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DEVELOPMENT AND MANAGEMENT

Emerging Trends in Retail and Entertainment Developments

Ro Shroff

The Retail and Entertainment industry has been going through a noticeable evolution over the last decade. From Melbourne to Madrid to Manhattan there is continual experimentation of newer models of developments, obfuscation and overlapping of several segments of the industry and births of new and exciting attitudes and trends. Retail and entertainment based developments have historically acted as catalysts and precursors for economic growth. As the world gets more urbanized and cities continue to be the experimental grounds for changing lifestyles, it is an appropriate juncture to step back, evaluate and prognosticate as to what these developments mean and portend. Trends generally tend to have different life spans, ranging from generations to short term fads. The retail and entertainment segments of the commercial development industry incorporate fairly long gestation periods prior to actual building. As such, trends tend to lag behind the social and technological changes that precipitate them. It is also equally possible, that the notions articulated below may no longer be valid or applicable a year from today, given the fast changing dynamics of new generations of shoppers.

SHIFTING PARADIGMS

Although the term Retail/Entertainment conjures up a singular entity, it is in fact an amalgam of several different components. They range from the much revered, imitated and maligned American model of the Shopping Mall to the Urban Entertainment Center, from Hypermarkets to upscale Department Stores and from themed environments to branding. The industry “mantra” today veers beyond just the physical environment and is succinctly articulated in the recent book “The Experience Economy” as “events that engage individuals in a personal and memorable way”. Today, the sequence, ceremony and choreography of arrival and the mystery and anticipation of the journey to the destination are as important to consumers as choice, value and convenience. Similarly, service, scripting and synergism are being perceived of on par with merchandising and leasing strategies. “Story telling” has become a very important facet in the design and development of these facilities and the concepts of “bundling”, “branding”, “co-retailing”, “precincting”, “placemaking” and even trademarked

names like “shoppertainment” are becoming the precursors to physical planning and architectural design. The emphasis is as much on communication, pulse and emotion as it is on physical form.

ALL THE WORLD’S A MALL

The Shopping Mall still remains an industry icon throughout the world. Pundits and prognosticators have, for a while, been citing the death of the shopping mall and the De-Malling movement as the next trends in retailing. The fundamental economic formula of the shopping center and its basic premise as a centralized repository of fashion, recreation and entertainment within a safe and controlled environment has not changed since its inception. However, the building type as we know it, continues to evolve into more dynamic and fluid versions. Starting with Country Club Plaza in Kansas City in 1912 to the first enclosed shopping mall at Northland Center near Detroit in 1954 to the seminal Horton Plaza (The Jerde Partnership) in San Diego in 1985, this American “invention” continues to evolve into several hybrid models.

Two recent projects articulate the trends and attitudes that are being currently explored or reaching maturation. They are Flatiron Crossing (Figures 1–3) outside Denver designed by Callison Architecture, and Bluewater, near London, designed by Eric Kuhne Associates. Flatiron Crossing, a 1.5 million square foot regional shopping center completed in 2000, defines an emerging and popular trend within retail developments of combining climate-controlled components of the conventional model with a reorientation to the exterior environment. The project incorporates a “village” offshoot from the central node populated with boutiques, restaurants and theaters reinforcing the “outdoor” ambiance and health conscious lifestyle of Colorado. The two storey mall itself exudes a resort like character with voluminous spaces appointed by natural materials and imbued with hospitality oriented amenities. The most significant feature of the design is the substantial transparency, up till now unknown for this building type, as well as a seamless connection to the exterior through large glazed walls and operable “garage” doors, thus minimizing the anonymity of the hermetically sealed environment. Overall, the project pioneers new territories in the layout and design and has evolved into a veritable trendsetter in the U.S.

An interest in urban living, a health conscious and relatively prosperous population and a need for community has encouraged a lot of retailers and shoppers to mandate exterior orientations in new developments. It does not hurt that this strategy defines better opportunities for tenant identity, contiguous parking and lower common area maintenance charges. Whether this evolution is ultimately a rebellion against the contained anonymity of shopping malls or a reflection of a more urbanized society, the shopping center prototype continues to be redefined and repositioned. Some projects like the recent Mall of Georgia (TVS Associates) in Atlanta have experimented with this hybrid model on a much larger scale with a veritable “Main Street” at its front door. How this format eventually evolves in terms of economics and mix of components, remains to be seen.



Figure 1 Flatiron Crossing, Broomfield, CO.



Figure 2 Flatiron Crossing.



Figure 3 Flatiron Crossing at night.

Bluewater, completed in 1999, on the other hand exemplifies the quintessence and maturation of the American model, ironically in England. The two million square foot center within a triangular configuration encapsulates all the perceived and expected attributes of the building type in an elegant and contemporary European vocabulary resplendent with voluminous spaces, themed courts, “branded” mall concourses as well as three intermediate entertainment nodes. These include an outdoor component called “Thames Walk”, a “Winter Garden” and a “Water Circus”, each articulated in varying architectural idioms and materials ranging from a historically accurate recreation of a Kent village to a lagoon and finally to a high tech crystalline conservatory. Sited within an existing chalk quarry, the project incorporates three upscale department stores and a collection of exclusive retailers and each of the three concourses are provided with ecologically sensitive skylight systems. Overall, although the project does not break any new grounds, it is accomplished with vigor, finesse and exuberance and has achieved somewhat of a cult status within the industry as the epitome of present day retail and entertainment.

INSIDE – OUT

Many semi urban or urban models of retail developments within the U.S., Europe and Asia are experimenting with the preference toward more eclectic styles and less isolated contexts. North Bridge (Anthony Belluschi/OWPP) in Chicago and Denver Pavilions (ELS/Elbasani and Logan) in downtown Denver are two recent projects that explore the “introversion” and “extroversion” of the retail and entertainment environment within vibrant urban patterns. The former is a three level enclosed Galleria and a primary component of a six block urban redevelopment off Chicago’s famous Michigan Avenue while the latter is a two level open urban specialty retail center on four downtown blocks. Both projects celebrate the urban feel and format but differ in the way they engage the city fabric. North Bridge connects a hotel, an entertainment center and a major Department store with a curved climate controlled glazed link reminiscent of European arcades and provides a multi block link bridging over a highly traversed avenue. Denver Pavilions meanwhile, engages the urban contexts head on and defines a spatial district with predominantly lifestyle, food and entertainment tenants identified with bold forms, signage and graphics within a highly visible open air environment.

METROPOLIS

Cities like Berlin have on the other hand encouraged a truly urban experience by facilitating a critical mass of mixed-use developments with varied retail and entertainment components within a few contiguous blocks. Developments like the Sony Center (Murphy Jahn) and the multi block Debis (Richard Rogers Partnership) project around Potsdamer Platz have breathed new life into this previously no-man’s land. The re-developments of Times Square and 42nd Street in New York and the Hollywood and Highland (Altoon + Porter) project in Los

Angeles have or will soon completely change the perception and commercial viability of once seedy and dangerous parts of these cities. Today upscale retailers, refurbished theaters and Class A office towers and hotels coexist in harmony and encourage further redevelopment within surrounding districts.

Development of dense retail and entertainment related facilities adjoining tall buildings within urban environments is also going through a stage of rejuvenation in spite of regional economies and international market downturns. The Time Warner Center (SOM) in New York, KLCC Galleria (Cesar Pelli Associates) in KL, Taipei Financial Center (C. Y. Lee/FRCH) in Taipei and the Grand Gateway (Figures 4 and 5) in Shanghai are recent examples of assimilating multi level retail and entertainment uses within their bases. Although not strictly a new trend, the concept of consolidating the components of “live, work and play” within the urban context continues to make economic as well as programmatic and urban design sense. Simultaneously, projects like Star City in KL and Core Pacific Plaza (The Jerde Partnership) in Taipei define the continuing trend of the mega mall within a dense urban context.



Figure 4 The Grand Gateway at Xu Hui – Shanghai, China.



Figure 5 The Grand Gateway at Xu Hui – Shanghai, China.

SPORTS, PORTS AND RESORTS

A concurrent phenomenon is the development of large scaled Urban Retail and Entertainment Districts in conjunction with sports stadiums and convention centers. Cities like Los Angeles and Cincinnati as well as Seattle and Seoul, all with planned or built sports stadiums and arenas have taken on the development of these urban entertainment districts interspersed with cultural facilities, museums and residential components. Appropriate merchandising strategies are prerequisites for these concepts to work and invariably they focus in on food and leisure related merchandise with some lifestyle retailing thrown in. Like airports, retail and entertainment venues within these contexts have the distinct advantage of a captive audience of thousands. Sponsorships and co-branding and naming rights simultaneously generate significant revenue streams.

New International Airports meanwhile, have integrated veritable shopping centers within the confines of the terminals, complete with gourmet restaurants, fitness centers and movie theaters commanding inflated rents and delivering high sales per square foot. Entire mini cities including shopping and entertainment centers, hotels and convention facilities are planned outside or over transportation hubs as exemplified by projects like The Grand Gateway in Shanghai, Kowloon and Hong Kong Stations in Hong Kong and Eurolille in Lille, France. The incorporation of major retail and entertainment components within or along with major resorts is also becoming more popular. They exude a relaxed mood of tourist destinations and incorporate a mix of exposition and theme park related facilities. Several such “Retail and Entertainment Resorts” are planned in the U.S. and Asia. Examples include Ala Moana Center (Figure 6) in Honolulu, the highest grossing shopping center in the U.S., Pointe Anaheim, a two million square foot hotel and retail resort outside of Disneyland and Emirates Experience, a major retail, hospitality and theme park based development in Dubai, all designed by Callison Architecture.

LUXURIES, LIFESTYLES AND VALUE

The consolidation of the luxury goods market and the proliferation of Value Retailing are trends at opposite ends of the spectrum, both having an impact on the Retail scene. Conglomerates like LVMH and Pinault Printemps Redoute are in the process of acquiring or having acquired major luxury brands from Gucci to Prada, Fendi, Donna Karan, DFS and most recently, retailing arrangements with the world’s premiere diamond company De Beers and even venerable auction houses like Sotheby’s. The luxury goods market is thereby leveraged in favor of a contained group of conglomerates and continues to generate higher profit margins while imparting a substantial cachet and prestige to the developments they are in. Meanwhile hip European fashion retailers like H & M and Zara as well as formally exclusive and high brow department stores like Harrod’s and Harvey Nichols are expanding in places as far apart as the U.S. and Saudi Arabia.

The Department store industry itself is going through financial turmoil across the globe, primarily due to competition from discount retailers and ending up with mergers and consolidations. Although they continue to remain the mainstays of traditional shopping centers their leveraging ability is getting substantially compromised and a new breed of “anchorless” shopping centers are cropping up in several markets. International Department store chains like Sogo, Daiei and Seibu in Japan, Marks and Spencer in England and David Jones in Australia are experiencing similar problems in terms of growth and severe competition from more nimble retailers. Meanwhile, “Lifestyle” retailers catering to an urbanized population are also becoming the mainstays of these specialty shopping centers. Tenants like Crate and Barrel, Pottery Barn and Restoration Hardware in the U.S. and Conrans in London as well as large format books, music and sports stores continue to demand strategic locations and generate substantial foot traffic while paying less than average rents.

The growth of “Value Retailing” on the other hand is exemplified by the big box Hypermarkets all over the Americas, Europe and Asia. Large format stores like Wal-Mart, Costco and Carrefour along with large circuitous complexes like the various Mills projects in the U.S. catering to discount goods, are now ubiquitous from the heartland of the U.S. to the far corners of Asia. They offer a range of goods, groceries and services at leveraged and discounted prices



Figure 6 Ala Moana Center – Honolulu, Hawaii.

but in large freestanding formats that are a bane to issues of sustainability and continue to chagrin urban planners and city fathers. However, recent trends, especially in Europe suggest the incorporation of these stores within traditional shopping center formats, often replacing conventional anchor stores. Interestingly, one also finds a newer trend in the assimilation of both upscale and value retail within the same development, thus catering to a large spectrum of buying power and income groups simultaneously. The stratification of these categories of retailing is hence becoming very nebulous as shopping habits of the wealthy and those less prosperous tend to seemingly overlap or cross over.

CLICKS AND BRICKS

Much has been written about the impact of Internet based retailing on traditional shopping habits. In one sense, E commerce has been in existence for a long period of time starting from the days of catalogue sales. According to industry watch dogs the sheer scale of traditional retailing and entertainment is so huge that the fifteen billion dollars spent on non automobile related “E-tailing” in the U.S. last year constitutes less than one percent of the amount spent on “bricks and mortar” retailing. Within the next five years however, this amount is anticipated to increase to five percent of the expected \$2.5 trillion retail industry in the United States. Interestingly, with NASDAQ still in turmoil and the sudden demise of several Dot.com companies, it’s the traditional retailers like Barnes and Noble and Toys R Us, who are having the largest success stories with E commerce, the latter actually collaborating with Amazon.com, the world’s most significant Internet based retailer. Some of the largest mall owners and REITS in the U.S. like Simon and General Growth are developing their own web shopping networks and collaborating with entertainment conglomerates like Time Warner to compete with the electronic retailing.

IF YOU BUILD IT, WILL THEY COME?

The cineplex industry is currently going through a major corrective stage in the U.S. after a period of phenomenal growth. Major U.S. theater operating chains like AMC, Lowes and Regal Cinemas, suddenly halted major expansion plans in mid 2000 after Wall Street clobbered their stock primarily due to a glut of obsolete and non performing assets. As technology makes the movie going experience more enthralling than ever, several older theaters are no longer able to compete with digital sound systems, stadium seating and gourmet concessions of newer multi-screen theaters. The optimistic prognosis is that once the corrective medicine is administered, the cinema industry will once again flourish to cope with Hollywood, Bollywood and Hong Kong, each churning out more output than ever before. Realistically it may take some time to achieve the industry position theaters enjoyed in the last decade. Meanwhile, large format theaters like 3D IMAX as well as video and electronic media oriented entertainment providers like Gameworks and DisneyQuest try to fill in the gaps wherever possible.

LIVING TO EAT

The dining experience has become an integral part of most Retail, Entertainment and Leisure driven developments and in some cases exceed 50% of the leasable areas. Beyond the quintessential food court, the industry is more focused on upscale dining opportunities, themed restaurants (despite the demise of Planet Hollywood) and “Food Precincts”, a clustering of different types of restaurants and F and B outlets. Although the food court will continue to be a programmatic component, recent trends point more towards a leisurely experience and *Al Fresco* dining rather than the pursuit of fast food. The refurbishing of inner city districts like Clarke and Boat Quay in Singapore, Lan Kwai Fong in Hong Kong, 3rd Street Promenade in Santa Monica near Los Angeles and Cockle Bay Wharf (Eric Kuhne Associates) in Sydney suggest a long term trend of clustering dining and upscale food and beverage tenants within entertainment driven projects.

BRAND NEW

The creation of a “brand” today goes beyond products, conglomerates and themes. The “branding” of an experience takes as much precedence as that of a product. Coca-Cola, Disney and Nike are well-known product brands but today entire developments and designs are “branded” to appeal to targeted patronage. In a sense, “Branding” reflects the notions of familiarity, name recognition, advertising and repetition. Establishing Bluewater as a recognizable brand within the retail industry was achieved by communicating a striking series of four images: red roses, blue water, green grass and brown beans. The branding strategy was designed to arouse the senses and bring associations that were intended to convey the quintessence of Bluewater. Another part of the strategy was to work closely with the merchandising concept in developing unique and innovative strategies like the “male crèche”, a cluster of targeted stores catering to male fashions and sports in close proximity to “female” stores.

The Irvine Spectrum (RTKL) and The Block at Orange (CommArts/DaIQ) are two “entertainment” driven retail projects in Southern California also branding their designs and name recognition. The former takes a cue from Las Vegas and alludes to exotic marketplaces of Morocco and the Alhambra and the latter encapsulates the Hollywood culture through bold signature graphics and icons. Resort projects like Sun City in South Africa and Atlantis in Bermuda (WATG), developed by billionaire Sol Kerzhner define their own branded identity, whereas developments such as Universal City Walk (The Jerde Partnership) in Los Angeles extract and expand their brand from the name recognition of the movie studio. Similar examples abound in Asia, where a successful project and identity is expanded into several other cities.

Another impact of branding within the retail and entertainment industry is one of “star” architects and designers obfuscating the boundaries of product, art, sculpture and theater. Architects like Frank Gehry, Rem Koolhaas, Philippe Starck, David Rockwell and Michael Graves are infusing Retail design with exuberance, vitality and dramatic flavor and essentially “branding” the products

and environments they design. From the new prototypes of upscale fashion stores for Prada to flatware and utensils at Target, the trend is one of imparting the industry with flair, drama and theatricality. Disparate building types from casinos to restaurants, museums, airports and zoos, are enjoying a dose of idiosyncrasy and quirkiness. The recent Experience Music Project (Frank O Gehry) in Seattle personifies the ultimate confluence of art, sculpture and entertainment while the Sony Metreon Center (Simon Martin-Vegue Finkelstein & Morris) in San Francisco, the Rose Planetarium (The Polshek Partnership) in New York and the Millennium Dome (Richard Rogers Partnership) in London redefine the perception of conventional entertainment with a “branded” identity. When museum directors talk about the “guest experience” and retailers refer to “immersion” and “narratives and content”, the era of branding has arrived.

LEARNING FROM LAS VEGAS

Perhaps no other city exemplifies the “Branded” Experience more than Las Vegas. Once the Mecca for Gaming, the city has transmuted into a vacation destination for families, complete with relatively affordable accommodation, an abundance of fine dining and the highest concentration of retail and entertainment venues in the world. Between the newly opened resorts over the past three years, the city boasts of 125,000 hotel rooms and more than five million square feet of retail and entertainment related spaces within a three mile stretch. Many trends experimented within the confines of this city are having repercussions globally. From the recently opened resorts and entertainment destinations like Bellagio, Desert Passage, Venetian and Paris, to the upcoming expansion of Fashion Show, Las Vegas offers an array of some of the world’s most exclusive retailers and entertainment providers. In addition, there are journeys through exotic destinations, \$30 million Dancing Fountains, Siberian Tigers, volcanoes and sinking ships and a 75% scale replica of the Eiffel Tower. Although themed environments have become commonplace everywhere, the Vegas model takes the phenomenon to a pinnacle and may ultimately tend to totally displace architecture with theatrics and “authentic” artifice. “Learning from Las Vegas” the well-known 1972 book and thesis by Robert Venturi explored the ubiquity of bold signs and “decorated sheds” as icons personifying Vegas. It suggested that architects be more receptive to the tastes and values of “common” people and be modest in their erections of “heroic, self-aggrandizing monuments”. Las Vegas today has not only come full circle from this observation but also gone on to legitimize quirkiness, opulence and extravagance.

Interestingly, although Las Vegas is not the ultimate paradigm of “taste” in this industry, the city has been the recent recipient of venues for The Guggenheim Museum and Russia’s venerable Hermitage. It may not be surprising if MOMA, the Louvre and the Tate may some day have their own exhibits in this city where the blurring of art, culture and excess is a flourishing phenomenon. Ironically and unfortunately though, Las Vegas is also being “commodified” into an entity much in demand with clients from third world countries bankrolling the recreation of their own proud histories and cultures within a “Vegas” garb.

ARCHITECTS, AUTHORS AND ARTISTES

The Design profession is continuously adapting to and redefining the changing expectations and nuances of the retail and entertainment industries. Whether it is by the written word or tome or the perception and appreciation of the built environment by the lay person, architects and designers are constantly at work to explore new thoughts and technologies. Retail design has traditionally been the bane of the architectural profession and justifiably so over the last few decades, wherein the design of shopping centers and outlet stores deserved little recognition. Today, however, with the blurring of retail and entertainment design with art, sculpture, advertising, industrial design, fashion and Hollywood, the design industry is achieving higher echelons of recognition. Design attitudes now range from the Disney inspired theatricality to utmost minimalism especially in the design of upscale fashion stores from London, Milan and New York.

Whether all this is manifested by internationally recognized design firms like The Jerde Partnership, Callison Architecture, RTKL (ID8), CommArts and the Rockwell Group in the U.S., BDP in London and The Buchan Group in Australia, or by minimalist designers like John Pawson, retail design expertise has been gaining substantial legitimacy worldwide and is in great demand. At the same time, architects like Rem Koolhaas, MVRDV or Philippe Starck continue to design, write and experiment with newer ideologies and pursuits. The peripatetic Rem Koolhaas is single-handedly involved in three concurrent ventures dealing with the shopping experience, including the upcoming book “The Harvard Guide to Shopping”, the exhibit and publication “Mutations” and the design of high profile stores like Prada. Fashion and Architecture for once, seem to be more intertwined than ever before.

IS THERE A THERE, THERE?

What does this all mean? The emerging or maturing trends as articulated above are meant simply to familiarize us as to the disparate types and functions presently existing in this segment of commercial development. Some trends take on more permanence and most fads whither away. Ultimately, development trends are a direct function of the global economy and fast changing technologies. “Bigger, louder and quicker” is the general maxim of this industry and although the U.S. tends to be the experimental grounds of newer paradigms, they tend to mature and metamorphose in Europe and Asia. People across the planet will always need to shop, dine and be entertained and this need for consumption and human interaction will continue to be the generator of spaces, buildings and cities everywhere. Their venues, forms, and experiential attributes will however keep evolving, as the distinct types of functions tend to obfuscate and blend. Retail and Entertainment oriented developments will clearly continue to be the catalyst and glue for economic growth within future urban environments. Whether this is manifested by the re-creation of exotic destinations, story

telling, branding or by the emphasis of service, choice and convenience, the industry will ultimately benefit and thrive, giving additional impetus for creating even more invigorating environments.