

Retail-tainment; the next big thing for retail and shopping centers?

by Randy White, CSM

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Retail-tainment is the concept of adding entertainment and experiences to the retail mix. The trend started a number of years ago but has accelerated during the economic downturn as retailers, shopping centers and malls desperately look for new ways to remake themselves to attract the New Consumer. As we've discussed in previous issues, New Consumers are reducing their spending and focusing less on buying stuff. Their new values and spending habits were formed during the Great Recession and predicted to last far beyond the recession's end. It doesn't help, either, that at least in the U.S., there is an over abundance of retail space. That's 23 square feet of shopping center space and 46 square feet of total retail space for every man, woman and child in the country as of April 2009, compared to an average of 2.3 square feet of shopping center space per capita in the 27 European countries, with not a single European country having greater than 7 square feet (Norway).

We analyzed 2008 spending in the U.S. as reported by the *U.S. Bureau of Labor Statistics* Consumer Expenditure Survey. The average consumer unit consisting of 2.5 persons spent \$50,486 in 2008. We then subtracted expenditures that typically don't take place in a store, restaurant or entertainment facility: housing, insurance, medical services, education, etc. The result was retail-related annual expenditures by every person in the U.S. of \$6,513. The Internet is now capturing about 6% of consumer retail spending. That leaves an average annual per capita expenditure of \$133 for every square foot of store space, way below the sales volume needed to support the occupancy cost of shopping center and store space. Even if we were to factor in the spending by international tourists, there still would be insufficient spending to support the amount of retail space currently in the U.S. Without a doubt, America has too many stores and too many malls for the spending its population will support.

In the United States, the amount of vacant space looking for a tenant has grown dramatically during the recession and is likely to grow even more in the coming years. And when it comes to attracting shoppers, department stores have lost their dominance as mall traffic drivers. *Fox Real Estate Advisory* suggests department stores now drive only about 25%-30% of total mall traffic, less than

half of what they did (70%) during the 1980s. Things are not looking good for many shopping centers and retailers.

That's why adding entertainment and experiences to the retail mix is becoming one way for retailers and shopping centers to drive traffic from consumers less enamored about buying discretionary goods. Following are just a few retail-entertainment examples from the many our company has been tracking:

Entertainment anchors

Since the birth of the mall in the 1950s, with rare exceptions such as the mega *Mall of America*, you rarely found entertainment in a mall or shopping center, short of a movie theater, arcade or fashion show. In his book "[Going Out: The Rise and Fall of Public Amusements](#)," David Nasaw writes that between 1895 and 1920, ornate movie theaters, urban amusement parks and other forms of entertainment were built in the downtowns of America, turning gritty cities into places of "glamour and glitter, fun and sociability." A century later, the same thing is starting to happen to malls and to what is becoming the model for their replacement, open-air "lifestyle centers."

It is difficult to identify exactly when developers started to realize that traditionally freestanding entertainment venues could anchor non-mega malls. ([Mall of America](#) and [West Edmonton Mall](#), America's two mega-malls, used many entertainment anchors from the start, including indoor amusement parks). One early example of the trend is [White Flint Mall](#) in North Bethesda, Maryland. Starting in the early 1990s, *White Flint* began to languish with the loss of its *I. Magnin* department store and other retailers. So it brought in a *Discovery Zone* playground for kids; a *Borders* superstore, where people not only read books and drink coffee but gather for dozens of special events a month, including performances by writers and musicians; and its biggest entertainment anchor, or should we say eatertainment (restaurant + entertainment), a 60,000-square-foot [Dave & Buster's](#), an emporium of food, drink and entertainment for adults. Those tenants, in addition to restaurants such as [Cheesecake Factory](#) turned the dying mall into a success. In many ways, the changes at *White Flint Mall* almost 15 years ago were the harbinger of the trend we are seeing today.



White Flint Mall

A few retail-tainment anchors we have been following:

- [Grapevine Mills Mall](#) in the greater Dallas-Forth Worth, Texas, area is adding a \$12 million, 40,000-square-foot [Lego Discovery Centre](#) and a 10,000-square-foot miniature golf course made with Legos. *Lego Discovery Centre* will be modeled after the one in *The Streets of Woodfield* lifestyle center in the greater Chicago area. Existing entertainment anchors at *Grapevine Mills* include [GameWorks](#), *Polar Ice House* (ice skating), an *AMC* theater and a skatepark.
- [Merlin Entertainment](#), owner of *Legoland* and *Legoland Discovery Centre*, is also being courted by malls for its [Sea Life Aquariums](#). The first U.S. location opened in *Legoland* in Carlsbad, California, and the second will open in 2010 at *Arizona Mills Mall* in Tempe, Arizona. It will be a \$15 million, 26,000-square-foot facility.
- *MetroCentre's* Yellow Mall, known as [MetroCentre Qube](#), in Gateshead, U.K., is adding one of the hottest forms of entertainment, a 38,000-square-foot bowling-based entertainment center, *Namco Funscape*, with 18 10-pin bowling lanes, a dodgem car track (reportedly the fastest in Europe), pool tables, coffee shop, children's soft play area and arcade games. This will be Namco's 11th entertainment facility in the U.K. and its first *Funscape* there. *MetroCentre Qube* also will add an *Odeon* cinema with a 3D screen and *IMAX* theater.



Funscape at MetroCentre Qube in the UK

Bowling

The U.K. is not alone in the trend of malls adding hybrid bowling-based entertainment centers and upscale bowling lounges. The upscale bowling trend actually started about six years ago in the U.S.; one of the earliest pioneers was *Lucky Strike Lanes*, now with 18 locations. We have identified at least a dozen American malls and lifestyle centers that have added hybrid and upscale bowling

to their entertainment mix of tenants, including *Lucky Strike Lanes*, 300, *Splitsville*, *Pin-Up Bowl* and *iPic*.



Pizza buffets

Pizza buffet entertainment centers are an expanding eatertainment concept. Unlike *Dave & Buster's* and *GameWorks*, which target young adults, they predominantly target families with children aged 12 and younger. Most pizza buffet entertainment centers have located in vacant big box stores in strip centers due to their lower rents. But now, mall landlords have been cutting deals to attract them as anchors to their projects. [*John's Incredible Pizza*](#), a nine-unit California chain, recently opened a 50,000-square-foot unit in [*Buena Park Downtown*](#), Buena Park, California, and will open a 45,000-square-foot unit in 2010 in [*Westfield Plaza Bonita Mall*](#) in National City, California.

Movie theaters

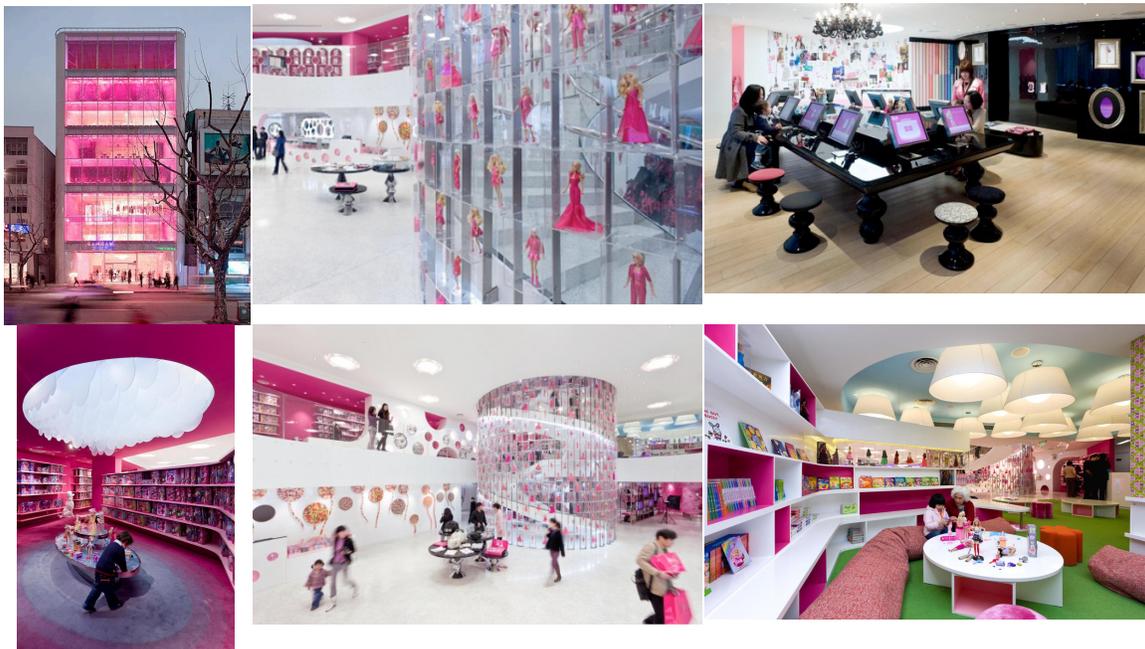
Movie theaters are transforming themselves into new cinema-restaurant-entertainment hybrid anchors for shopping centers and malls. [*iPic*](#), a combination cinema, restaurant and bowling lounge, opened last year in the *Bayshore Town Center* in Glendale, Wisconsin. *E-Town*, a 60,000-square-foot combination cinema, restaurant, bar, bowling-based family entertainment center, is planned as part of the new *Villages at Brunswick Forest* town center in Leland, North Carolina. The *National Association of Theatre Owners* estimates there are now 400 theaters that offer restaurant and bar service. Many, such as the ones mentioned above, are expanding their entertainment options beyond just movies.

Themed brand stores

What are often referred to as themed brand stores are starting to show up in malls. These are experiential stores based on a well known brand. One of the most successful and best known brandstores is [*American Girl Place*](#), where girls and their mothers can dine with their dolls, take them to the doll hair salon, pose for a picture with them in the photo studio, and of course, shop. *American Girl*

Places are now found in *North Point Mall* in Alpharetta, Georgia; the *Galleria* in Dallas, Texas; *The Grove* in Los Angeles, California; and *Mall of America* in Minneapolis, Minnesota.

One of the newest brandstore concepts is the six-story, 37,000-square-foot [*House of Barbie*](#) in Shanghai, China. Visitors can model Barbie-esque clothes, learn to sing and dance to the Barbie Girl song, dine in the café, or visit the Pink Room, complete with a bar, karaoke, DJ and pink martinis. They can use a day spa, get their hair done, and shop for over 1,600 accessories and clothes modeled on Barbie's fashion tastes.



Entertainment districts

A discussion of the draw of entertainment for shopping destinations would not be complete without mentioning the many developer purpose-built entertainment districts where entertainment and restaurants occupy the majority of space and are the draw, versus the dominance of retail in malls and shopping centers. Probably the best known developer of mixed-use entertainment districts is *The Cordish Company*. Developments include the *PowerPlant & Pier IV* in Baltimore, Maryland; *Kansas City Power & Light District* (Missouri); and *Fourth Street Live* in Louisville, Kentucky. Entertainment districts by other developers include *Newport on the Levee* in Newport, Kentucky, and *Downtown Disney* in Orlando, Florida.

Entertainment in retail stores

The 145,000-square-foot *Bass Pro Shops Outdoor World* store in Altoona, Iowa, is the first of the chain's 56 stores to include a 15,000-square-foot nautically themed bowling area with 12 10-pin lanes located in *Uncle Buck's Fishbowl and Grill*. Guest can bowl "under the ocean." Dock-like lanes feature underwater scenery of sea turtles, sharks, stingrays and other saltwater species, which will also glow in the dark during cosmic bowling. Hand-painted murals depicting oceanic life line the walls, and fish, like a 16-foot giant squid, hang suspended from the ceiling.



A separate area off the bowling lanes contains a state-of-the-art, upscale "Black Widow Billiards Parlor," named for America's billiards player Jeanette Lee, "the Black Widow." Resplendent in dark wood paneling and mullioned glass, the room also features a fireplace with its handcrafted screen displaying a black widow spider spinning its web. Two tournament pool tables are available and promise hours of fun for pool sharks.

These new additions add to the many retail-tainment features found in *Bass Pro* stores, including archery ranges, miniature shooting ranges, aquariums and a heavy dose of theming with 3,500 area artifacts, antiques, pictures, mounts and memorabilia of hunting, fishing, camping and outdoor recreation.

Uncle Buck's Fishbowl & Grill is Bass Pro's newest, scaled-back restaurant concept, replacing the more upscale casual dining *Islamorada Fish Company* in-house restaurant found in 23 of its stores. It features appetizers, sandwiches, salads and burgers, but oddly, considering the underwater theme, little fish. Other than popcorn shrimp, there's nil. The Big Sky Buffalo Burger is priced at \$9, and paninis, flatbreads and other casual American fare are in an affordable price range.



Bass Pro Shops is not alone in the retail-tainment trend for outdoor recreation stores. In September, 2008, [Scheels](#) opened a 295,000-square-foot store at the *Legends at Sparks Marina* lifestyle center in Sparks, Nevada, that truly embraces retail entertainment, offering a mostly free entertainment experience for visitors. In addition to showcasing the world's largest selection of sports, sportswear and footwear under one roof, the new Sparks *Scheels* has a collection of entertainment venues and special attractions, including a customer tram; two 16,000-gallon aquariums; a 35-foot-tall, 800-square-foot Wildlife Taxidermy Mountain; a 65-foot-tall, 16-car Ferris wheel; and shooting galleries and sports simulators (from golf to soccer to hockey) where customers can test their skills. A deli and fudge shop serves gourmet soups and sandwiches, *Starbucks* coffee and 32+ flavors of homemade fudge. And the Walk of Presidents features two fully animated talking presidents.

The other mega-store player in outdoor recreation, [Cabela's](#), also salutes retail-tainment with aquariums, extensive taxidermy wildlife exhibits and shooting galleries. In fact, up to 45% of store space is devoted to entertainment features and displays.

Back in 2000, our company designed a first for toy stores: an admission-based children's edutainment center with a café we branded as [Totter's Otterville](#). *Johnny's Toys* wanted an additional draw for its new 45,000-square-foot toy store in Covington, Kentucky, especially to attract more white collar families who lived further from the store. The entertainment part of retail-tainment was very successful with attendance growing as much as 20% annually while mass merchandisers such as *Walmart* were cutting into the store's toy sales. As a

result, *Totter's Otterville* was expanded several times over the years, until in 2009 it occupied the vast majority of the store's space.

Bass Pro Shops, *Scheels*, *Cabela's* and *Johnny's Toys* are free-standing retailers, but [Adrenalina](#), an extreme sports store, takes its retail-tainment concepts to malls. Its stores in *Florida Mall* (Orlando, Florida) and *Miami International Mall* (Doral, Florida) feature Flowrider wave machines that offer real surfing experiences. Customers can ride the surf for \$20 for a 30-minute session (bring your own bathing suit).



There are many other examples of successful retailers that have turned their stores into experiential entertainment destinations. [Build-A-Bear Workshop](#), for example, is much more than a shopping experience. It even holds children's birthday parties. [California Pet's](#) has moved into retail-tainment by offering a special Party Shack in their pet supply store for birthday parties where children learn about pets and pet care from pet educators who introduce the party attendees to up to 10 types of animals. [Toys "R" Us](#) has a Ferris wheel and 34-foot-long animatronic T-Rex dinosaur inside its Times Square store.



It now looks like the *Walt Disney Company*, a world leader in amusement parks, is about to join the retail-tainment bandwagon with an extreme makeover of 340 *Disney Stores*. These merchandise outlets will be renamed *Imagination Parks* and will be transformed into miniature amusement parks for youngsters. The goal

is to make children clamor to visit the stores, stay longer, and hopefully, bolster sales.

Experiential and high-tech, the stores will include a lot of interactivity. Theaters will allow children to watch film clips they select, participate in karaoke contests or chat live with *Disney Channel* stars via satellite. Computer chips embedded in packaging will activate hidden features. Walk by a “magic mirror” while holding a Princess tiara, for instance, and Cinderella might appear and say something to you. It’s your birthday? With the push of a button, eight 13-foot-tall Lucite trees will crackle with video-projected fireworks and sound. There will be a scent component; if a clip from *Disney’s* new “A Christmas Carol” is playing in the theater, the whole store might suddenly smell like a Christmas tree.

“The world does not need another place to sell *Disney* merchandise — this only works if it’s an experience,” said Jim Fielding, president of *Disney Stores Worldwide*. *Disney* representative Shawn Turner said, “It’s about making this an experience rather than just picking up a toy. We want them [customers] to leave feeling like they had the full *Disney* experience. They don’t necessarily need to go to the park to have that experience, they can get it at the local mall.”

Richard Bates, chief creative officer at *The Brand Union* branding agency said, “This is not surprising. The *Disney Stores* were like museums that were all gift shop without the experience of the museum. Your goal is to immerse them in the brands so that they aren’t just coming into the store, they want to buy so they can have a piece of that experience.”

Bates said the challenge is to balance the active experiences of interacting with the brand with the more passive experiences of buying products. “You have to make sure that the activities are reinforcing the core brand message, and that they are not just enhancing the store experience, but they’re reinforcing the bigger brand message,” said Bates. “You have to build a brand experience that’s enriching enough in its own right, but also amplifies that experience after they leave the store.”

Steve Jobs, who is a member of the *Disney* board of directors, provided access to proprietary information about the development and operation of *Apple’s* highly successful brandstores that generate sales of \$4,700 per square foot, the highest

of any retail chain. *Disney* will use many *Apple* store concepts such as mobile checkout, the emphasis on creating community and a focus on interactivity.

Although there can be little doubt *Disney's* remake of its stores as *Imagination Parks* will add a heavy dose of experiential interactivity and entertainment, the true issue is whether that will generate enough additional sales to justify the estimated \$1 million a store for the renovations. The *Apple* stores are successful not just for their experiential aspects, but since they give the user an opportunity to use the merchandise before buying it. They combine the shopping occasion with the use occasion for the product. In many respects, that is likely to be less true for *Disney*.

Additional information:

[Video](#) showing birthday parties at *California Pets*

[Embrace eatertainment or clone a dinosaur](#)

[Dinner and a movie evolves](#)

[Welcome to the world of 'tainment'](#)

[The role of entertainment in shopping centers and malls](#)

[The grounded consumer: changing the paradigm of shopping center entertainment.](#)

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