

# The Do's and Don'ts of Branding Shopping Centers

## *How a Branding Strategy Can Increase Profitability*

**HERMANN J. KIRCHER\***

**Abstract:** *Successfully branding a shopping center creates competitive advantage. It is important to identify the appropriate brand for a center, as well as to effectively communicate and maintain it. Co-branding and branding multiple centers can be challenging.*

We live in a world dominated by brands, a set of perceptions and images that identify what a product or service stands for and differentiates it from its competitors. A brand communicates the essence or promise of what will be delivered or experienced by the customer.<sup>1</sup> A superior consumer-product brand can dominate its retail category and may support higher pricing and profitability than competing brands.

Many retailers have successfully branded their concepts. A customer knows what to expect when visiting, for example, Bloomingdale's, Wal-Mart, Best Buy or Lululemon. Why is that the case? Because these and many other retailers have created brands which clearly define their offerings. Such branding has a significant competitive advantage, resulting in improved customer traffic, sales and profitability.

If branding of retail products and retail stores provides a competitive advantage, should shopping center managers and owners seek to brand their centers? The answer is an unequivocal yes.

### **Branded Shopping Centers**

Even though the shopping-center industry is not normally regarded as heavily branded, every shopping center that has a name can be said to have a brand. Its

brand may well be involuntary, and it may be weak if the owner never actively considered what its brand should stand for or did not develop and execute an appropriate branding strategy. By contrast, a number of successful shopping centers have, in fact, established strong brands that encapsulate their unique market position. Examples of regional or superregional shopping centers in the U.S. that are "branded" in this way include the Houston Galleria, The Grove in Los Angeles and Water Tower Place in Chicago, to name just a few. In Canada, Yorkdale in Toronto and Metrotown in Vancouver boast strong brands. Other international examples include Blue Water in the U.K., Xanadu in Spain, Parly 2 in France and Centre O in Germany. The brand in each case is multi-faceted but its constituent parts signify in their totality that the center is one of a kind.

What is it that creates their unique brands? Size, tenant choice, architectural treatment, special attractions, and consistent marketing all play significant roles. However, one of the most important ingredients of their success may have been the original developers of these projects, who broke the mold of standard conformity. Such unique talent may not be available to the majority of existing shopping centers.

### **Madrid Xanadu, Madrid, Spain**



Source: Stephan Poulin, Ivanhoe Cambridge

\* President, Kircher Research Associates, Ltd.

<sup>1</sup> Persuasive Brands® at [http://www.persuasivebrands.com/showpagecontent.aspx?pagename=Brand\\_Definition](http://www.persuasivebrands.com/showpagecontent.aspx?pagename=Brand_Definition)

## **BEST PRACTICES**

### **The Grove, Los Angeles, California, U.S.**



Source: Wikimedia Commons/Bobak Ha'Eri

The meaning of a shopping-center brand has to be easily understood by its customer base. It may, for example, signify fashion leadership, best tenant and merchandise selection in the market area, superior customer service, price leadership, close integration with the local community, or a pleasant environment in which to shop, relax and linger.

Southgate Centre in Edmonton, Canada, for example, strives to differentiate itself from the average shopping center with key brand attributes such as sophistication, premium status, the unexpected, style, approachability and high quality. It is the dominant fashion center in southern Edmonton, anchored by the city's largest Bay store, Sears and Safeway, and it offers 150 national, regional and local retailers. The center seeks to provide its 11 million annual customers with an aesthetically pleasing and warm atmosphere, with soft seating areas to make the shopping experience enjoyable. Its customers are upscale and are drawn from a trade area encompassing all of metropolitan Edmonton and rural outlying communities.

The successful branding of any shopping center requires consistency, patience, a clear concept, hard work, a substantial promotional budget and the will to succeed. The goal must be not only to become "top of mind" for potential customers, but to stay there for the long term. A well branded shopping center can dominate its market and reach superior sales performance for its tenants.

### **Bluemwater, Dartford, United Kingdom**



Source: Wikimedia Commons/Badudoy

A dominant branded center benefits not only by attracting greater customer traffic, but it also tends to be more successful in attracting desirable tenants, particularly those new to the market. Finally, such a center may find more favorable acceptance by its local zoning authorities in the event that building changes are required or an expansion is planned. The reason for this may be that the wider community has taken psychic ownership of the center; it has become an integral part of the local community fabric.

#### **Identifying the Appropriate Brand**

There is a significant difference between establishing a brand for a new center and doing so for an existing center. For a new center, the branding is virgin territory, and more than one branding option may exist. Nevertheless, the overall development concept and anchor tenants will influence the branding direction. There needs to be a definitive plan about the offer that will be presented to customers. It must recognize the composition of the expected customer base from the perspective of its socio-economic profile, age structure and ethnic composition. A clear understanding of the strengths and weaknesses of competing centers in its trade area is essential as well, and can provide helpful pointers about the appropriate branding for the new center.

For an established center, the basic question is how to positively influence the existing brand. If the owner has not proactively cultivated a brand image or if the

## **BEST PRACTICES**

existing brand is weak, the branding is obviously vulnerable and can easily be challenged through a more targeted approach from a competitor. For an established but neglected brand, it is very difficult to create noticeable changes within a short time span.

A gradual change must be well planned if one of the goals is to maintain the existing customer base. One strategy is to upgrade the center through modernization and new tenancies. Alderwood Mall in Lynnwood, Washington, and Cumberland Mall in Atlanta are examples of U.S. malls that have successfully changed their brand.

Where a center is losing traffic and tenants, it may need to target a more moderate customer and image, replacing its mid-price tenants with discounters. In such circumstances, the center needs a new branding strategy that clearly defines its new brand and shows how it can be effectively communicated to existing customers and potential new ones. Proactive and positive communication of the change will minimize the loss of existing customers, while encouraging potential customers who fit the center's new demographic to pay a visit. Christown Spectrum Mall in Phoenix is an example of a U.S. mall that was effectively transformed from a regional mall into a power center because of increased competition and a change in the demographic of its trade area.

Identifying the appropriate brand and implementing it takes work, enthusiasm, consistency in approach, the will to win and an adequate budget. In a highly competitive climate, a well crafted and established brand is the ticket to survival and prosperity.

### **Communicating the Brand to the Consumer**

A brand does not remain relevant over time unless it is constantly reinforced and refreshed. As the economy changes and as the trade area evolves, the brand message almost certainly needs to be updated. A shopping center brand is communicated to its customers in many different ways and through many different channels.

The physical plant of the shopping center, its size, architectural relevance, upkeep, anchor tenants, tenant mix and approach to sustainability are all primary channels for communicating its brand. Constant, active promotional activity which associates the center with its targeted brand message is indispensable. The way customers are treated at the center communicates the brand, as does the level of customer service, center security, its ambiance and similar factors. A shopping-

center name that includes the name of a village, town or city says that the center sees itself as part of the community. To bring the brand to life, the center needs to live up to the implied promise of local loyalty by organizing community events at the center, participating in other community events and making donations to worthwhile local causes. A center might, for example, operate blood donor clinics, used clothing drives and free educational seminars; additionally, it could provide space for community meetings, local not-for-profit agencies and complementary children's play areas.

Branding superregional shopping centers and retail real-estate at tourist destinations is more complex. The appropriate branding message may be that the center is "one of a kind" because of a unique tenant selection, extraordinary size and/or unusual supplementary attractions. To advertise its brand, it will likely need to target regional and national publications, convention business, hotels, fairs and tourist operators. The Forum Shops at Caesars in Las Vegas, which simulates ancient Roman streets, provides spectacular entertainment, and features a wide selection of upscale stores and restaurants, is a notable U.S. example of highly successful branding at a tourist destination.

Successful brand communication requires market research to provide frequent consumer feedback about brand awareness and the image conveyed. A message that falls on deaf ears is a waste of resources. One of the goals of successful branding is to create "top of mind" awareness so that when a consumer has a specific need the branded center becomes the first destination. Once the customer has taken "ownership" of the center in this way, the brand's goal is reached.

### **Maintaining the Brand**

A successful brand establishes a positive emotional association with its customer base. The branding strategy must be based on sound empirical research. The brand objectives need to be clear and specified. Both the message and the delivery must complement each other in order to build up and maintain credibility.

Maintaining the brand requires diligence, consistency and frequent repetition. Over time, it is easy to stray from the key components of the brand due to seasonality, special events or changing fashion. It is important to maintain a well established brand, but that does not mean freezing it for all time. A brand must evolve with its market without losing its key components. Bayview Village Shopping Centre in Toronto, Canada, is an example of a center whose brand has successfully

## **BEST PRACTICES**

evolved over time. It opened in 1963 as a suburban community center with primarily convenience retailers, anchored by a Kmart and a supermarket Loblaws. As the surrounding area urbanized with a middle- to high-income population, low- and high-density residential developments, the center added an increasing number of fashion retailers. When Kmart closed, Bayview Village upgraded with more fashion venues and market-unique stores, including a Restoration Hardware, a LCBO Vintages liquor store, a large Chapters book store and a handful of full-service restaurants. Loblaws modernized and expanded its footprint, including the provision of an underground parking garage. A large gourmet food store, Pusateri's Fine Foods, is due to open soon.

Brand communication is impacted by changes in technology, from social media such as e-mail, Facebook or Twitter and the ubiquitous use of hand-held devices. The key to brand maintenance is to adopt all appropriate new methods of communication and customer contact, while maintaining the integrity of the original brand.

Kildonan Place in Winnipeg, Canada, for example, uses social networking through Facebook and Twitter to communicate its brand. The center's marketing director walks the mall at least daily to identify copy for the center's tweets—perhaps a great deal or some interesting new merchandise at a specific store, or maybe a store contest. Kildonan Place has garnered over 6,000 fans on Facebook, where it also posts photos of mall events and notices to update fans on store construction and renovation. The center's Facebook and Twitter accounts are linked so that every time an item is posted on Facebook it also appears as a tweet on Twitter. Marketing Director Corey Quintaine says:

"We've made a point of talking to our customers and opening up a dialogue. We want them to feel like we're a friend telling them what's going on at the mall, as opposed to an ad .... We'll respond to customer questions and concerns, often surprising our fans who may not realize that there's a real live person monitoring the page."<sup>2</sup>

### **Adjusting the Brand**

It may become necessary to adjust the brand when physical changes to the shopping center are made, when significant tenants change, when new competition enters the market or when technological innovations occur. A careful and frequent analysis of the customer base, through appropriate market research, may discover

### **Metropolis at Metrotown, Burnaby, British Columbia, Canada**



Source: Stephan Poulin, Ivanhoe Cambridge

other reasons why the brand should be adjusted. For example, in some North American markets, such as Toronto, Miami and San Diego, the population turnover may be 20-25% every five years, due to relocations, births, deaths, migration and other factors that result in a changed demographic customer mix. A successful brand stays ahead of the change by management being well informed and open to changing its branding strategy.

Adjusting the brand should be gradual, without major surprises to the established customer base. Nevertheless, it should also be fast enough that the customer knows that her center is staying up to date. Customer consultation is essential in maintaining a relevant brand.

### **Co-branding**

In theory, co-branding provides opportunities to reinforce and extend the brand. However, in practice, it is a delicate matter and needs to be handled carefully. A center needs to think through how any potential branding partner is able to contribute positively to the image of the center, preferably on a complementary basis. Who is likely to be the major beneficiary of the co-branding? What is the risk that it could tarnish the reputation of the center? How much influence will the center have over the branding strategy of its partner? What is the likelihood that the branding interests of the partners will diverge? These are just some of the

<sup>2</sup> From e-mail from Corey Quintaine, Marketing Director, Kildonan Place, Winnipeg, Manitoba, to Robert Boyle, Director, Market Research, Ivanhoe Cambridge, dated February 17, 2010.

## **BEST PRACTICES**

questions that need to be answered before entering co-branding arrangements.

Co-branding partners could include owners of residential, office, hotel or institutional real estate in a mixed use development that includes a shopping center or occupying space close to an existing shopping center. Under controlled circumstances, it may also include complementary retail facilities. The name of an established branded shopping center could be adopted by adjacent property being developed for complementary purposes. Adopting the established shopping center brand could facilitate leasing or selling units in the new development. Successful co-branding could give the completed mixed-use development an enhanced market presence which is beneficial to the original branded center. In the U.S., Tysons Corner in Virginia has successfully co-branded with two nearby upscale centers, Tysons Galleria and Fairfax Square, as well as a substantial office complex accommodating some 1,200 technology companies and including some residential areas. Tysons Corner is now the central business district of Fairfax County. Metrotown in Burnaby (Vancouver, Canada) is also an example of successful co-branding. It includes Metropolis at Metrotown, a superregional shopping center, several adjacent office buildings, a sky train station and nearby residential developments.

Co-branding that extends the reach of the brand in a way that conflicts with its original core is usually detrimental in the long term. Events that have a wide draw on newer patrons that differ significantly from the established customer base could harm a center's brand. Promoting a teenage event in a center whose customer base is significantly older could be counterproductive, for example. Political events and promotions that fill the parking lot with non-shoppers could also harm the brand.

Co-branding must be approached with great caution because it is usually the new development that wishes to take advantage of the established brand. Unless there is a clear advantage to the original brand, one which cannot be achieved by other means, co-branding by successfully branded shopping centers is best avoided.

### **Multiple Center Brands**

Developing a multiple center brand may be tempting for large companies with multiple centers locally, regionally, nationally or even internationally. Doing so, perhaps supported by a loyalty card program, requires a large advertising budget. As a result, it may not be cost effective because the vast majority of shopping largely depends on local conditions.

Even though the success of multiple center branding on customer loyalty may be difficult to substantiate, if done well it is likely to make it easier to attract and retain tenants. Tenants with a great number of locations may lack the local knowledge when approached for a new location, but the shopping center "brand," reflecting the owner's reputation as landlord, may be a valuable support in securing a new tenant.

Local multiple-center branding is illustrated by the approach that Canadian developer Cadillac Fairview has taken to centers that are located in the same metro market. In Montreal, for example, it is co-marketing four of its centers as "Your Fashion Centres," including Fairview Point Claire, Promenades St. Bruno, Carrefour Laval and Galeries D'Anjou. Joint advertising is not only cost-effective, but it may also remind customers about to seek a fashion item that one of the Cadillac Fairview centers is a promising destination. Interestingly, Cadillac Fairview has not so far repeated this approach in other markets, such as Toronto, where it operates similar shopping centers with a fashion focus.

National multiple-center branding is exemplified by French developer Jean-Louis Solal's approach when he built "American type" shopping centers in France. Initially he wanted to name his first shopping center Paris II, as a second Paris retail destination, but the elected representatives of the city opposed this choice. One of the closest cities to Le Chesnay—the city where the shopping center is located—is Marly-le-Roi. Solal therefore decided to mix the name Paris and Marly to create Parly, and he added the suffix "2" to differentiate the center from the town of Parly located in Burgundy. The suffix "2" became almost overnight a symbol of modern shopping in France. It was repeated in a number of additional centers he built in various parts of France, subsequent to the opening of Parly 2. This branding has made an important contribution to the successful introduction of a new type of retail real estate in an established, historic market.

Multiple center branding on an international scale is rare but can be illustrated by the approach taken by Westfield, which operates some 120 shopping malls in Australia, New Zealand, the U.S. and the U.K. Its centers are branded as Westfield or Westfield Shoppingtown in all markets. The company has financed large advertising campaigns to increase awareness of the Westfield brand. This branding approach may have been a valuable tool as it executed its international expansion strategy, assisting Westfield as it entered new countries, obtained

## **BEST PRACTICES**

financing and secured sites for new developments. It is less obvious whether its international branding increased the consumer appeal of its centers and enhanced its competitive position in local markets.

### **The Limits of Branding**

It is unlikely that all shopping centers can be branded successfully, principally because of the lack of interest in branding by owners, the doubt that spending money on branding can be cost effective, the lack of commitment due to short-term ownership and the absence of experienced staff. As a result, shopping center owners and managers that are prepared to do what it takes to develop a successful brand can enjoy a significant competitive advantage.

Successful branding, above all, depends on long-term ownership. The payback of branding is seldom reached in a short time frame. Developing a brand is like growing a tree: It takes many years to grow, requires pruning and grows faster with fertilizer (advertising in

the case of a brand). It also requires commitment at all levels of the organization that owns and/or manages the property, as well as a willingness to adjust the branding strategy over time.

Shopping centers of all types can be branded from neighborhood centers to enclosed malls, as well as power and lifestyle centers and urban streets. The branding strategy needs to be center-specific: It should convey the promise that the center is making to its customers. In some cases, it could simply involve an add-on to a normal advertising program; in other cases, the branding efforts may dictate the total promotional budget.

The ultimate purpose of a successfully branded center is to differentiate it from all others, to build up customer loyalty and an industry reputation that facilitates the attraction of the most desirable tenants. A successfully branded shopping center can be identified by superior customer traffic, higher than average sales productivity and rents, and a low vacancy rate.



**Hermann J. Kircher** is President of Kircher Research Associates Ltd., specializing in highest and best land use analyses and research for retail developments, in North America and internationally, for more than 40 years. He can be contacted at [hkircher@kircherresearch.com](mailto:hkircher@kircherresearch.com). For additional information, please visit [www.kircherresearch.com](http://www.kircherresearch.com).