New guidelines for successful shopping centres
Introduction

A successful shopping centre*, if it is planned or organically grown like shopping streets and inner cities, is more than just a random collection of retail stores. But what factors determine the success of a shopping centres?

This booklet summarise the most important conclusions and recommendations relating to consumer behaviour and its shopping motivation from the report on the Mindlogyx Retail study. The report introduces a new insight on consumer behaviour, with the focus lies on the social added value of shopping centres.

FROM RESEARCH AND UNDERSTANDING ...

NRW and IVBN want to know which factors are important to understand consumer behaviour. They are looking for the answer to the following question: which positive and negative factors are relevant to future-proof shopping centres? NRW's Consumer Behaviour Committee has revealed many new insights. But they turn out not to be sufficiently applicable so far. One of the important conclusions is; creating stand-alone experience don’t have a memorable impact on consumer behaviour.

... TO PRACTICAL SOLUTIONS

NRW and IVBN engaged Mindlogyx Retail to study consumer behaviour as an integral part of the development and management of retail property. Mindlogyx Retail uses a new scientific method and segmentation model to explain what motivates individual consumer. What factors determine a consumer choice and preferences? To be able to answer this question, it is important to translate these new scientific insights into practical guidelines.

* In this study shopping centres are both planned (malls) and organically grown (streets and inner cities) shopping places.
 BEFORE WE START: HYPOTHESIS, CENTRAL QUESTIONS, AND CASE STUDY

Mindlogyx Retail’s study says that it is not the consumer, but the retail landscape, that has changed so drastically in recent decades. An important change in the retail landscape is the increased construction of planned shopping centres. Mindlogyx Retail introduces a new framework that shifts the focus from a functional collection of retail stores to a shopping centre that provides social added value.

To achieve this, we will have to change our beliefs regarding consumer needs. Instead, we will have to use recent scientific insights into the logic of the mind that determines our behaviour and decision making processes. This logic is the key to creating an environment with social added value.

Understanding how and why our mind determine our decisions provides us with a new perspective for understanding consumer behaviour. This point of view is the foundation of new practical guidelines to build successful shopping centres.
CENTRAL HYPOTHESIS OF THE MINDLOGYX RETAIL STUDY

Future-proof shopping centres are those that have a positive experience for all visitors. This can be realized when the shopping centre offers social added value that is consistent with the underlying (subconscious) motivation of individual user groups. The users, however, only experience this added value as positive or relevant if they trust the organisation. There also must be a feeling of mutual involvement. To achieve this, this social added value should be implemented for all aspects of the development, layout, organisation, and management of the shopping centre.

The Mindlogyx-Retail study focused on three central questions:

→ Which social added values are consistent with the underlying motivation of individual user groups and are experienced as relevant by these groups?
→ What inspires the various user groups with a feeling of involvement?
→ What should the organisations behind the shopping centres do to win back the trust of the various user groups?
The question that then arises is: how can we translate our understanding of social added value into guidelines for a strategic approach to develop and manage successful shopping centres?

**CASE**

Within the framework of the study, a pilot was conducted in two planned Dutch shopping centres one with a single owner and one with fragmented ownership. The shopping centres were located close to one another and were of comparable size, but each had a specific vision on the shopping centre management. Both were analysed to determine their respective visions of the social added value of shopping centres.

These visions were reviewed at the users of the shopping centres; visitors and residents, but also shop staff, entrepreneurs, owners, the municipality, and other stakeholders. This was accomplished using a specially developed motivation and experience survey which mapped out the respondents’ motivation profiles. How the users experienced the shopping centres was ascertained by linking the answers regarding social added value to the various motivation profiles. This was used as a basis for determining and explaining which factors are decisive for the experience of social added value.
From consumer behaviour to human-oriented thinking

Who are the consumers? How do they behave, and what motivates them?

Consumers are, above all, human beings. They want to feel, and experience, 95% happens in their subconscious minds. Sometimes it makes the consumer seem unpredictable and uncontrollable.

Understanding how our brains govern our actions, however, helps us understand where our subconscious minds send us. This provides us with a better insight in the aspects that determine how users experience shopping centres and how we can solve the current problems in shopping centres by creating social added value.

The myths about consumer needs

When we search for solutions based on consumer behaviour, we always encounter three myths about what consumers need. Specifically, that consumers supposedly need:

- discounts or low prices;
- convenience and service;
- experience: entertainment or sensory stimulation.

The basis for the first two myths is the assumption that consumers’ choices and preferences are based on financial-economic benefits and convenience. These thoughts are based on the traditional view of the ‘homo economicus’, whose choices and decisions are based on rational, functional, and economic factors. Recently, the need for ‘experience’ has been added, partly based on Maslow’s decades-old pyramid of human needs. This theory is based on the idea that, in modern shopping centres where all the basic functionalities and prerequisites are already being met, people are also looking for experience, and amusement.

Consumers are human beings

Human beings don’t consider themselves as consumers. They see themselves as individuals who fulfil many functions, responsibilities, and activities. If human beings buy or consume, they are consumers; if they drive cars, they are drivers; and if they work, they are employees or entrepreneurs. In essence, consumers do not change. They are still human beings, with human brains that act as control towers, governing their behaviour, decisions, and choices.
... SO WE NEED TO UNDERSTAND THEIR BEHAVIOUR

Understanding consumers requires insight into human behaviour. Ultimately, it is that insight that determines the success – or failure – of a shopping area. According to MindLogyx Retail, we must have the answers to three central questions:

→ How does the human brain function (and why does it function that way)?
→ What consequences does that functioning have on consumer behaviour?
→ Everybody is unique – how do we know who our consumers are?

The answers provide insight in which target groups are engaged and how we can anticipate on their needs. Until the 1990s, the functioning of the human brain and the related motivation – what someone wants to achieve, how, and why – remained a mystery. Once we acknowledged that the human brain also has an evolutionary history, we were able to consider these questions from a new point of view. The brain is designed to help us – as ultra-social species – to solve problems within social structures.

Specifically, our brains have developed over a period of 1.6 million years, and reached their current shape 200,000 years ago. This means that modern consumers (people) in shopping centres are walking around with a 200,000-year-old brain governing their behaviour and determining their emotions and feelings.
HOW THE HUMAN MIND WORKS ...

The human mind works a bit like a computer: it processes information using a large number of programs. These information-processing operations determine how we behave and how we experience and perceive things. Most of these processes occur in our subconscious, with our emotions as a guidance.

Until recently, the assumption was that we could not delve into our subconscious; the mind was considered unpredictable and illogical. Recent scientific research on the evolution of its information-processing operations has changed this view.

Everything the brain does, is functional

We now know that our mind follows its own logic, and that this logic differs from what we traditionally consider ‘logical’. The logic of the human mind has been developed during a long evolutionary process. This logic includes social strategies that enable us, as human beings, to function and live in a social environment. For that purpose, our brain determines what information will be selected and processed which results in certain actions. We unconsciously avoid or seek out certain risks, we do or do not spend money on certain things, and we take the plunge or do not when it comes to having a relationship. The architecture of our mind determines what we learn, observe, remember, recognise, and feel. Everything the brain does, it does for a purpose. The only information our subconscious mind reveals to our conscious mind is the information that is considerate to be necessary to act purposefully.

EVOLUTIONARY PSYCHOLOGY: A NEW FRAMEWORK FOR CONSUMER BEHAVIOUR

Mindlogyx Retail asserts that the new science of the mind offers a new ‘evolutionary psychological framework’ that gives us fundamental insights into the logic that underlies consumers’ decision-making processes. This enables us to explain and predict both the universals and individual differences in consumer behaviour and choices.
Evolutionary psychology offers new principles for the segmentation of consumer motivations and the prediction of choices.

These are essential to developing new strategies how to manage shopping centres. According to evolutionary psychologist Geoffrey Miller (see also the report on the study), consumer behaviour should also be explained by sexual selection. This focus on ‘advertising’ mental capacities enable humans to function successfully in a social environment. Miller theory is that humans invest in brands in order to advertise those capacities that would otherwise loses its perceptibility. The success of these signals depends on their distinguishing characteristics and reliability as proof of the specific capacities.

Evolutionary psychological insight in the logic of the mind indicates that the feeling of trust is based on the feeling of reciprocity. People want to feel that they are rewarded for their investments. The current underlying principle of consumer behaviour is that something must be bought and something must be sold. The social added value of shopping is subordinate to this principle. However: the social value of a shopping centre determines consumer choice. Social interaction is one of the most important aspects of human behaviour. Even if it does not always seems that way, we spend our entire day negotiating and, assessing other people and positioning ourselves in a social environment.
Lack of social added value

In every decision-making process, the social aspects are the primary determinative factors of whether an experience is perceived as positive. They also determine how people experience shopping centres. In this respect, there is no difference between grocery shopping and recreational shopping.

The study shows that the focus must lie on the promotion of social meeting places. Right now, shopping centres are primarily experienced as a collection of retail stores without any specific social added value. Most of the respondents who participated in the study also felt that a shopping centre should be more than just a place to shop. Shopping centres should primarily be a place to meet other people. Currently, the respondents do not experience shopping centres as social meeting places where they want to stay longer.

**Problem 1: Lack of social added value**

The study showed that events, stages, lounges, meeting points, reception areas, and restaurant and catering facilities are associated with social interaction. However, they do not yet generate real social added value for all users; however, and they will not achieve that as long as they are part of a concept that focuses on buying things.

People generally experience a shopping centre as it has been set up by the owners and entrepreneurs. As long as the organisation focuses primarily on financial-economic goals, a shopping centre will be experienced as a buying centre. Visitors think of shopping centres as a collection of retail stores, not as social meeting places. Lack of social added value is the primary cause of the problem, that there is no difference between off-line and on-line shopping. It is becoming easily for consumers to make their purchases online.

Users, including retailers, often experience social aspects and consumer behaviour as part of a marketing strategy. They do not experience that anyone is interested in them other than as a buyer, consumer, or tenant. An important reason for this is the issue of trust and reciprocity and the absence of a sense of belonging.
CONCLUSION: Social added value must be the basis of all aspects of a shopping centre: layout, selection of shops, facilities, communication, events, type of entrepreneurs, and brand promises. All users determine how an area is experienced. As social environments, shopping centres must stimulate and facilitate interaction (meetings, exchanges, and communication) between people. All of the aspects of a shopping centre are responsible for how users experience it, and thus for its social added value.

CONCLUSION: Social added value is an overall experience that cannot be created by a one-time experience. In order to develop social added value in shopping centres, it is essential to realise that it is much more than creating an one-time experience. Because this is connected with manipulability and the creation of a one-time emotion through service, amusement, or entertainment – while it actually should be about how people experience shopping centres as an entity. Unlike one-time experiences, overall experiences influence behaviour, decision-making processes, and choices.

PROBLEM 2: LACK OF ENGAGEMENT

Our mind gives us a sense of belonging and let us feel engaged with an environment that is consistent with our social motivation. A sense of belonging is necessary for a relationship that a user can and wants to build with a social environment, like shopping centres. Visitors only experience a shopping area as something more than a collection of retail stores if they are engaged by a sense of belonging. Social added value is therefore difficult to create in an environment where users do not feel engaged with, where they are strangers, or virtual strangers, to one another, and where they are anonymous.

A shopping centre must be more than a place to shop
The responses of all of the users that participated in the study show that shopping centres still lack an actual sense of engagement. The study shows that people aged 51 years and older feel more engaged with a local orientated shopping area. People aged 18 to 31 have little or no sense of belonging with shopping centres. The lack of engagement is a major problem, particularly in planned shopping centres where cooperation and solidarity are imposed rather than grown naturally. Computerisation has also resulted in a decrease in personal contact. The lack of social interaction results in a lack of engagement.

**CONCLUSION:** The sense of belonging and engagement of the users is of major importance to social added value and thus to the positive experience of a shopping area. The feeling that you are part of the place and its visitors is the key to positively experiencing a shopping centre. You do not create engagement by offering discounts, convenience, service, or experiences. A sense of belonging starts with an overall experience that someone has with a place and its visitors.
PROBLEM 3: LACK OF TRUST

The changing retail landscape cannot be separated from the changes occurring in our society. A vision on the future of shopping centres should, in the first place, be a vision on the recovery of mutual trust among all of the relevant stakeholders. From consumer to retailer, from resident to shopping owner.

So far, the approach for designing and running a shopping centre has primarily be focused on two things: functional and practical conditions and sensory stimuli. And that’s not enough, according to Mindlogyx Retail. As long as visitors of shopping centres are approached as consumers and purchasers instead of human beings, there can be no reciprocity. That means there can be no trust.

→ **CONCLUSION:** Understanding the logic of the mind is necessary to generate new strategic insights into the regain of trust. In short: creating social added value as the underlying principle of shopping centres demands an entirely new way of thinking about designing and managing these shopping centres.

This new way of thinking implies a different approach to problems in shopping centres. The focus on consumer as human beings and social added value need to be the starting point of making shopping centres a success. This means letting go of existing structures and earning models. We need a new vision on, and route towards, return on investment (‘ROI’). This will lead to new guidelines for designing and managing shopping centres.
Guidelines for creating social added value in shopping centres

The social added value of a shopping centre ensures that it is more than just a collection of retail stores. Social added value is very important, particularly in an environment where people can choose from a wide range of offline and online shopping places. The key to success is trust in the authenticity and sincerity of this added value, which must not be based purely on economic and financial principles. But how do you create social added value in shopping centres?

**CHOOSE A SPECIFIC MOTIVATION PROFILE FOR DETERMINING SOCIAL ADDED VALUE**

What people experience as social added values differs from one social motivation profile to another. Segmentation based on specific motivation profiles is an important condition for successful implementing social added value. In other words, it is not about trying to develop shopping centres for everyone. The retail property market must stop targeting anonymous consumers and start targeting consumers with specific social motivations.

Different social motivation profiles also apply different criteria to social added value. That means that they experience the same shopping area differently. Creating social added value in shopping centres therefore requires an understanding of the motivation of the various visitors – both prospective and existing groups.

Shopping centres have been classified based on their size, catchment area, and product range. If the designing and management of shopping centres are premised on social added value, it will also be important to classify shopping centres based on new criteria. Segmentation of user groups based on social motivation profiles helps to develop a proper strategy for creating social added value.

It is important to segment on accurate assumptions. Evolutionary psychology offers scientific insights into a segmentation model for the subconscious motivation of human beings. The model distinguishes the underlying (subconscious) social motivations of men and women and the factors that determine how their mind governs their behaviour and choices. This model was developed by looking at the underlying reasons of the informa-
tion-processing operations in the human brain which developed between 200,000 and 1.6 million years ago.

Thanks to our understanding of these causes, the model makes it possible to:

→ identify the aspects that determine and define social added value for human beings with different motivation profiles;
→ explain these aspects and thus predict how human beings will experience social added value in shopping centres.

In addition to social motivation, there are three other aspects that determine how people experience a shopping area and what they consider important:

A shopping centre designed for everyone is designed for no one
→ a combination of functions of a shopping centre (local or regional);
→ the relationship to its environment (resident or visitor);
→ age and gender.

→ **RECOMMENDATION:** Successful shopping centres are those that offer relevant social added value to their user groups. An understanding of the criteria that the mind that gives us a positive experiences is crucial to develop successful and future proof shopping centres. A positive experiences means he or she is confronted with something that meets the criteria imposed by his or her mind. This positive experience is the key to a shopping area’s success.
Describe the vision in a brand document

**DEVELOP THE SHOPPING CENTRE AS A BRAND**

When designing and managing shopping centres, the focus still lies too much on retail offerings, functionalities, prerequisites, and form. However: social added value makes a shopping centre more than just a collection of retail stores. The development of a brand starts with a vision on social added value of an shopping centre and the motivation profiles of its visitors. In other words, it is about developing a vision on the overall experience that people have with a shopping centre as a social place.

This vision is primarily based on the specific social added value that the owners (in collaboration with entrepreneurs) want to offer their users. This results in a brand promise that must then be reflected. Naturally, all of the owners and tenants/entrepreneurs should acknowledge this brand promise. The vision and the brand promise and strategy should be described in a brand document.

**RECOMMENDATION:** Establish the brand promise by creating experiences that the mind experiences as positive. To be successful, a brand must be a given fact in the brain of the individual. The brain has to store information about the brand and repeatedly retrieve it in order to stimulate a consumer mind to use the brand. This is why a brand should be relevant to its user, as well as authentic, reliable, and consistent to pass our brain’s ‘test’.
RECOMMENDATION: The entire organisation should support and fulfil the brand promise. The social added value that the brand promises offers its users must be verifiable. Finally, the brand promise and brand strategy must be coordinated with, and implemented by, everyone engaged in the organisation: owners and entrepreneurs, their staff, the cleaning service, the security service, and the municipality.

CREATING TRUST AND RECIPROCITY OR IN OTHER WORDS AMBASSADORS

Visitors are aware of the fact that the organisation focuses primarily on financial-economic principles and not on an overall experience. That means that they do not develop trust in the organisation’s reciprocity and its authentic and sincere interest in the needs of its users.

A sense of belonging: that is the key to the new way of thinking about shopping centres. Not as a consumer, but as a human being. Developing shopping centres as social places, therefore, means bringing users out of anonymity and creating relations between them.

The approach differs for each type of shopping centre, its environment, and its function. Relevance and engagement is greater in shopping centres that fulfil a clear local function. Entrepreneurs often know some of their customers. Human beings like to get engaged with their local environment and thereby undertake activities on their own initiative.

Shopping centres that have a regional or supraregional catchment area and that focus on recreational shopping must look for other ways to make these relations. It is therefore important to target a user group with the same motivation profile and sometimes even shared interests.
RECOMMENDATION: Increase engagement by using the ‘Cheers’ formula. People know one another personally and are actually interested in one another. This approach impose requirements on the selection of entrepreneurs in a shopping area, as well as on other engaged parties, such as shop staff, cleaning staff, security staff, and possibly reception staff. Engage users in various tasks/activities within the shopping centre, like having hosts or hostesses at the reception/information desk. If these positions are held by people who are engaged, it will stimulate the social interaction. Another possibility is crowdfunding and/or collective ownership of the shopping centre, like structuring it as a common. This makes the entrepreneurs, and possibly users, the owners of the shopping centre.

NEW STYLE OF RETAIL PROPERTY MANAGEMENT
The new style of retail property management shifts the focus from leasing to jointly managing and branding an shopping centre as a social place. This means an area with a specific brand value and a climate that is optimal not just for entrepreneurs, but which also entices visitors to stay longer. The study made clear that putting the focus on social added value is crucial. In other words, we should not focus just on visitors, but on the interaction between entrepreneurs, owners, and the municipality. This new way of thinking means having a new vision on the approach for the total organisational structure of shopping centres – including duties and responsibilities.

RECOMMENDATION: Unite the various parties. One condition for a social place is a shared consultation structure that focuses on shared profiling and positioning based on a brand promise. The advantage of such an association is that various interest groups get engaged with the shopping centre.

RECOMMENDATION: Make sure you have a central, independent coordinator. This should be someone without a partisan interest. The most obvious choice would be the centre manager who receives a full mandate from all of the parties. Another way of thinking about managing property would be, for example, to have the owners/investors themselves make a distinction between the person who is responsible for financial affairs and the person who is responsible for the shopping centre’s social and substantive brand promise.
Who is responsible for the brand promise and the new strategy? In Mindlogyx Retail's view, this should be the centre manager. He or she will safeguard the brand value as a prerequisite for the future of shopping centres. Brand management must become a continuous process that concerns all aspects of the shopping centre.

**CREATING BRAND VALUE**

The new way of thinking about shopping centres also influences how ROI is determined. In this sense, the brand value must also be considered as a financial value. There will be a shift from thinking about the value of bricks to thinking about the social added value of brands. This can only happen if new, additional criteria are jointly developed within the retail property market for ROI based on the social added value that the brand represents.

There are various models that can be used to determine brand value. We primarily think in terms of income- or brand-related valuation. The development of social added value is an investment, rather than a cost item.
From thinking about the value of bricks to thinking about the value of brands
This publication is based on the Mindlogyx Retail study entitled *Back to the Future: new guidelines for strategy development and management of shopping centres* [Back to the future: nieuwe richtlijnen strategie ontwikkeling en beheer winkelgebieden], published in 2016.

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