

ABOUT THE AUTHOR



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retail identity: all in the name

By Hermann J Kircher



The new branding approach of large North American shopping centre firms, owning or managing multiple properties, has generated much recent interest. This is amplified by the intriguing speculation that a successful brand in the shopping centre industry can be translated into additional value through E-trade on the Internet. If clicks and bricks work for retailers, why not for shopping centres, who after all offer a much greater selection of retail goods than any individual retailer or current Internet fulfillment source?

BRANDING

Branding in the shopping centre industry is not a new invention. It has existed in various forms for many years. In fact, some form of branding is used by all major shopping centre developers at this time. However, it is currently employed primarily for leasing, employment or financial purposes.

Branding in the realm of consumer awareness has been tried in the past by giving shopping centres identical names with a geographic distinction. For example, in Toronto we have three

centres called Shoppers World Danforth, Shoppers World Albion and Shoppers World Brampton. However, other than the name identification, there are no longer any other consistencies since the ownership of the individual centres have changed several times. In Montreal, The Cadillac Fairview Corporation owns four major regional malls which were jointly promoted as "The Fashion Centres" hoping for some cross fertilisation which did not materialise in any significant way.



When Jean-Louis Solal started developing U.S. type shopping centres in Europe, he decided to add the suffix 2 to his centres, one of the first ones was Parly2, followed by many others primarily in France but also in Madrid. No. 2 type shopping centres signified to their customers that they were the new format of retail distribution based on American technology but moderated by European tastes and needs. Nevertheless, the uniformity of their approach was soon diluted by other factors.

One-of-a-Kind Brand

Each country with a well developed shopping centre structure has some shopping centres that are unique and well known beyond their local market areas. Their reputation may relate to their size, tenant composition, location, architecture or special purpose. Everyone can make their own list of such centres.

My examples would include:

The Mall of America, USA
 West Edmonton Mall, Canada
 Bluewater, UK
 Colombo, Portugal
 Centre Oberhausen, Germany

It is doubtful if those and similar centres would benefit by being identified with other centres through corporate branding. Such an approach would likely dilute their unique brand identity rather than strengthen it.

New Branding Approach

There are various new branding approaches underway at this time and I shall briefly describe three different methods. One may be referred to as the trans-border approach. Here I am referring to Westfield Shopping Towns which came from Australia to the U.S.. The next one, "Simply Simon" is generated through a targeted advertising approach. And finally, there is The Mills and The Block, two brands that were developed as such from inception.

Westfield

Westfield operates 81 Westfield Shopping Towns, 39 of which are located in the U.S., and the balance in Australia, New Zealand and Southeast Asia. Westfield is entering the European market through its Broadmarsh Centre proposal in Nottingham, UK.

The mantra of its brand is: Exceptional Customer Service, Quality Retail and Community Involvement. In Australia, the name Westfield Shopping Towns has become a household name. Westfield tends to cluster its centres and cover specific segments within its chosen market without substantial trade area overlap. It has developed its brand through loyalty programs, as well as the Westfield Visa Card and has established bonus partnerships with hotels, car rental firms, BP Oil, insurance companies, etc. About 2,000 of its retailers have signed up for the bonus program.



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With brand recognition comes the opportunity to advertise the clustered centres on the local television affiliates and radio, providing a powerful tool for building customer recognition and for marketing retail events. Its brand identification with the local community is designed to generate a positive image leading to increased traffic and customer loyalty. A typical recent event was the opening of a shopping centre after regular hours, before the Christmas holiday period. An entrance fee was charged by a local charity, and customers were rewarded with a festival atmosphere for shopping, free gifts, free snacks, free gift wrapping, free pictures with Santa, etc., etc. Westfield Internet Shopping Towns is the next item on the agenda.

Australia is a very different market from the highly competitive and constantly changing U.S. retail scene. Whether the clustered branding approach will work in the U.S. on a long term basis remains to be seen.

Simon

The Simon Property Group is one of the largest mall owners in the U.S., operating some 257 properties comprising about 184 million square feet of retail space and operating in 36 states. The firm has recently

spent about \$23 million to launch its national branding program with The Tag line: "Simply Simon - Simply the best shopping there is". Its aim is the hearts and minds of the customers to build loyalty and repeat business. Each of the Simon malls is identified with its name and symbols. Each centre entrance is to have a large sign stating its brand parameters:

We simply promise...

to bring you simply the best shopping there is with the country's finest merchants, stores, and restaurants to give you valuable information and useful tips in our free monthly magazine to reward you for shopping with our innovative MALLPeRKS® program to offer you the added value of our MALL V.I.P.™ Visa® Card to put our malls at your fingertips with our telephone Shopping Line™ and Web page to take active part in the betterment of our community to maintain a clean, cheerful shopping environment to do everything we can to make your time with us as productive as possible to make us your shopping centre of choice

Sincerely,

SIMON

Simply the best shopping there is!!!

The poster is signed by Mall Management and staff.

Simon is using the branding tool to communicate one message to employees, merchants, investors and shoppers providing:

- clear standards
- common values
- a common vision of the future
- an emotional link

Simon's intention is to generate a positive shopping experience which the customer willingly repeats. The ultimate goal is to improve the bottom line. Nevertheless, Simon also recognises that its national branding must allow each centre to retain its individual identity.

Simon Brand Ventures addresses relationships with merchants, vendors, and facility services. It defines customer services and uses its Life Media Network which was recently strengthened by its tie up with Turner

Broadcasting. AT&T is one of the newest participants in the Simon MallPerks Program. For example, anyone who switches to AT&T telephone services at a Simon Mall will receive 60 free minutes of long distance calling and 150 MallPerks points. The traditional customer service centres in Simon Malls will be converted to a Simon Malls Market Place. These areas will include interactive stations where MallPerks members can check their points, get retail information and receive customised rewards. Simon is planning for an Internet link to its Market Place in the future.

In November 1999, Simon Property Group created "Clicksandmortar.com", a venture creation firm that develops and launches products that combine and lever the benefits of physical and on-line shopping. Two products are currently being tested. Fastfrog.com is a tool for teens to inventory gift ideas for themselves by scanning items at the mall or on-line, then posting them on a Web page for family and friends to see. Purchases can be made either on-line or at the mall. The other one is YourSherpa.com, a program which allows shoppers to scan bar codes of merchandise throughout the shopping centre in participating retail shops and make the actual purchase at one central location or on-line.

The Simon branding program is rather extensive and is still evolving. The large differentiation of malls within its portfolio will necessitate different approaches in different markets. Customers arriving by Mercedes may have different goals and expectations than those that come by Volkswagen and their "loyalty button" may have a different colour. Consistency in offering does not necessarily mean uniform quality or identical services. This is where the local identity of a mall becomes an increasingly sensitive issue in a national branding program.

The Mills

The Mills Corporation operates nine centres in the U.S. with the name Mills including Potomac, Franklin, Sawgrass, Gurnee, Ontario, Grapevine, Arizona, Concord, and Katy. Five other Mills centres are under development. Each of them ranges between 120,000 - 170,000 m², has an enclosed mall as well as multiple pad developments on the fringe lands. The first four Mills centres

represent the initial version of the concept which featured factory outlets, discount and box stores and value retailers in general. The updated concept which started with Ontario Mills in California is now the new prototype. Mills centres have added a large entertainment component as well as market unique stores such as Bass Pro, the most interesting sporting goods stores in the U.S., Van's Skate Park, where one can skateboard and mountain bike to one's heart's content, multiple screen theatres, themed restaurants and many other functions, but also retained a large part of the value retail concept. The Mills refer to their brand of regional retailing as "Shoppertainment".

The building of a brand has come naturally to that firm. Today, The Mills is a successful brand in the U.S. When you come to a Mills centre, you know what to expect! The Mills brand is so successful in generating economic activity that some municipalities offer large inducements to have The Mills established within their boundaries and have their name associated with The Mills.

The Discover Credit Card is the largest single issuer of general purpose consumer credit cards in the U.S. It has just announced the first ever naming rights deal for the shopping centre industry together with The Mills Corporation. The Discovery Mills will open near Atlanta in 2001. The Mills brand has obviously created a value beyond its real estate component, in this case \$10.0 million for 10 years only.



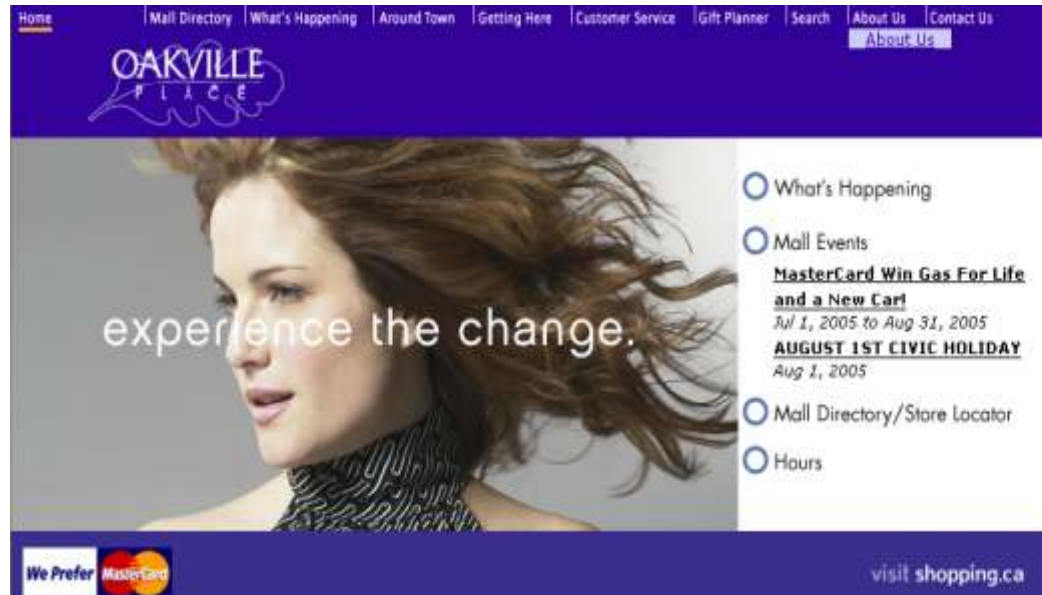
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Concord Mills

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One example of a developer selling merchandise through its mall Website is that found under www.OakvillePlace.com, owned and managed by Cambridge Shopping Centres Limited, a Canadian developer. Some two dozen small retailers are participating, offering between a single and several dozen items. Each is accompanied by a picture and a brief description. The available items include clothing, luggage, videos, cameras and gift certificates.



The Mills has formed a strategic alliance with Centerseat, The Digital Media Company, which will offer exclusive entertainment programming throughout all Mills properties providing further brand identity as well as a vehicle for additional advertising revenue. The 150 million annual visitors to Mills centres create substantial value to national advertisers such as AOL, Coca Cola, Phillip Morris, Mazda and many others who have advertised in Mills centres.

The Mills Corporation is presently creating an additional brand called The Block. It is an urban shoppertainment development, rather than suburban as The Mills centres are. Some 70% of its functions are entertainment related and the balance comprises complementary retail. The Block at Orange, California was the first of the new developments. It is being followed by The Block at Midtown, Atlanta and others.

E-Bay, one of the most popular sites on the Web has simulcast Christmas holiday auctions from three of The Mills locations. The alliance is logical as The Mills wants a Web presence, and E-Bay is looking for shoppers who have not tried their services on-line in the past. The strong brand identity of The Mills is also being directly tested on the Internet with gift coupons, contests and promotional activities which will undoubtedly grow in the future.

[The Purpose of New the Branding Approach](#)

As illustrated by the three examples, the main

purpose of branding is to gain a competitive advantage which will ultimately improve the bottom line. The challenge is to find brand unique features. Simply offering a pleasant shopping environment, good selection of merchandise, safety and security and free parking is so fundamental in the shopping centre industry that it is hardly a distinguishing feature. A successful brand requires something extra which is recognized as being different from the mundane run-of-the-mill offering. Building repeat business through customer loyalty programs and community involvement is a promising start.

[Strategic Alliances/Partnership and Co-Branding](#)

Building a successful brand can mean more than improving the success of a shopping centre. A brand can have significant value beyond its bricks and mortar usually expressed as "Goodwill". Strategic alliances can be used to strengthen the main brand and also to create additional profit centres. A strong brand will attract sponsorships. In 1999, worldwide sponsorship spending is estimated at \$19.2 billion, an increase of 11% over the prior year. Sponsorship is growing at twice the rate of advertising in general. Sports activities accounted for 2/3 of sponsorship spending in 1999. Shopping centre traffic generation and consumer exposure in malls should warrant a higher sponsorship participation than evident today.

A good example of sponsorship is the University of California Irvine's (UCI) Health

System sponsorship of The Block at Orange. The Block delivers three elements: The Mall's Senior's Walking Club, a monthly health education program featuring UCI physicians and the mall's Annual Health Fair. UCI's fees are in part paid by pass-through rights to the fair by pharmaceutical companies. The tie between the organizations links UCI and the mall's Website and gives the hospital the opportunity to stage one major on-site event each year. The hospital uses the sponsorship to differentiate itself from the other 25 hospitals serving the same market area.

The Internet - Friend or Foe of the Shopping Centre

Even though the physical world of bricks and mortar in shopping centres is still the best retail medium ever invented, it does face unprecedented challenges in Internet retailing. In 1999, about 50 U.S. developers had a Website. All showed location maps of their centres but only about one dozen had a link to the mall. Most on-line activity dealt with the sale of coupons, gift certificates, sweepstakes, shopper's club registration and similar activities. The primary design purpose of developer Websites was leasing.

One example of a developer selling merchandise through its mall Website is that found under www.OakvillePlace.com, owned and managed by Cambridge Shopping Centres Limited, a Canadian developer. Some two dozen small retailers are participating, offering between a single and several dozen items. Each is accompanied by a picture and a brief description. The available items include clothing, luggage, videos, cameras and gift certificates. However, none of the main chain store operators being tenants in the mall are participating. The sales success to date has been moderate and it is mainly viewed as a test case. There is clearly a perception of conflict between major retailers and mall operators that offer merchandise for sale. The question for the developer is whether to sidestep or to embrace the new technology and if it is embraced, the scope of its use becomes the major issue. The timing for the decision is now as new entities are generated almost daily to explore the more effective distribution of merchandise, which is also the main business of the shopping centre industry.



Community Regional and National Branding of Centres

When considering consumer appeal branding, the geographic location of the shopping centre developer's properties obviously plays a role. In the case of The Mills, national branding makes sense. This is even more true for Simon, due to its large market coverage. However, in the case of Simon, the diversity of its portfolio creates special complications. For Westfield, cluster branding of community centres appears to be a logical extension of its experience in Australia. Thus, it is obvious that the branding approach has to be geared to each firm's asset base and philosophy.

Successful branding can lead to multiple strategic alliances and sponsorships which will create additional values. At this time, optimal Internet strategies chosen by participants appear to be the targeting of special niches and complementary services rather than direct electronic sales by the shopping centre operator.

It is only natural that the shopping centre industry, accounting for about half of all retail sales pays careful attention to the revolutionary changes in retail distribution taking place now. Appropriate branding and embracing the Internet, even with limitations, is pro-active rather than re-active and the timing is now.



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