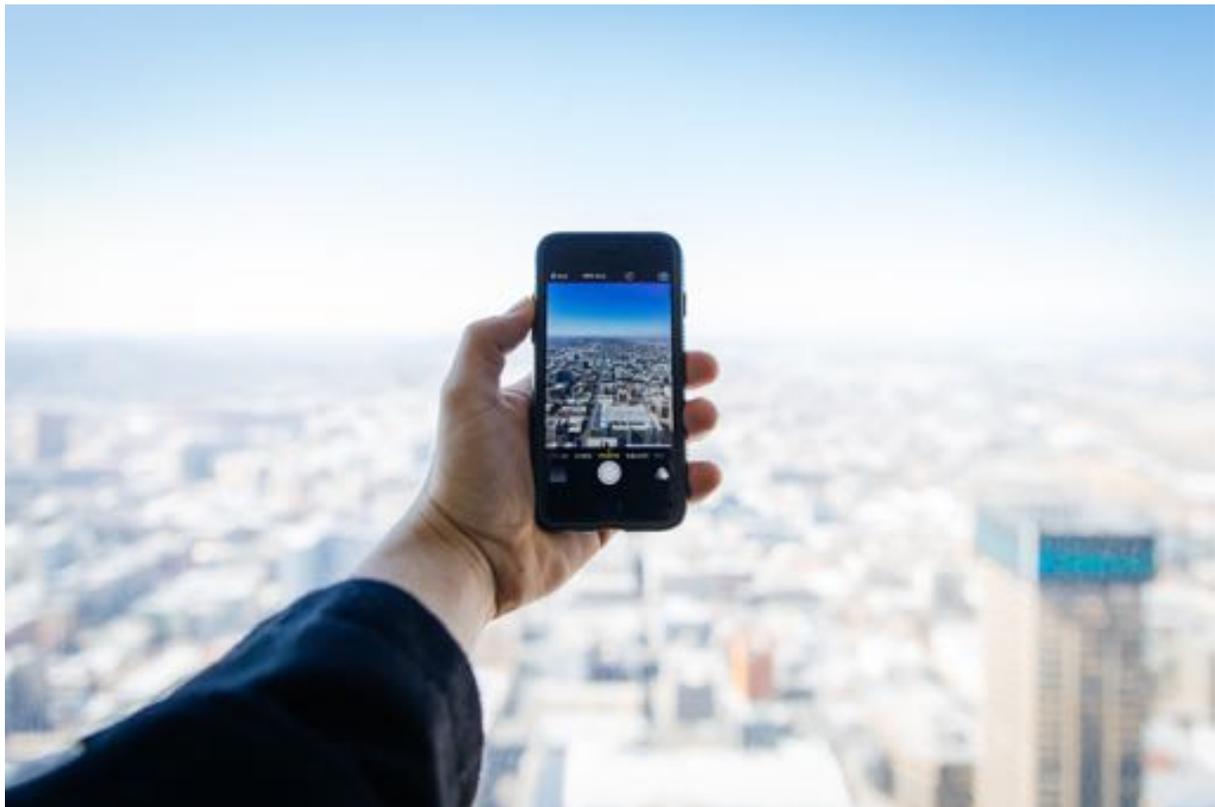
"I don't think retail is dead. Mediocre retail experiences are dead."

Neil Blumenthal
Warby Parker's co-founder

90%
of all retail transactions still occur within the store.

Two Thirds
of consumers who purchased online use the store before, or after, the transaction.

The Digital Consumer

It is estimated that up to 40% of (retail) businesses will die over the next ten years if they do not change their entire companies to accommodate new technologies.[13] New technologies, their advancements, and data analytics are allowing traditional brick and mortar retailers and retail property owners to rethink the way they plan, design and operate.

The online shopping world is often seen as a threat to traditional brick and mortar retail. With the closing of Sears, JC Penney, Macy's and many other respected retail brands, how could it not? However, where some from the retail world may see threat, others see opportunity. Retail landlords have spent $8 billion in the past three years on updates that focus on experiences that can't be found online, according to brokerage Jones Lang LaSalle Inc.

Some leading mall owners such as Simon Property Group are taking full advantage, transforming traditional retail locations into fresh new consumer experiences that offer shopping and so much more. In October 2017, Simon CEO David Simon announced plans to redevelop the King of Prussia Mall, located Northwest of Philadelphia, into a dynamic mixed use development which is expected to include a hotel, apartments and office space. The project could increase the property's value by up to $1 billion dollars.[14]

13 http://saudigazette.com.sa/artic le/521271/BUSINESS/Loop-of-reinvention-to-shape-the-future-of-shopping-malls
14 https://www.bloomberg.com/news/articles/2017-12-19/east-coast-s-largest-mall-is-trying-something-other-than-stores

Demise of the mall - retail threat or opportunity?

Bloomberg.com created an interactive, retro video game that explores the two sides of the story surrounding the so-called "death" of the mall.

"While many retailers continue to face significant challenges in growing their businesses, those retailers that are focused on the intersection between brick-and-mortar retail and online sales channels continue to expand and grow."

Brian Kingston
Brookfield CEO

Lifestyle-focused experiences are key to shopping centre reinvention

Sameness in the offering is one of the biggest challenges faced by retail property owners, says Bill Hech, COO of Westfield. Consumers get bored easily in today's hyper-connected, hyper-mobile age, especially millennials. Malls needs to differentiate themselves with a variety of brand names, food and beverages areas, appealing environments, entertainment, and kid-friendly areas.

The marriage of brick and mortar with digital, creates an omni-channel shopping experience that is valued by consumers. "Consumers still want to touch and feel the goods they're buying, which is why the omni-channel strategy is ultimately the solution to long-term viability," says Chris Weilminster, President of the Mixed-Use Division of Federal Realty Investment Trust.

Global management consulting firm McKinsey & Company outlines five future trends shopping malls are following as they reinvent their venues to better appeal to today's digitally-savvy, millennial customer. They are:

1. **Entertainment** - Public spaces reimagined as a canvas for entertainment, using technology to create a multi-sensory appeal.

2. **Food and drink** - By combining restaurants with retail to create "gastronomic stop spots" for shoppers.

3. **Retail** - Curated retail shops and pop up stores, as well as retail centers or "zones," and conversion of abandoned large retail footprints into creative co-working spaces.

4. **Transportation** - Technology enabled parking, pick-up zones for care share and Uber/Lyft shared economy transportation and conversion of traditional underground parking into retail in anticipation of autonomous vehicles.

5. **Technology** - Virtu-real formats such as virtual fitting rooms, social shopping technology and smartphone assisted shopping. [15]

"Consumers still want to touch and feel the goods they're buying, which is why the omni-channel strategy is ultimately the solution to long-term viability."

Chris Weilminster
President, Mixed-Use Division of Federal Realty Investment Trust

Fact:

Real-estate experts suggest that the gross leasable area devoted to food and beverage outlets in malls could rise to some 25% by 2020, up from 10% today. [16]

15 https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/meeting-millennials-where-they-shop-shaping-the-future-of-shopping-malls
16 IBID

Defining omni-channel

Omni-channel retailing is a concept used to describe the increasing variety of access points between customers and retailers, brought on by the growth of online shopping and its integration with physical stores. Omni-channel retail highlights the notion that ways of researching, purchasing, receiving and returning a product are more diverse and connected than ever before. For example, a customer can choose from a variety of methods to research (online, in-store, social media), buy (online, in-store), receive (in-store, home, post office, shopping centre) and return (in-store, supplier, home, post office) an item.

Mall reinvention in action

- The Dubai Mall, located in the heart of downtown Dubai, is the most visited mall in the world. The mall has over 1,200 stores, a total internal floor area of 5.9 million square feet, and the world's largest aquariums and aquatic zoos. All of this attracts over 80M visitors in one year.[17]

17 https://thearabianpost.com/tap/2016/04/dubai-mall-gets-80m-visitors-in-one-year.html

- Pacific Retail Capital Partners is using technology to turn 'The Shops at South Town,' a traditional retail center located near Salt Lake City, Utah, into a vibrant community hub. The 1.3 million-square-foot shopping center's multimillion-dollar renovation included a distinctive digital sensory experience — the first of its kind in the state — that has driven additional traffic to its restaurant and retail tenants.[18]

- Xanadu, a mall 30 km from Madrid, features a ski slope, go karts, balloon rides, bowling and billiards.

- The Mall of America in Minnesota has an underwater aquarium, a theme park, and a dinosaur walk museum.

- The Orchard Town Centre in Westminster, CO. offers a family-friendly experience with a kid-centric playground, sprayground, outdoor concerts, and a farmer's market.

Seven technologies shopping malls should consider implementing:

1. Location technology
2. Virtual inventory discovery
3. Mobile check out
4. Indoor navigation to retail touchpoints
5. Customer engagement technologies such as digital signage and personal shoppers
6. Retail analytics and inventory management
7. Omni-channel customer data gathering

Shivani Sharma, Linkedin

From eCommerce to Brick and Mortar

*Why online retailers are moving into the mall*

While online shopping is undeniable in its convenience, according to global real estate firm CBRE, 70% of millennials (the most digitally-connected generation) and 85% of all consumers still prefer shopping in-store rather than online. The ability to visualize and bring purchases home immediately after touching and trying them on in-store offers an incomparable experience for buyers. "It isn't that retail is dead," says Reid Greenberg, ecommerce lead researcher at Kantar Retail. "But bad brick and mortar is. Roughly 85-90% of retail takes place in brick-and-mortar locations. These mall-type department stores are faced with many challenges because they aren't connecting with shoppers in the way they want to be connected with. Consumers already know what to expect when walking into one of these stores."

> **"By 2020, brick and mortar retail spaces will be little more than showrooms."**
> **Eddie Machaalani & Mitchell Harper**
>
> Co-CEOs of Bigcommerce

% of U.S. adults who shop online

- Never 20%
- Weekly 15%
- A few times a month 28%
- Less often 37%
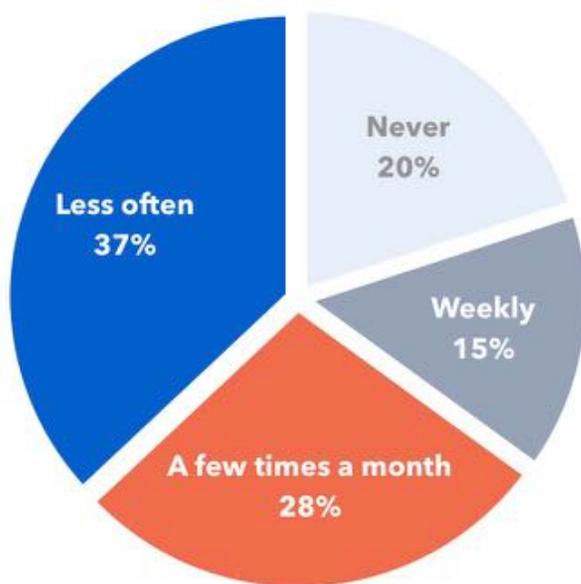
Pew Research Centre

According to Pew Research Centre, consumers use the online world to research products - checking out online reviews, ratings, and prices. For more complex buying decisions - a Tesla car, for instance - brick and mortar showrooms provide consumers with important touch and feel experiences, and even lifestyle-focused entertainment. Luggage retailer Away hosts events at its retail locations including concerts and yoga classes. "We feel strongly that experiential marketing goes a long way," said Jen Rubio, co-founder of Away. "The programming allows us to connect with our customers on a deeper level."

Fact:

85% of shoppers still prefer to make their purchases in person.[19]

[19] https://digiday.com/marketing/e-commerce-brands-opening-brick-mortar-stores/

What is showrooming?

Showrooming is when a shopper visits a store to check out a product but then purchases the product online, according to Techopedia. Showrooming has grown in popularity among ecommerce vendors for the simple fact that people still prefer seeing and touching the merchandise they buy, even though many items are available at lower prices through online vendors. As such, retailers including Tesla, Amazon, Frank and Oak and Warby Parker, who only existed (and blossomed) online are now turning to brick and mortar retail to provide physical showrooms for online shoppers.

Tesla's Showroom in Vienna, Austria

"Where you used to have one 5,000 square foot store, you could maybe have three 500 square foot stores."

Lee Peterson
Executive VP of Brand, Strategy and Design at WD Partners

Amazon is by far the largest e-commerce player to move from online to brick and mortar. The company's $14B acquisition of Whole Foods will allow for physical expansion of its online presence, providing shoppers with the "last mile of retail" convenience. Whole Food brick and mortar locations also offer Amazon a well established physical distribution network with footholds across North America in upper- income neighborhoods. [20]

Approximately 20 other online companies in the US have recently launched a physical presence to better market their wares, forge closer customer relations, and boost their online traffic and sales. In addition to Amazon, these retailers include specialty and clothing stores like Warby Parker, Birchbox, and Casper.

Men's retailer Bonobos, which began as an online-only retailer, is another e-commerce player that realized customers want - and need - physical stores. Bonobos outlets have many styles and sizes, but not necessarily every style in every size. Salespeople assist in helping shoppers find clothes, select the proper fit, and then order the clothes online. This showrooming concept allows Bonobos to operate from a smaller retail footprint while providing more one-on-one customer contact.

Birchbox's first brick and mortar store in the SoHo area of New York

20 https://www.theatlantic.com/business/archive/2017/06/why-amazon-bought-whole-foods/530652/

Online stores opening physical locations or service/experience-focused stores:

Frank and Oak - After being solely an online retail store targeting millennials, Frank and Oak has opened 16 brick-and-mortar stores including premium coffee and some with full-service barber shops

Indochino - Opened eight locations for men to come in and try on shirts and suits for size

Warby Parker - Growing their physical location quickly, over 60 locations are currently active for shoppers to try on their future glasses

Apple - The first Apple store was opened in 2001 to improve customer service, now there are over 499 stores across 22 countries

Canada Goose - Previously only sold in authorized retailers, the famous brand is jumping on the brick-and-mortar train, opening two of its own retail stores

Casper - Opened 15 pop-up locations across the US in 2017

Nordstrom - A productless, 3,000 sq ft store that serves as a pickup/return point was opened to focus on brand experience and services like tailoring, try-ons, stylists, fresh juice, manicures and more

Velo Cult - Craft beer on tap and live music adds to the shopping experience for new, custom and vintage bicycles

Home Depot - $5B of online sales is impressive, but not impressive enough for Home Depot to stop focusing on staff support and the customer experience

Kanuk - The in-store experience involves a -25°C (-13°F) cold room to test how jackets hold up in cold weather[21]

Fact:

The benefits of showrooming include having smaller stores, attracting younger shoppers, focusing on customer experience, and growing brand awareness.[2][32]

21 http://10ecommercetrends.com
22 https://www.shopify.com/retail/modern-showrooming-why-more-retailers-are-ditching-shopping-bags-and-on-site-inventory

The Apple Effect

How the mobile giant is changing the retail consumer experience

Apple's powerful effect on the mall

Apple, founded in 1976, and Fortune Global 500's largest technology company by market cap, has become a leader in retail -- and perhaps one of the first luxury retailers in the technology category. The brand's minimalist stores and giant logo are recognized and adored worldwide by consumers.

Like other mall retailers, Apple is embracing retail transformation. Under the leadership of retail chief Angela Ahrendts, Apple's retail strategy is going beyond physical refinements to reimagine the consumer brick and mortar experience. For instance, Ahrendts recently announced Apple will no longer use the term "store" to describe its retail experience.[23]

Your job is to understand all of your customers' needs—some of which they might not even realize they have.

Apple employee training manual

Apple's "town square" store in London, UK

Fact:

Hosting an Apple store lifts a mall's overall sales by 10%.

23 https://www.macrumors.com/2016/08/18/apple-drops-store-branding/

Apple retail locations will adopt a "town square" experience, with "avenues" dedicated to accessories, staffed by creative pros ready to assist consumers with using their Apple devices.[24] New store designs, conceptualized by Jony Ive, incorporate features such as jumbo video screens and living walls and are 100% powered by renewable energy.[25]

Mobile-enabling the retail customer journey

78% of US consumers now own smartphones, and 90% of retail shoppers use smartphones in stores. When they enter a mall, device in hand, they are now guided by information that smartphones provide. Even more, they become a critically important data capture mechanism for mall operators and retailers.

The detailed floor plans with navigation from stores to washrooms to food courts are not only helping consumers get around indoors, they're collecting data on each consumer. This data can help retailers alter their store designs to create a better shopping experience through a more convenient layout.

HOW CONSUMERS ARE USING THEIR SMARTPHONES IN STORES[26]

Price comparisons — Product information search — Reading reviews — Mobile payments — Proximity marketing and loyalty programs — Wayfinding

HOW RETAILERS ARE USING CONSUMERS' SMARTPHONES[27]

24 https://www.retaildive.com/news/apple-plans-to-transform-brick-and-mortar-stores-into-town-squares/ 428570/
25 https://www.retaildive.com/news/apple-shows-off-revamped-store-design-under-jony-ive/419584/
26 https://marketingland.com/survey-90-percent-of-retail-shoppers-use-smartphones-in-stores-135759
27 https://www.thinkwithgoogle.com/consumer-insights/how-digital-connects-shoppers-to-local-stores/

Apple and the mall - wayfinding creates the ultimate connection between physical and digital

"In order for brick and mortar to evolve, the physical shopping experience must embody enhanced digital engagement. The ability for shoppers to navigate a mall within Apple Maps is a testament to not only the evolution of the physical shopping experience, but also Apple's commitment to providing its customers with a digital-first experience wherever they are," said Hongwei Liu, Co-founder and CEO, Mappedin.

"Apple's new indoor mapping feature unlocks huge potential for retailers to provide the omni-channel shopping experience today's consumers desire."

Patrick Flanagan
VP of Digital Marketing & Strategy
at Simon Property Group

According to global strategic firm McKinsey, the key to digitally transforming the mall experience lies in leveraging technology and multi-channel strategies to extend the consumer experience. From digitally connecting with consumers before and after their visit to the mall; to improved mall usability through the elimination of pain points and the addition of "delight points"; to utilizing digital capabilities to take the shopping experience to the next level, truly progressive mall owners and operators have the opportunity to use tech to dramatically distinguish their property from online competitors and from their retail predecessors.

In September, Apple announced iOS 11, the company's most ambitious operating system in some years. Among its many features, iOS 11 includes support for detailed indoor maps. This means any individual with an iPhone can now access full interior layouts of select malls and airports around the world. Indoor mapping is a key part of Apple's long-term vision for the retail consumer. Apple wants an iPhone user to be able to research a product online, navigate from home to and through the mall, into a store and to the specific rack where the product is displayed. This Apple-guided experience opens up limitless possibilities for app designers and retailers to engage and drive targeted offers to consumers, while capturing valuable data at every step of the buyer's journey.

Conclusion

REITs and mall operators:
Are you ready for digital retail transformation?

A digitally transformative retail experience is no longer the exclusive preserve of the highest end properties. Malls everywhere now have the digital capability to create exciting, differentiated, and entertaining experiences for their guests that distinguish brick and mortar from online retail competitors.

How ready is your organization to digitally transform? Let Mappedin's experience in the retail field guide you. Contact us at contact@mappedin.com or reach out to us through our website to discuss further. You can also follow us on Twitter (@mappedin) using the hashtags #transformingretail #reinventingretail

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The Platform for Spaces

Mappedin powers search and discovery indoors. The software platform provides industry leading tools for REITs and retailers to manage their dynamic indoor information and build digital wayfinding experiences into their customer-facing applications. Mappedin is currently utilized by industry-leading REITs including Simon and Cadillac Fairview.

Learn more

(519) 594-0102

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