

REINVENTION: THE SAVIOUR OF CANADIAN MALLS?

Now more than ever, malls and the retailers alike must compete with the demands and expectations of both businesses and customers – ageing infrastructure, competition from eCommerce, and the need to create unique retail experiences all mean traditional malls no longer play the role they once did.



CBSF
CANADA'S BEST STORE FIXTURES

Malls, as we know them, are changing.

And many are changing not only to serve customers but to serve retailers, now and into the future. As the way we shop continues to change and evolve, retailers and malls have to find unique ways to adapt to consumer needs. Many malls across Canada are reinventing themselves not just for the short-term needs of consumers, but for long-term demand, thinking ahead for the future of retail.

For many years, malls across Canada were thought of as ageing relics, large outlets for outdated retail experiences. And it wasn't just eCommerce that was hurting malls; specialty stores, stand-alone retail, and D2C brands were all on the rise, giving malls a run for their money. Many thought the traditional mall was dead in the water. That is, until some malls in Canada chose to reinvent themselves.

Malls are now being transformed into shopping destinations where retail is intermingled with work, life, and play, offering retailers a unique opportunity to get in on the ground level of something bigger and better, driving foot traffic and sales to physical stores. In addition to redevelopment and infrastructure, we're seeing mall owners and leaseholders invest in initiatives like marketing and advertising to support their retailers, responding to the demand from retailers to offer more than just space for lease.

Ultimately, these malls are helping to bring retail into the future, giving retailers impetus to choose malls over stand-alone, and customers a reason to step foot into the mall again.

Cheers,



Bud Morris

President and Owner

Canada's Best Group of Companies



“While many top malls in Canada are performing much better than their US counterparts, it is because landlords in Canada are continually refreshing their physical retail spaces to keep them experiential, creative and consumer centered”

RCC, *Retail Council of Canada*

CONSUMER DEMAND ISN'T THE ONLY DRIVING FORCE BEHIND THE TRANSFORMATION OF CANADIAN MALLS.

In a post-digital world, ageing infrastructure, competition from e-commerce, and the closure of major anchor tenants like Sears and Target have spurred developers to reimagine the traditional mall.

It's not just new developments, either. Well-established malls from Yorkdale in Toronto and the Montreal Eaton Centre to Royal Park in Vancouver, Manitoba's Polo Park and Portage Place, and even Calgary Co-Op – a grocery retailer merging grocery with lifestyle – are being retrofitted and expanded upon to include green space, residential living, and amenities. You'll see shopping centres and outlet malls transform to offer not just fashion or grocery, but livable and walkable suburban communities.

All of this reflects the need to provide more than just retail. Similar to Australia's [20-minute neighbourhood](#) concept, where everything you need is accessible within a 20-minute walk where you live, these malls will allow retail business owners to adapt to the changing needs and demands of customers who want unique shopping experiences in one convenient location.

And this need to create more [local and livable communities](#) has driven major plans for change in infrastructure that sees retail and work paired with real estate (both residential and commercial).

The goal? To create spaces that accommodate the growing population in cities like Melbourne, where jobs, housing, and retail will all be in high demand. Here at home in Canada, cities like Toronto have been proactively looking to [these types of neighbourhoods](#) for many years, searching for ways to combine the best of home and living with retail and convenience. And malls that provide this work/life balance teamed with retail could just be the solution.

More than that, malls and department stores have always struggled to [define their core value](#), never entirely sure whether they're offering customers what they need and want in a post-digital age where experience is just as important as variety and retail selection. Pair that struggle with the competition from e-commerce and D2C brands, and malls have had to play catch-up in giving customers a reason to visit - not just for the stores and food, but for the overall experience.

But rather than give up altogether, some malls are reinventing themselves to fill the gap left by large department store closures and a lack of foot traffic.



“Canada’s shopping centres will see dramatic changes in 2020 and beyond. With 87% of Canadian adults saying they would consider residing in “live, work, shop, play” environments, it is clear shopping centre owners are listening carefully to consumers’ desire for easier access, more simplicity, greater convenience and fabulous shopping experiences. Landlords are not only investing in superb shopping spaces, they are increasingly also adding more non-retail amenities...that are transforming their shopping centres in all encompassing community hubs”

International Council of Shopping Centres

OFFERING A WAY OF CHANGE

For most malls and leaseholders, customer experience is the biggest driver for getting people through the door, but as malls have been left behind by the age of eCommerce and hybrid shopping experiences, leaseholders have to find a way to adapt. And property owners are doing it by looking to the future, re-envisioning their malls not as retail destinations, but lifestyle ones.



For many of these malls, the focus is placed on working with what they already have.

- Ageing infrastructure and unused space (like empty parking lots) are improved upon by renovating, retrofitting, and restructuring the mall footprint to accommodate new offerings like green space and grocery, or residential living tied in with retail.
- There's also a shift towards essential retail, where the incorporation of grocery and pharmacy into malls and shopping centers further drives home the need for mixed-use spaces.

As of June 30, 2019, 11 shopping centres in Canada had annual average sales per square foot surpassing \$1,000. Given growth projections for 2020, as many as 14 Canadian shopping centres could see their annual sales per square foot exceed \$1,000.

– Retail Council of Canada

Take Toronto's Yorkdale Shopping Centre, for example. The City of Toronto developed a [Master Plan](#) geared towards reinventing the shopping centre to include mixed-use spaces, like offices, transit, and real estate in the form of condominiums. Malls like Yorkdale are receiving serious facelifts that are years in the making, which will see these malls move from shopping centres to livable communities.

But in other cases, new mall developments will bring new infrastructure and opportunity to smaller cities, where a variety of living, retail and community services can act more like a downtown core. And, because both new and existing developments generate a steady stream of income for leaseholders while creating opportunities like jobs, transit, and housing, these malls are becoming an in-demand solution for cities across Canada.

With these initiatives, malls and leaseholders push us closer to the future of retail, taking something simple, like a mall, and turning it into a way of life.



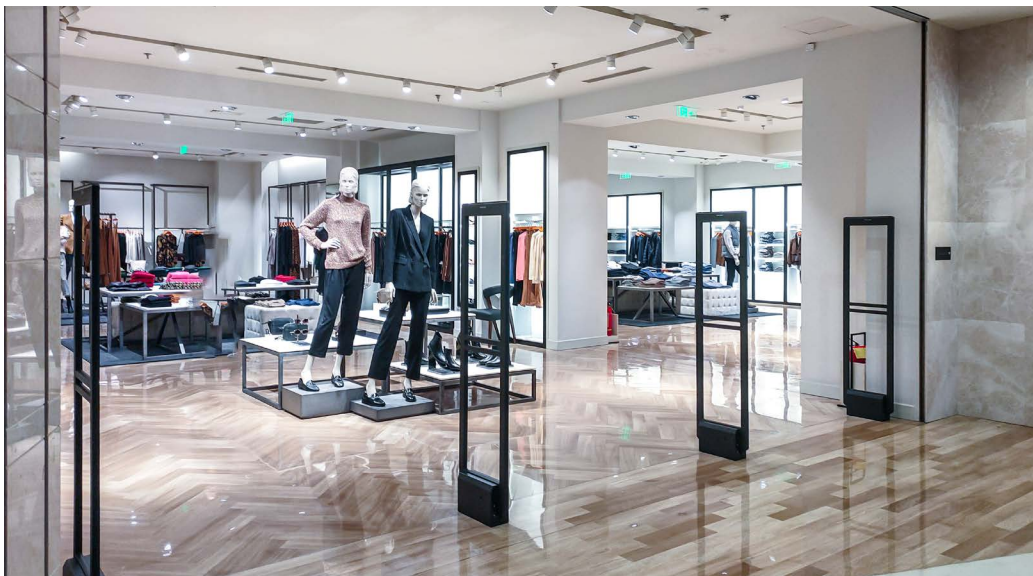
“Not only are Canada’s top malls continuing to make substantial capital investments to meet consumers’ hunger for retail innovation, enterprising landlords are also looking at unprecedented ways to add value and expand productivity, through impressive mall renovations and increasingly with easily accessible and integrated “live, work, play and shop” developments”

RCC, *Retail Council of Canada*

NOT JUST ANY LOCATION, ***THE LOCATION***

For retailers, location matters. It's retail 101. But how can you entice customers to visit your store, especially if it means going out of their way to do so?

Malls like those currently in redevelopment across Canada offer retailers the opportunity to do just that, where the ability to put your brand in front of new customers while operating in a mixed-use mall means customers will come for more than one type of purchase, and find all they need in one location (including your store). And malls benefit, too; exclusive retailers, pop-up stores, boutique markets, real estate, and more all give customers a reason to visit and shop.



Retailers operating in malls pay significantly for marketing opportunities through their leases, but more than 90% of these retailers never take advantage of those opportunities.

– Retail Council of Canada

Beyond that, retailers can drive demand for the products they sell, not only because they're positioned in a unique or exclusive location, but also because many retailers have to compete with D2C businesses who use limited spaces to create hype and demand around their niche or limited-range products.

81% of customers visit physical retail stores to discover and evaluate new products, while 62% shop in-store with the intent of buying more.

– Canadian Retailer

Pair these mixed-use spaces with access to public transit and a walkable, livable community, and as a retailer, you become part of your customer's lifestyle. As these malls bring customers more of what they need, closer to home, retailers who take advantage of operating in these reinvented malls can capture new customers and hang onto loyal ones, bringing in foot traffic to a dynamic location.

Accessibility is also a factor; in larger cities like Vancouver, Calgary, and Toronto, getting to malls, large outlet stores, or retailers whose locations are outside of suburban areas can often mean fewer customers trekking to physical storefronts (especially with the convenience of online shopping).

But these malls provide an opportunity to renew city infrastructure, developing more transit options like new streetcar routes, above-ground subway systems, and additional bus lines. And if your location is more accessible, it can help encourage repeat sales and return customers.

Smart landlords understand the need for mixed-use retail complexes, connecting digital driven customers and offering the ultimate “single channel” where consumers can get whatever they want, how and when they want it. And, while shopping centres have traditionally been a suburban phenomenon, many are becoming new amenity-rich “urban” hubs that will anchor growing neighborhoods

- Retail Council of Canada

Smart retailers want to be a part of these work/live communities where there's more opportunity to mix life and community with retail and customer experience. And that means rethinking the way forward for your retail business.

“The move toward creating mixed-use communities is happening in most urban centres across the country, particularly in markets where land prices have risen over recent years, promising to fundamentally change the way landlords look at and develop their properties”

Retail Insider




RETAIL, BUT MAKE IT NICHE

It's no secret that most retailers have had and will continue to compete with D2C and eCommerce brands for customer attention. After all, many of these brands offer something totally unique to their customers, and while some still operate solely online, more D2C brands (think: Glossier, Casper, or Herschel) have begun to embrace the benefits of niche retail stores where they can showcase their products and cater to customers who still prefer in-person shopping.

These reinvented malls that are pairing retail with community and mixed-use spaces offer D2C retailers something that traditional malls don't: the opportunity to display what they do best by driving demand for a product usually only accessible online, but found in limited, almost exclusive quantities in an atypical setting. And retailers can take advantage of this smart approach by focusing on niche retail.





Both online and offline retailers are creating new opportunities through collaborations, partnerships, and complementary offerings that cross traditional boundaries of retail. For e-commerce retailers, this brings their online services to life, whereas brick and mortar retailers can use these approaches to tap into lucrative channels and increase foot traffic.

- Canadian Retailer

If you've ever wanted to test a new product category, target a new segment of customers, or expand into a location dedicated solely to your most popular products, these malls could just be your ticket to a successful new retail location.

For example, retailers in the food and beverage industry can use these single-use sites as an opportunity to test boutique food markets, or a fashion retailer can open an accessories-only store where their most-bought items are sold. This isn't just good news for large retailers looking to differentiate themselves, but smaller retailers, too; many of the malls being reinvented are and will continue to be driven by small retailers who understand and recognize the economic possibilities and potential in these mixed-use sites, and give these malls a leg-up when it comes to offering dynamic retail options.

“What landlords, and tenants, and retailers are trying to do is encapsulate a lot of these trends... and they’re trying to encapsulate that into the single location because we’re seeing the way people live, the way people shop, eat, even travel. It’s all changing. Now these big expansive spaces are changing with that as well”

Kruti Desai, *Manager of National Research Insights, Altus Group (Retail Insider)*



BRIDGING THE GAP BETWEEN RETAIL AND EXPERIENCE

Hybrid retail has grown quite popular as more small and large retailers embrace turning their physical stores into destinations. The concept behind hybrid retail is that you offer more than one type of experience in the same location. And from a customer experience perspective, reinvented malls offer the perfect opportunity to bring hybrid shopping experiences to the forefront of your retail business so customers go out of their way to visit, time and again.



Making your store a destination starts by focusing on what you can do to offer your customers more than they bargain for when they visit your physical store. Not just from customer service and product offering standpoints, but for an unforgettable experience that drives repeat foot traffic. For example, an independent grocer offering on-site, real-time cooking classes using products you find in-store; or an outdoor recreation retailer selling camping gear that you can test out through in-store simulations.

You'll find hybrid retail in stores like IKEA, where a warehouse-style shopping center is paired with a cafeteria and food marketplace so customers can try and shop for Swedish delicacies in the same store where they pick up self-assembled furniture. Canadian retailers like Loblaw's do it by pairing with Joe Fresh so you can shop for clothes aisles down from where you pick out your groceries.

Malls like those being redeveloped across Canada offer small retailers the same opportunity; take your product and pair it with a service or experience that complements it, and you give people a reason to trek to your store. The objective is to have customers buy products and your experience, and keep them coming back. This benefits retailers and malls, because customers have more than one reason to return.

Like other retailers that pair essential services (like grocery) with fashion and other retail, many malls are turning to their food halls to up the ante for customer experience. Traditional food halls and food courts in most malls have consisted of take-out style options that don't encourage people to sit, stay, and shop.

But today, food courts are getting a facelift.

- In Toronto, Yorkdale Shopping Centre features boutique food options like a French patisserie and a Jamie Oliver-branded Italian restaurant, along with hosting food trucks and speciality food options like doughnuts or tacos.
- By offering more than just the expected, malls in Canada rehauling their generic food courts can experience an uptick in customer experience, becoming a destination for entertainment and dining, all where people shop and live.



“Fifty years ago, our grandmothers had a deeply personalized shopping experience. Clerks would address them by name, ask after their children while loading shopping bags in the car. Today’s consumers crave the same kind of personalized service and they no longer see a division between their brick-and-mortar and online shopping experiences. Retailers and mall owners would do well to heed this call: an invitation to provide a curated experience...while boosting traffic, sales and asset valuations”

Jennifer Lee, Retail & Consumer Analytics Practice Leader,
Deloitte Canada

NEW ERA, NEW MALL

While already-established malls are having their heyday in transforming existing infrastructure and single-use sites into mixed-use spaces, the idea of the ‘new era’ of shopping and customer experience means some malls have to offer more than just mixed-use space – they have to become communities in and of themselves.


When we think of new malls, often we think solely of retail and the possibilities for driving foot traffic to physical storefronts or destination stores. But what fulfills the needs of both retailers and consumers is bringing the best of both worlds together to create mini-mall communities, where sprawling retail space is replaced with curated shopping, essential retail, real estate, community services, green space, and commercial property.



Consider the benefits of living within a community where essential retail (like grocery and pharmacy) is intermingled with curated shopping experiences, residential properties, offices, and community services like recreation or schools. Popular in urban areas but also suburban, new mall developments have to take into account what consumers will want not only now but in the future, and these developments are attractive to homeowners, families, and professionals who want convenience and experience tied into one.

In some cases, these mini-mall communities provide retailers and mall owners with the opportunity to establish a long-term source of income with essential and hybrid retail, drawing traffic outside of and within these communities. And in others, they can build something new to complement existing infrastructure that may have had little potential for growth in our post-digital age.

In an age where customer experience is king, both retailers and malls have no choice but to adapt and pivot, bringing work, play, life, and retail under one 'roof'. The Shops at Don Mills in Toronto and The Centre Mall in Hamilton are perfect examples of existing malls trying to do just that, while other new mall developments will bring more curated living and retail experiences to the forefront.



“Retailers are expanding beyond their traditional distribution channels to better deliver goods and/or services in an environment of changing consumer behaviour and market segmentation”

Government of Canada, *Office of Consumer Affairs*

For many retailers, both new and reinvented shopping malls offer the opportunity to carve out space for themselves, catering to the experiences customers demand while driving foot traffic to physical storefronts in an increasingly digital world of online shopping and next-day delivery.

Malls that offer more than just the generic store lineup can provide shoppers with hybrid experiences where these malls become destinations. By bringing customers more of what they want, accessibly and with a community feel, both malls and retailers can capitalize on what customers want most: new experiences.

And, with more developers breathing new life into existing malls, we're seeing a shift away from traditional retail and looking forward to the future of shopping, where work, life, play, and retail come together in one community-like destination.



CANADA'S BEST STORE FIXTURES

HEAD OFFICE

WOODBIDGE

ADDRESS	170 Sharer Road, Woodbridge, ON, L4L 8P4
PHONE	647-560-2094 1-866-524-3584
FAX	905-264-7594
EMAIL	sales@canadasbeststorefixtures.com