

# From food courts to food halls: eating your way to amazing experiences



Sonae Sierra



Market Intelligence, Architecture, Engineering, Leasing, Marketing, Property Management, Sustainability



Europe, North Africa, South America

## KEY HIGHLIGHTS

- To thrive, physical retail has to offer more than just shopping, it must offer an experience and become a destination in its own right.
- Food is more fashionable than ever, and consumer spending on eating out is growing- our studies show that food is a key consideration when deciding where to shop.
- We created a new service offer so our investors and clients can benefit from the huge growth opportunity this represents.
- Our unique solution brings together our expertise spanning market intelligence, architecture, engineering, leasing, marketing and property management to offer an integrated approach that delivers value for owners, tenants and visitors alike.

## SOLUTION

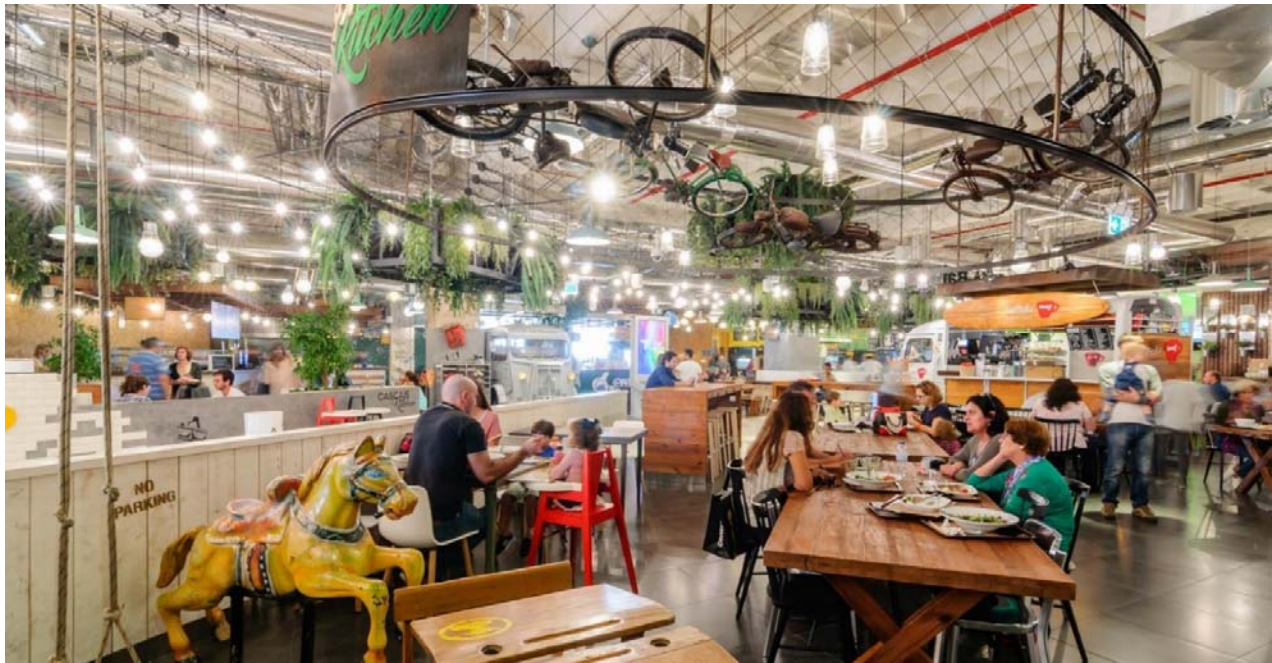
- New generation food halls offer unique and inspiring spaces that **go beyond eating, offering novel experiences** where brands and consumers can interact to increase dwell time, footfall and consumer spend.
- Our innovative three pillar approach – **design, leasing and activation** – focuses on the experience as a whole, from design to daily use so we continually adapt to the needs of visitors and tenants.
- As an experienced partner we are able to create unique destinations in your assets.

## KEY NUMBERS AND FACTS

**+16**  
food halls designed in three continents

**20%**  
of GLA expected to be occupied by food retailers by 2025

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## Abstract

The future of retail can be summed up in one word: 'experience'. As online retail sales continue to soar, consumer demand is inexorably moving from a focus on goods to experiences. According to market research, 78% of millennials would rather spend money on an experience or event than buying a specific object. Capitalising on these trends is therefore critical to the future success of shopping centre developers, owners and investors.

At Sonae Sierra we are positioning our clients at the forefront of this revolution. With research highlighting the role that food can play as an 'anchor' in boosting rents and attracting visitors, we are challenging traditional perceptions about food courts through the delivery of innovative designs and immersive experiences that connect brands and consumers.

A multidisciplinary team comprising Market Intelligence, Architecture, Engineering, Leasing, Marketing and Property Management has created a blueprint to rejuvenate food courts into desirable and vibrant destinations. Already with solutions implemented across Europe, North Africa and South America, the concept is delivering value to our clients, partners, tenants and visitors alike.

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### Introduction

Innovation is on our DNA. Our track record in creating amazing places goes back to 1989, and we have been recognised across the industry for interpreting trends and spearheading a movement that has defined the retail destinations of the future.

A vibrant food offer has always been an important aspect of our approach; from the way our visitors value a diverse mix of options to choose from, to the income that can be generated from a well-designed food court.

This experience puts us in a unique position to put our know-how at our clients' disposal. Through the delivery of professional services covering the complete asset lifecycle – from design through to leasing and property management – we are enabling our clients to seize the opportunities of a stronger food and beverage offer.

### Background

The rise of online retail has challenged physical retailers to diversify. Retailers are exploring how can online and physical retail coexist, each building on the others' strengths. But to thrive, physical retail has to offer more than just shopping, it must increasingly become a destination in its own right.

Consumers too are demanding memorable, immersive and creative experiences. In an era of social media where images can be shared with thousands in a matter of minutes, creating new experiences that attract diverse groups of people and that will be the talk of the town for months to come is an imperative.

In this context, the influence a compelling food offer can have on visitor numbers, tenant sales and rental income is becoming increasingly clear. According to our research, 66% of visitors to Sonae Sierra shopping centres use the food courts, and more people are deciding to visit a shopping centre purely to eat. Food is an increasingly important draw: 40% of shopping centre visitors base their choice of destination primarily on the dining options creating what used to be quick visits into day long experiences.

Furthermore, the amount that consumers spend on food is growing year after year, with expectation to continue to grow in the future. Across the sector as whole, food and beverage retailers are expected to occupy on average 20% of a shopping centre's GLA by 2025, up from 15% presently. In short, food is the new anchor.

### Challenge

This undoubtedly represents a huge opportunity for our clients. But the challenge remains to develop commercially viable solutions that stand out in a competitive field.

While the recipe for success is clear – transforming old and tired food courts into appealing, attractive food halls that are destinations in their own right – bringing together the required market know-how and skills in architecture, sustainability, engineering, leasing and property management to deliver this outcome is critical.



CityLife Shopping District food hall area (Italy)

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### Solution

Sonae Sierra's Market Intelligence department developed 'MyCourt' study that acted as a catalyst to this transformation and revolution in order to transform food courts into fashionable, diverse and multipurpose food halls.

The conclusions from MyCourt were clear: food is more fashionable than ever; and the rebranding and perception of food courts is long overdue. However, this can only be achieved with the right combination of skills and tenants that allow asset owners and investors to realise the commercial benefits from tapping into consumers' demands for new experiences.

A new space is needed; one where people and brands can interact to make the food court the heart of a successful shopping centre. A central recommendation from MyCourt was the need to move beyond the concept of a traditional food court to create dynamic food halls. Food halls offer an advantage over food courts as although they occupy less GLA, they generate more value. Food halls are more than just places to eat; visitors can eat, work, relax and socialise, and as a consequence spend more time in a shopping centre.



Cascais Kitchen at CascaiShopping (Portugal)

Armed with this research, a cross-functional team came together to put our vision into practice. Working with the Architecture, Engineering, Leasing and Marketing teams to create, fill and advertise the concept, our Property Management business has delivered an integrated solution that allows us to focus on creating amazing experiences for our clients; from unique designs to bespoke leasing strategies and a proactive approach to property management.

Our innovative three pillar approach – design, leasing and activation – has already delivered a number of new generation food halls for clients in Southern and Eastern Europe to great success. Similar projects are either planned or underway for clients in countries as diverse as Algeria, Colombia, Germany, Italy, Morocco, Portugal, Slovakia, and Tunisia. These projects are all designed by the Architecture department in collaborative projects with Leasing, Marketing and Engineering at Sonae Sierra:

- The revitalised food hall at **CascaisShopping** (Portugal) offers an immersive and engaging dining experience featuring a mix of seating areas, artisanal food stalls, counters and eateries where visitors can discover new tastes and food trends. This new area counts with unique tailored activations to attract visitors and explore the potential of this new space, such as cooking demonstrations, workshops, exhibitions and music events. What was before an underperformance area is now a striving concept -since it opened in 2016, food court spending has increased by 19% per visitor, and rents have increased by 43% despite a reduction in the total GLA of the area. Dwell time has doubled and over visitor satisfaction rates for the shopping centre have increased from 4.08 to 4.30 (out of 5).

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- The **CityLife Shopping District** food hall in Milan (Italy) offers 700 seats with a built-in stage that can host concerts and other events, or that can be turned into a lounge area with sofas and swings. The activations of the food area include several events, such as cooking shows, brand activations, activities for children, dance and music shows. Some examples of successful activations include the event Carnival show that attracted 22 776 visitors; and music concerts with local music schools that in addition to create a unique atmosphere it generated a 6% increase of traffic.
- At **GranCasa** (in Spain) we refurbished the leisure and food court area under this new concept in 2018. In addition to a new food hall and in order to improve the customers' experience, we are constantly developing multiple food areas activations such as live concerts of different styles, dance shows, thematic concerts, cocktails workshops and other activations. These changes allowed us to register a 16% increase on traffic to the shopping centre, when comparing with the previous year, while also registering a very positive results in food sales.
- At **Jardín Plaza Cúcuta** in Colombia (due to open in 2019) the food hall will feature typical Cúcuta trucks, personalised kiosks and a handwashing area where visitors can wash their hands without needing to visit the bathrooms. Combined with smaller details and bespoke pieces of furniture, the finished product will offer an ambiance unique to Colombia.



Designs for Jardín Plaza Cúcuta (Colombia)

### Conclusion

Creating amazing retail experiences is about know-how, skills and passion. But it's also about aligning clients' commercial goals with their visitors' desires.

By bringing together our know-how covering the entire retail real estate lifecycle, from A to Z, we have successfully innovated to meet this challenge by developing a new generation of food halls. From food trucks to collaboration areas and live cooking shows, we have been able to introduce new tenants and experiences that offer an enticing destination and experience for today's consumers.

Furthermore, the success of our new food halls has driven us to provide an integrated solution that will enable our clients to increase footfall and rental income. By continuing to respond to market and consumer trends, we have strengthened our position as a partner of choice for businesses looking to refresh their brands and meet the latest retail trends.