

# Online shopping no threat to malls

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8 Sep 2014

Does the rise of consumers who shop online signal the death of the traditional mall? Not necessarily.



Elaine Wilson says that South African shoppers use the internet for research but prefer to actually buy products in shopping malls or from retailers directly. Image: [SA Property Guru](#)

Digital innovation is undoubtedly reshaping consumers' buying behaviour. But it seems that most consumers, whether they live in Perth, Pittsburgh or Pretoria, are still using the internet primarily to browse and not to buy.

That was the message from local and international retail industry companies who gathered at the annual congress of the SA Council of Shopping Centres in Cape Town recently.

Broll Property Group's Retail Consumer Survey 2014, which was released at the congress, reveals that 95% of SA shoppers still prefer to visit an actual store when buying products.

More interesting perhaps is that most consumers still expect the physical mall to be their shopping channel of choice in two years despite an expected increase in e-commerce.

## Online used mainly for research

"SA consumers are increasingly making use of online methods to conduct shopping research but the majority, regardless of age, still prefer to visit a physical shop to buy products," says Elaine Wilson, Broll's Divisional Director of Research and Marketing.

However, consumers are becoming more discerning in their choice of shopping centres. That means developers, mall owners and retailers will have to become more innovative in their product and service offering to ensure shoppers come back to malls, stay longer and spend more.

Wilson says a key theme that emerged from Broll's research is that shopping is not so much about what consumers buy but more about the overall experience offered by the retail destination.

Ahsin Rasheed, Chief Executive of international architectural design firm DDG, shares that view, saying shopping centres are not essentially about buying things. "Malls create a social gathering place for people where they can also purchase products. So as long as we design and build centres that make people feel happy and relaxed, people will continue to come back."



Peter Gold of CBRE says online shopping needs to complement retail stores and points out that online shopping companies are now renting retail space. Image: CBRE

Peter Gold, Managing Director of Cross-Border Retail for the Europe, Middle East and Africa region of global real estate group CBRE, agrees. "Consumers in most parts of the world are browsing online but the social aspects offered by the physical mall, which are especially important to young consumers, will dictate how we shop in future."

## Malls become a destination

Gold says the debate is no longer about one or the other, as there is a global realisation that online and in-store shopping

are complementary. "The biggest challenge today for retailers is to find out what mix of online and in-store works best for consumers and how to ensure a seamless shopping experience across all channels."



One of South Africa's biggest shopping centres, Sandton City, is unlikely to face a threat from online shopping but rather will find retailers using the internet to complement what they are doing in shops. Image: [Koco Bino](#)

Bob Welanetz, Global Retail Adviser for US-based investment firm Blackstone, says the industry certainly faces change. But he doubts digital innovation will cause malls to disappear. In fact, online start-ups like Athleta, Bonobos, eBay and InStitchu are starting to expand into physical store space, he says. "We are seeing virtual stores converting into real space," he says.

He says there is no getting away from it. "Retailers that want to grow revenues have to use both e-commerce and the physical environment to enhance consumers' overall shopping experience."

While retailers grapple with the challenges posed by better-informed and more-connected shoppers, developers and investors continue to add new physical store space to markets across the globe.

A recent report by Cushman & Wakefield shows that more than 1,800 new shopping centres will be added to the existing global inventory of nearly 47,000 malls in the three years ending 2016.

This additional 83m m<sup>2</sup> of space represents an increase of 8%, taking the total global retail space to just more than 1bn m<sup>2</sup>

More than 50% of new retail development is expected to be completed in 2014 alone.

The report reads: "While technology is driving a structural change in how consumers want to shop, the global economy is now in better shape than it has been for several years as it emerges from the recession years. Rising consumer spending will fuel one of the strongest years of growth in the global retail development market yet."

Source: Financial Mail via I-Net Bridge

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