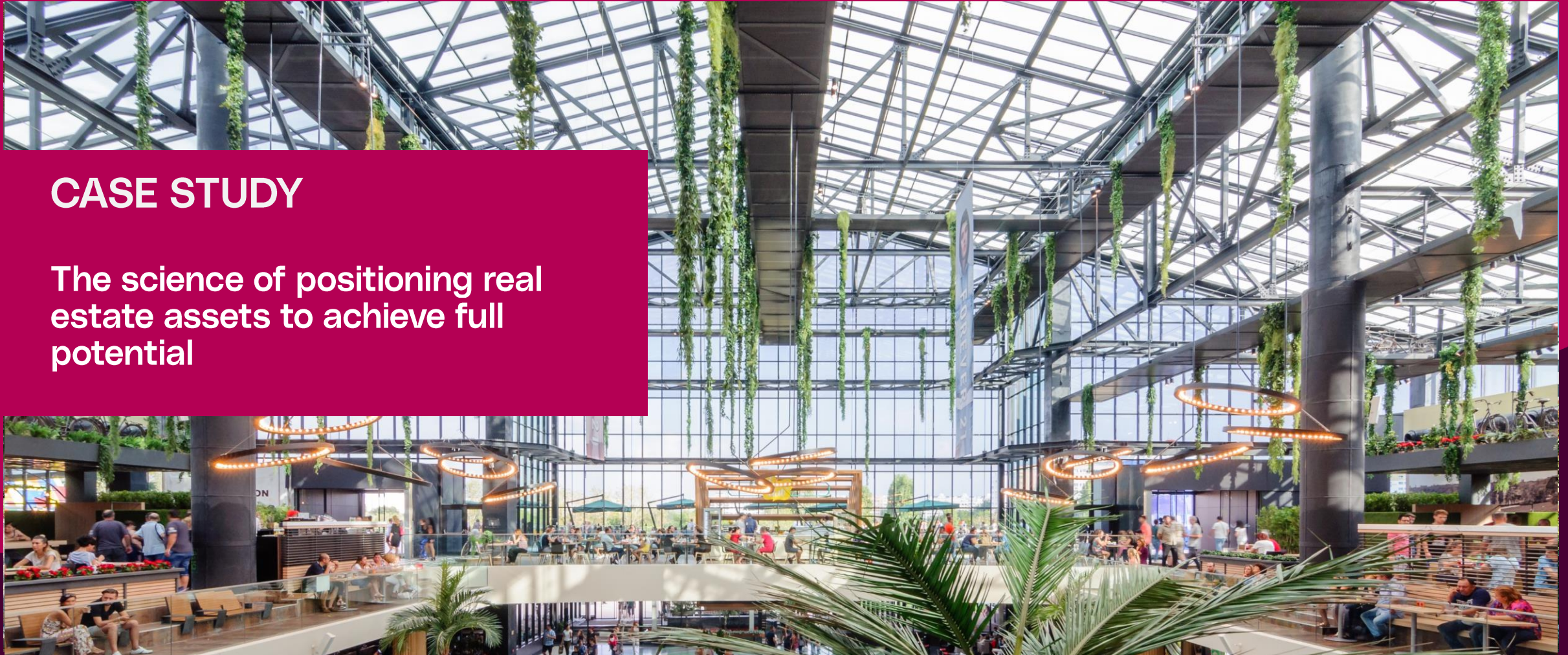


Open mind
Greater value



CASE STUDY

The science of positioning real estate assets to achieve full potential



Case Study | Executive Summary

THE SCIENCE OF POSITIONING REAL ESTATE ASSETS TO ACHIEVE FULL POTENTIAL

Sonae Sierra's methodology, experience and practical approach in positioning and repositioning real estate assets are crucial in enabling a shopping centre to achieve its true potential.

Challenge

- Retail assets which do not represent an original offer within their catchment area will struggle to reach their full potential;
- If a shopping centre's positioning differs too radically from the expectations and needs of its catchment, it will simply not gain relevancy;
- Additional problems arrive if there are significant changes in the competitive landscape of an asset's catchment area.

Solution

Sonae Sierra has devised a successful methodology for positioning or repositioning retail assets that enables them to achieve their full potential.

By taking into account a range of factors including consumer wants and needs, the asset's current characteristics and local competition, we can understand how a shopping centre can best serve the catchment area going forward.

While our positioning tool starts with a statistical analysis, we bring added-value to the number-crunching process thanks to our deep market expertise and know-how. That enables us to extrapolate a unique positioning strategy for any kind of shopping centre, including a timely repositioning if necessary to improve footfall and sales.



STATISTICAL
ANALYSIS

DEEP MARKET
KNOW-HOW

SUCCESSFUL
REPOSITIONING

Outcome

Sonae Sierra believes that every shopping centre is unique in its context – making positioning for the catchment area key. Our expert methodology can help determine the right position for a shopping centre at the development stage or represent a strategic intervention to reposition an asset for success.



Case Study | Executive Summary

THE SCIENCE OF POSITIONING REAL ESTATE ASSETS TO
ACHIEVE FULL POTENTIAL

Highlights

- **Positioning is important to differentiate an asset from the competition** and bring something relevant and innovative to the catchment area.
- **Understanding consumers in each catchment area is key.** Their wants and needs provide a crucial guide for placing a shopping centre in the correct segment.
- **The right tenants are vital in positioning an asset** for success, representing a shopping centre's defining factor.



+217 904,99 m²

**TOTAL UNIT
GLA GROWTH**

**from 2011 to 2019 in a
4 assets sample from 3
European countries**

MaiaShopping | Nova Arcada
ParkLake | Valle Real

Abstract

Although the composition of shopping centres may seem fairly homogenous to the average visitor, a retail asset's tenant mix and design are its defining factors.

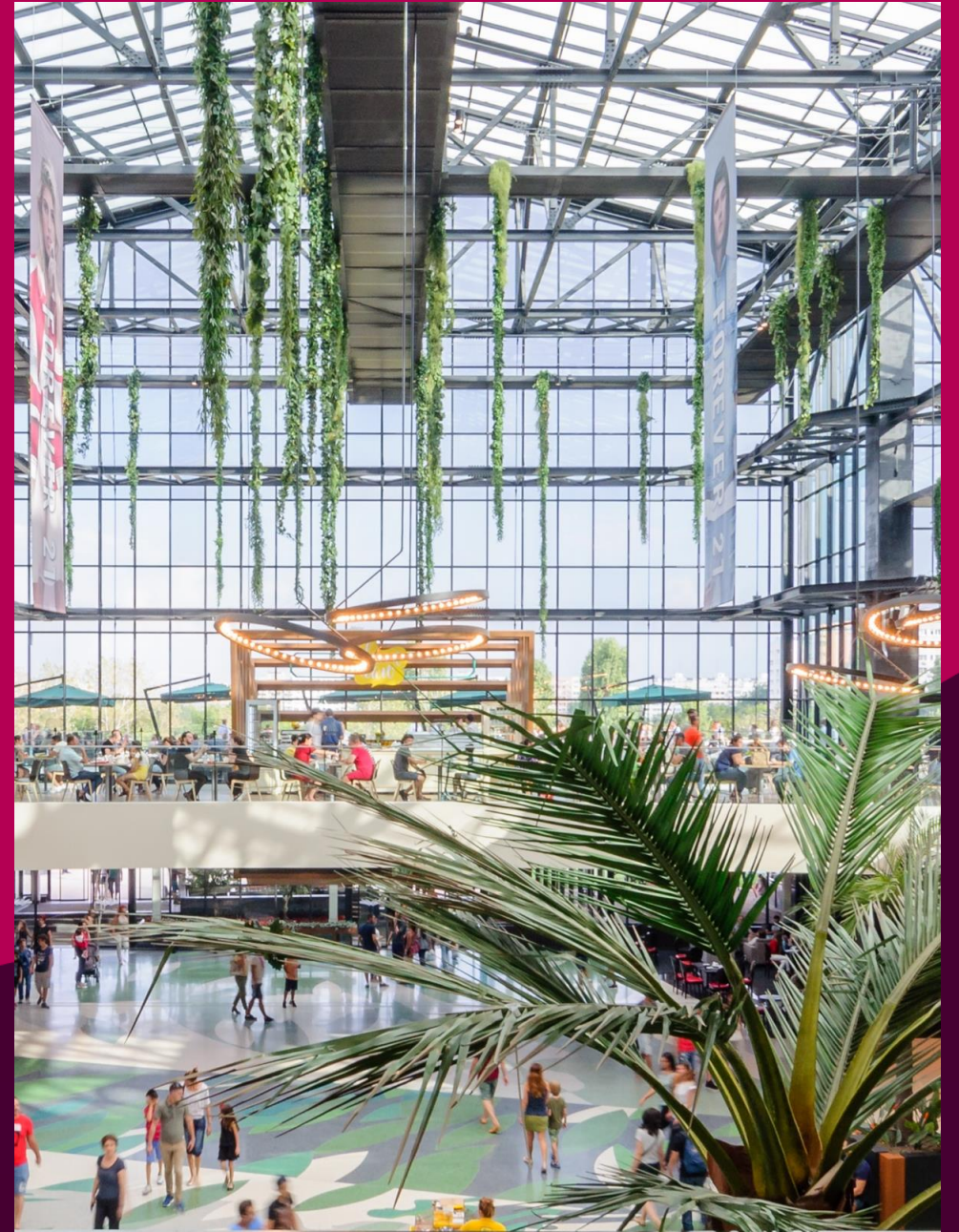
Getting the occupier blend right is crucial for a shopping centre's competitive advantage; and lies at the heart of positioning or repositioning a property for its catchment area.

Shopping centres which do not represent an original offer within their catchment area will struggle to reach their full potential.

But it is not enough to be original – a shopping centre's characteristics and tenant mix must also answer the needs and expectations of its visitors.

With more than 30 years of experience in the management of multiple properties, Sonae Sierra's skilled teams can provide expert advice about the best way to attract top tenants and brands, a centre's overall look and feel, and ensure that the offer remains appealing throughout an asset's lifecycle.

From understanding consumer desires to targeting the right tenants, we know that property owners want assets to succeed and gain the highest market share possible; and we can help make that happen.



Introduction

Consumer motivation to visit a shopping centre is highly correlated with its characteristics and commercial offer. That means that positioning or repositioning a retail asset is an integral part of a good management strategy.

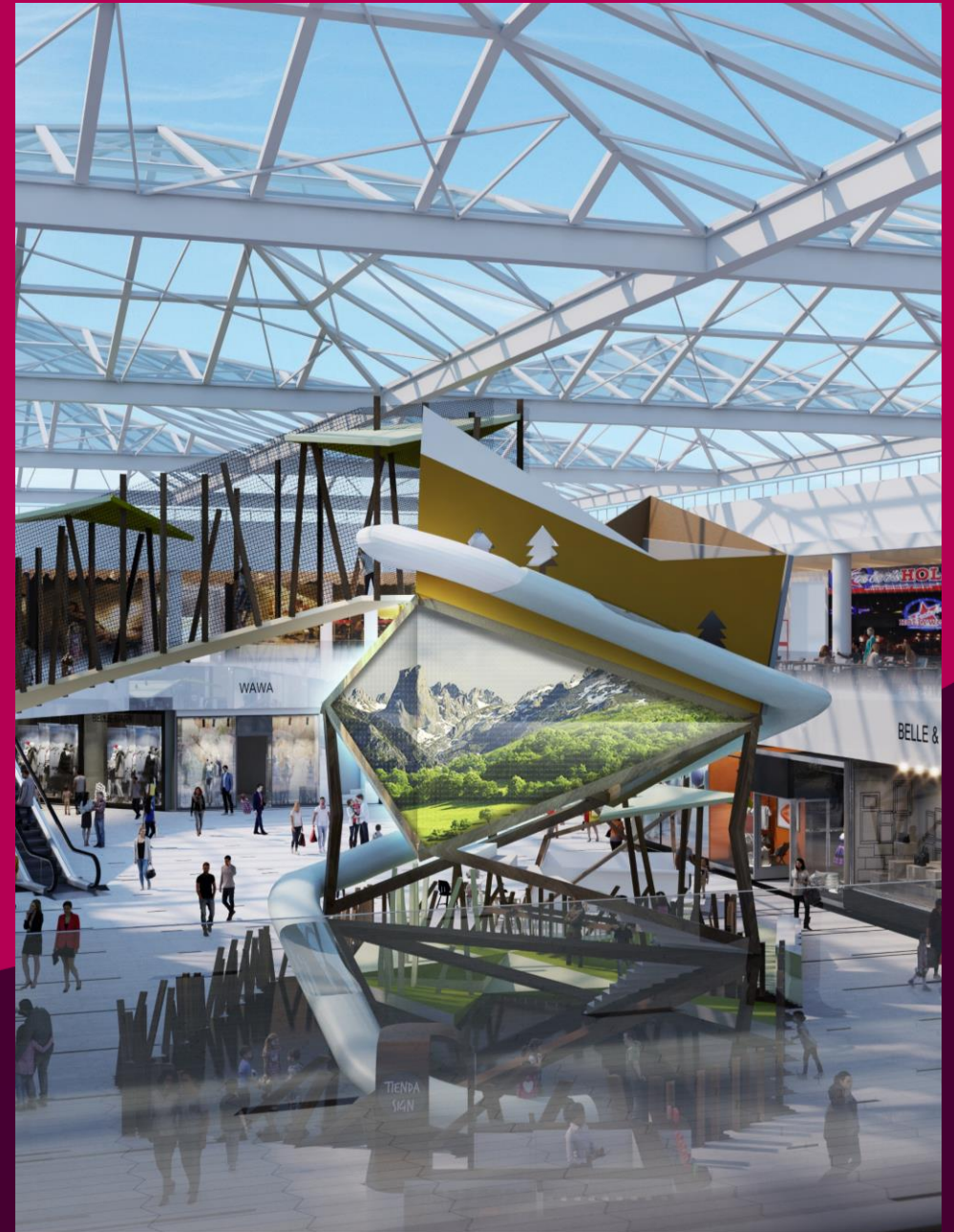
A successful approach ensures that a shopping centre is positioned in a unique and differentiating way which ensures its visitors keep coming back, while also attracting new shoppers.

Positioning and repositioning is the basis for a shopping centre's product definition, architecture and design; as well as its value proposition, mix structure, and the services it offers. It defines customer relationships, marketing strategies, actions and events.

A shopping centre's given positioning is not static through its lifetime. It changes with fluctuations in the catchment area, competitive landscape and trends in market behaviour. Significant developments in any of these areas may require the asset to also evolve.

Understanding how and when an asset must be repositioned demands an astute understanding of customer perspective, the shopping centre's characteristics and an analysis of the competition.

The right positioning is also crucial for centre management to devise the right communication strategy, which is built around identifying specific market segments to target. This in turn indicates the correct communication channels to use, the right kind of messages, and appropriate initiatives that are likely to resonate with customers and beat out the competition.



Background

With more than 30 years of experience in the management of multiple properties, Sonae Sierra has acquired state-of-the-art knowledge about bringing value to the development and the management of assets.

We see every shopping centre as a living space that continuously evolves. In order to achieve its full potential and generate a strong return, we are skilled at working in partnership with landlords to fine-tune a property's positioning.

Sonae Sierra is able to analyse an asset in its catchment area and understand the gap between what already exists and what is desired or required.

This requires **positioning a shopping centre as a differentiating and fulfilling activity where increasingly-demanding visitors can get their needs met**. Sonae Sierra knows what the competition is doing, and is focused on staying one step ahead to capture greater market shares.

Throughout this process, Sonae Sierra's specialists in Property Management Services, Sustainability Services, Investment Management Services, Architecture and Engineering Management Services all have a role to play.

Sonae Sierra is the partner of choice for positioning success.



Challenge

Shopping centre owners face a variety of challenges relating to shopping centre performance.

Retail assets which do not represent an original offer within their catchment area will struggle to reach their full potential.

Furthermore, if a shopping centre's positioning differs too radically from the expectations and needs of its catchment, it will simply not gain relevancy.

Additional problems arrive if there are significant changes in the competitive landscape of an asset's catchment area.

Ultimately, unsatisfactory levels of footfall and sales not only impact the bottom line, but also tenant relations, threatening their retention in the longer term.

However, property owners who are not experienced in shopping centre management or the science of positioning may want help to fully understand why an asset is underperforming, to avoid compounding the problem still further.



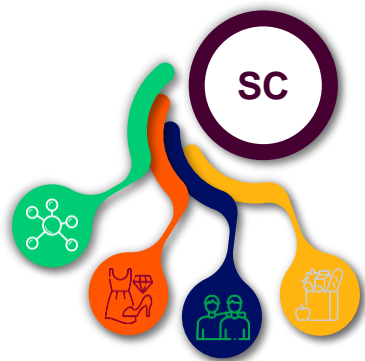
Solution

Sonae Sierra's methodology for best positioning a shopping centre takes into account a range of factors including consumer perspectives, the asset's characteristics and local competition.

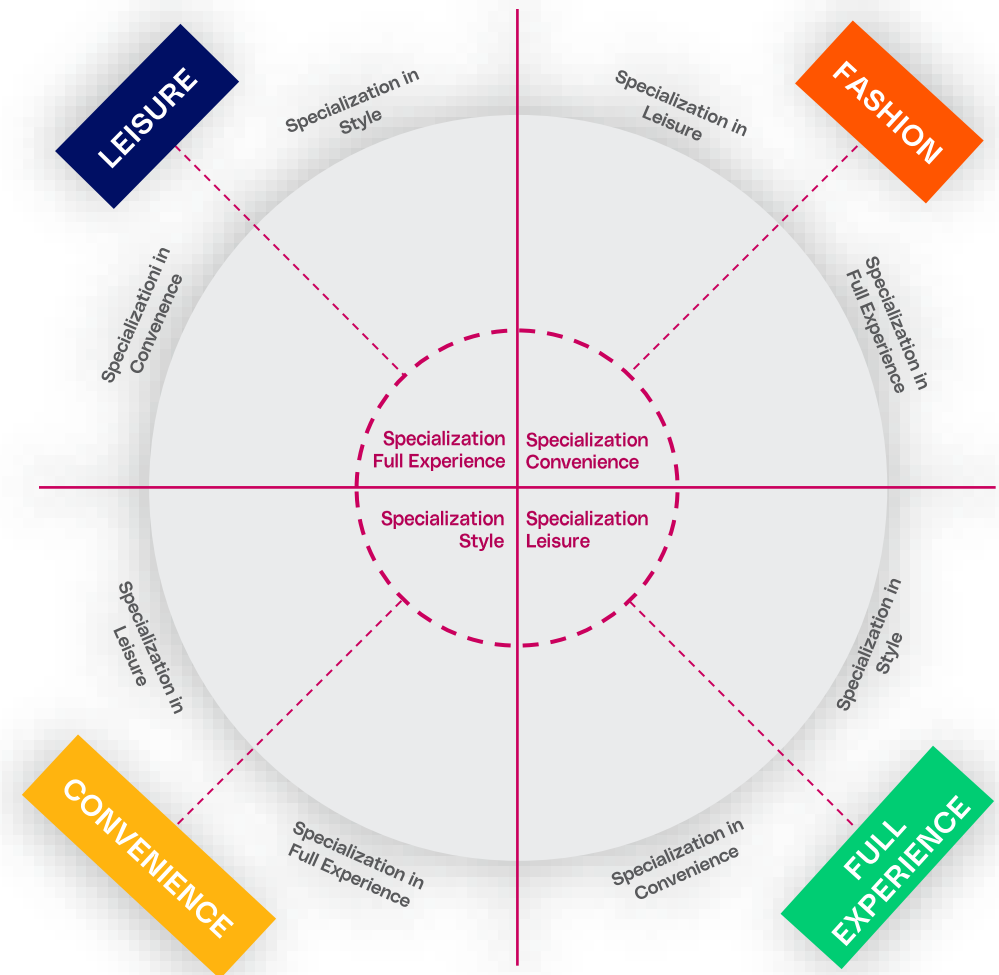
Our positioning tool starts with a numerical and statistical analysis of the shopping centre and catchment data. But we bring added-value to the number-crunching process, using our deep market expertise and know-how to extrapolate a unique strategy for each asset in question.

We analyse the catchment area to see what specializations already exist across other assets, and if the catchment is in need for an offer of a certain type.

According to our approach, there are four kinds of shopping centres:



- **Full Experience** – Distinguished by regional reference points, these are usually large shopping centres with a significantly diverse or complete offer.
- **Fashion** – Schemes with a focus on the best fashion brands, on-trend stores, blended successfully with lifestyle.
- **Leisure** – Built around the customer experience, these centres offer escape from a regular routine and comprehensive leisure activities.
- **Convenience** – These are usually neighbourhood shopping centres serving daily needs, such as groceries, errands, small purchases, and family leisure.



Solution

OUR FOCUS INCLUDES:

TARGET VISITORS – Understanding consumers in each catchment area is key. This can be done by creating groups of prospects with similar wants and needs and targeting the largest amount in order to attract them to our assets.

COMPETITION – Positioning is important to differentiate an asset from the competition and bring something relevant and innovative to the catchment area.



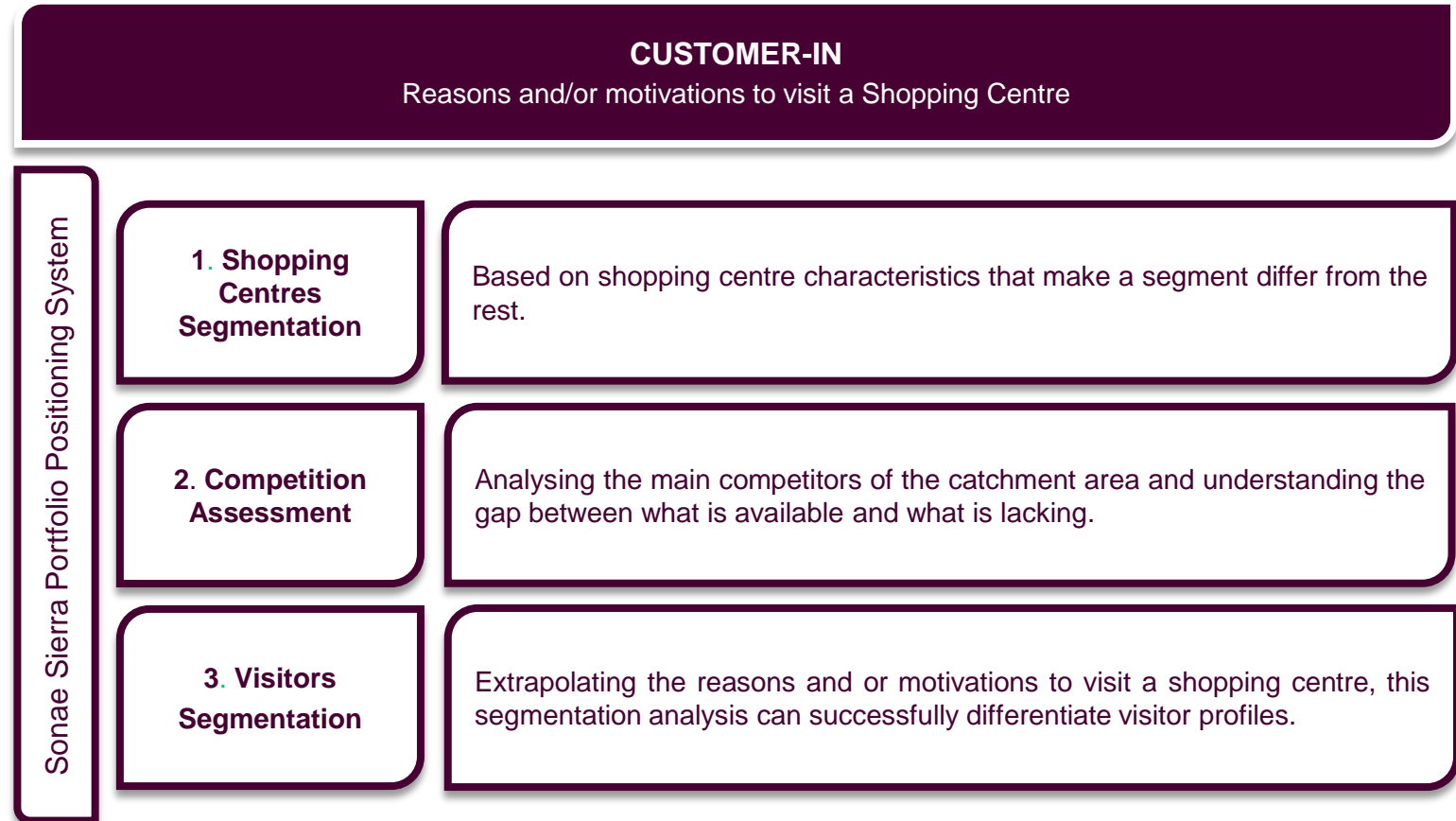
RELEVANT TENANTS – The right tenants are key in positioning an asset for success. Comprising the beating heart of a shopping centre, tenants that match the catchment area profiles and the chosen positioning are the main goal. Sonae Sierra strives to introduce novelty and market-leading concepts in order to innovate in this area.

OWNERS – Owners want assets to succeed and gain the highest market share possible. Positioning a shopping centre correctly produces a superior performance and therefore a higher probability of success.

Solution

POSITIONING PROCESS

The positioning process is a three-step programme building on market intelligence to define or transform an asset and make it more relevant. It includes:

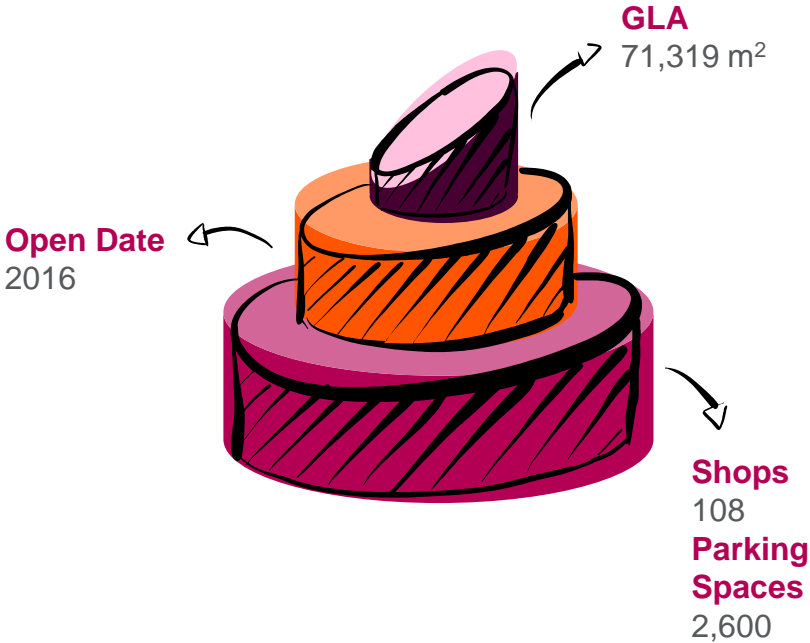


Solution

FOUR CENTRES, FOUR STRATEGIES

Demonstrating Sonae Sierra's positioning know-how in action, the following four centres were successfully classified or repositioned, by applying our expert methodology.

NOVA ARCADA, PORTUGAL



Nova Arcada is a shopping centre with excellent Fashion credentials. Our analysis awarded it a good score in terms of Full Experience, thanks to differentiating factors such as its good Leisure mix, a hospital and an IKEA store.

However, taking into account the strong Fashion offer of its competitors in the catchment, it made sense to position Nova Arcada as a Leisure asset.

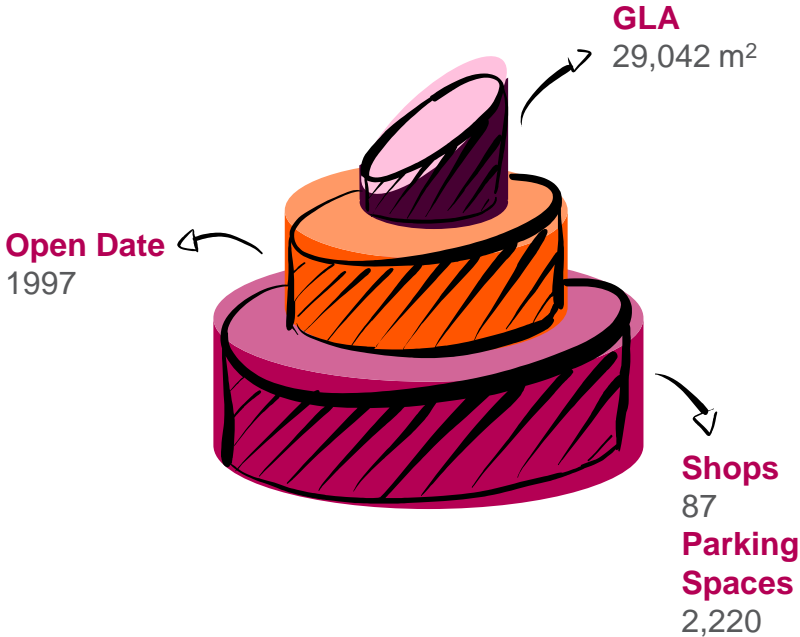
The centre's strategy in this area today includes a focus on cinemas, a large playground, a health club which includes kids' activities such as dance and Taekwondo, and a broad F&B area. Nova Arcada offers an essential range of entertainment all in one place. This positioning fulfils customer desires to 'have a break' and 'lose track of time' while shopping and wandering, according to our study.

Solution

FOUR CENTRES, FOUR STRATEGIES

Demonstrating Sonae Sierra's positioning know-how in action, the following four centres were successfully classified or repositioned, by applying our expert methodology.

MAIASHOPPING, PORTUGAL



MaiaShopping is a shopping centre in Porto's Metropolitan Area. Although it is surrounded by strong competitors, our analysis showed that visitors enjoy coming here because of its Convenience, proximity and good access.

Its two main competitors successfully cover the positioning segment of Full Experience, distinguished by important brands and sizeable assets. Strategically, in terms of space and store presence, MaiaShopping identifies better as a Convenience shopping centre, due to its large grocery area and a medium sized gallery.

Although Maia's gallery includes a cinema, health club and some well-known fashion and F&B brands, grocery shopping remains the main motive for visitors.

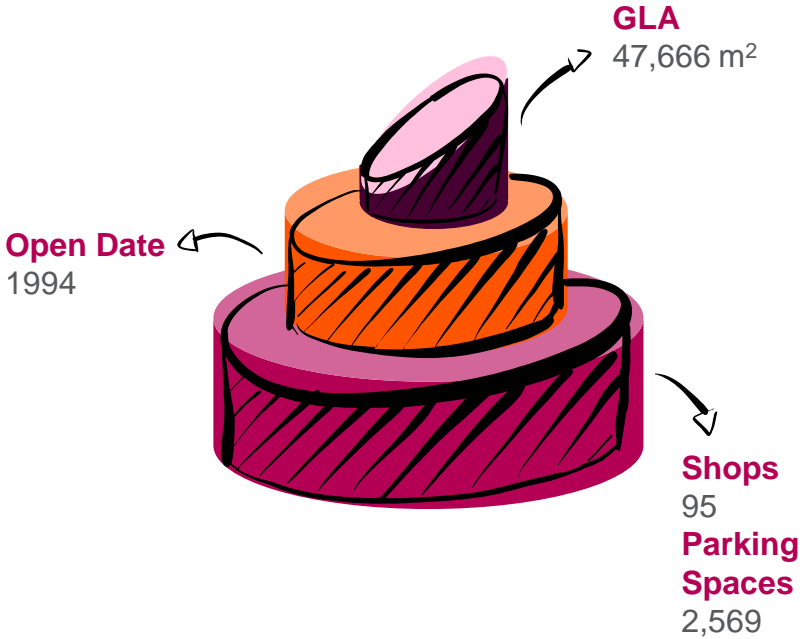


Solution

FOUR CENTRES, FOUR STRATEGIES

Demonstrating Sonae Sierra’s positioning know-how in action, the following four centres were successfully classified or repositioned, by applying our expert methodology.

VALLE REAL, SPAIN



Valle Real was a Leisure-focused shopping centre which saw an opportunity to differentiate from its competitors in the catchment area.

Rival centres offer both Leisure and Convenience; Valle Real took the chance to convert its cinema into further space for fashion tenants and welcomed Primark as an anchor, expanding its fashion GLA from 14,500 m² to 18,000 m². This, along with the presence of other important brands, helped drive its repositioning in the Fashion segment. Now the centre is 67% fashion, up from 48% previously.

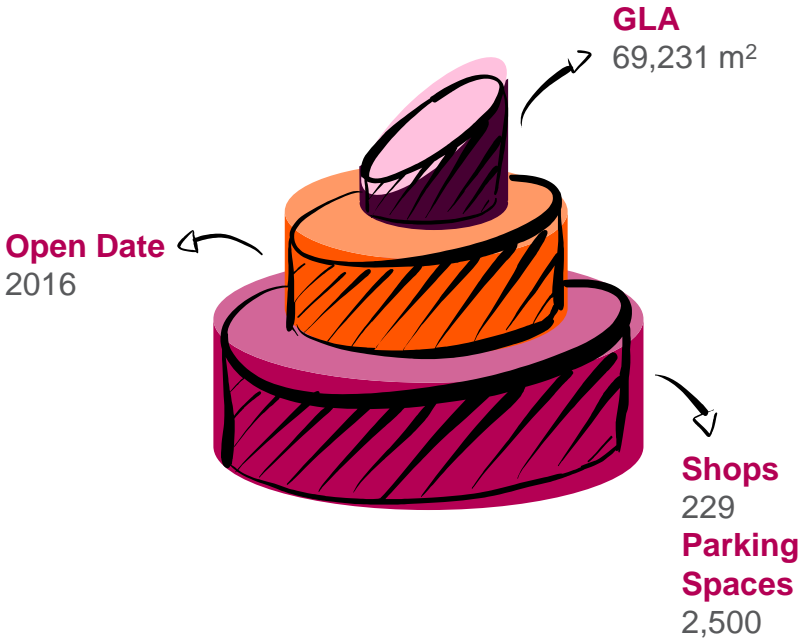
Valle Real is today associated with a trendy lifestyle, distinguished by leading events and a cool communication strategy, which attracts the most fashion-conscious shoppers in the catchment.

Solution

FOUR CENTRES, FOUR STRATEGIES

Demonstrating Sonae Sierra's positioning know-how in action, the following four centres were successfully classified or repositioned, by applying our expert methodology.

PARKLAKE, ROMANIA



ParkLake is a recently constructed shopping centre in Bucharest offering a wide range of services and retail alongside an attractive city park setting.

Its main competitors have distinguished themselves in terms of their Fashion and Leisure offer. Strategically, in terms of space and its complete offer, ParkLake identifies better as a Full Experience centre.

ParkLake's debut had a strong impact on the city, and its dynamic environment includes a decent range of all retail and leisure categories. From innovative aspects such as its food court and dance studio to sports fields and even a passport service store, it has a strong reputation for leisure and free time. Importantly, it boasts the most up-to-date offer in the region and a wide variety, suiting all ages, budget and gender as a 'one stop shop'. The park environment cements its sustainable credentials.



Conclusion

Sonae Sierra has devised a successful methodology for positioning or repositioning retail assets that enables them to achieve their full potential.

Our positioning strategy aims to win mindshare in the market through creating a diverse offer, which captures customer interest more quickly than presenting something which is already available. In our experience, consumers want the best products and differentiation inspires loyalty.

Product positioning starts with identifying specific market segments to target. Meanwhile, centres which are known for 'a certain something', representing an original proposition, also stand out in a crowded market.

Our approach is backed by our experience, insight and competence in managing diverse properties, all of which equip Sonae Sierra to bring out the best in shopping centres and help maintain their value in the long term.



www.sonaesierra.com