

TOWARDS A NEW MODEL OF RELATIONSHIP WITH THE TENANTS

CHALLENGE

How to turn the threat of e-commerce in an opportunity.

METRICS

Current Metrics are no longer enough: Footfall, OCR, and sales.

New metrics:

1. Enhanced Footfall.
2. Passing-by traffic in front of each tenant.
3. Entries.
4. Capture ratio (relation between entries and traffic).
5. Phantom ticket (sales/entries).

CURRENT SITUATION

The online sales paradigm is leading physical stores to change the relationship they have been setting with their customers. Physical retailers are reinventing themselves trying to add value through their physical locations, beyond being a sales point. This stores are evolving towards a picking point, a brand enhancer, an information point or a showroom.

That means that physical spaces are integrated inside a **complex sales funnel where shopping center managers are not taking part in**. Thus, losing power and probably, revenues because of an old-fashioned management point of view.

Shopping centers have realized and they are changing too. The new layouts are delivering **more experiences and leisure opportunities and less transactional relationship** with visitors. From a traditional shopping center to a leisure and experience resort.

And sometimes, too much often, they are not using the proper tools to be able to take advantage of this new situation, and as the same time, **set a new relationship, a win-win one, with the heir tenants. Tenant centricity is the new way, and managers need new tools to manage.**

OMNICHANNEL

To know how omnichannel strategy is impacting in tenants it is necessary to evaluate entries, capture ratio and phantom ticket.

For example: if entries and capture ratio are high but phantom ticket is decreasing, it could be because the store is working as a logistics center for online sales.

And that is why, fees based on just square meters and sales are becoming a bad basis, because shopping centers are losing revenue opportunities. A passing-by traffic or entries basis helps shopping centers take advantage of the omnichannel trends in their favor.

It will be crucial adding new KPIs into scorecards to manage this new situation in an objective way.

Private and confidential

CONCLUSIONS

NEW MODEL AGREEMENTS

Setting a contractual relationship with the tenants based on new metrics, such as traffic or entries, would allow shopping centers to take advantage of the new paradigm.

INCLUDING THE TENANT IN THE CUSTOMER EXPERIENCE

- Relationship with tenants in a more transparent way is a key driver to increase the customer shopping experience.
- More accurate KPIs allow managers to set staff shifts based on the actual demand, knowing if windows are working or the real store performance.
- Sharing this kind of information, shopping center managers are getting closer with tenants and collaborating in improve their performance, and thus, the performance of the shopping center.