

Retail Science from CBRE



# FOOD & BEVERAGE IN A SHOPPING CENTRE

Is it a food lover's delight or a take away?

EMEA

**CBRE**

EMEA Research | 2015



*22,000  
customers  
surveyed  
across  
22  
markets*

## INTRODUCTION

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In spring 2015, CBRE surveyed 22,000 consumers across 22 markets in Europe, South Africa and the UAE to understand their perceptions of food and beverage within a shopping centre environment.

The over-arching question we wanted to answer was: "Is the role of food and beverage in a shopping centre changing?"

We wanted to find out more around:

- How consumers engage with the food and beverage offer in a shopping centre.
- What do consumers want to see?
- What benefits does a strong food and beverage offer bring to the shopping centre?
- How do views differ by country and demographic and what might this mean for occupiers, landlords and developers in the future?

The results of our survey have far reaching consequences for existing developments and for those planned in the future. The required actions differ by market, location and size of centre. There is no one size fits all solution, there are, however, elements that have scalability and applicability to different centre types.

The opportunity is in seeing the centre as the consumer sees it, understand their needs and deliver effectively, efficiently and exceed their expectations.

# SHOPPING CENTRES AND CATERING OPERATORS ENJOY A SYMBIOTIC RELATIONSHIP

There has been an increase in the number of centres offering a compelling food and beverage offers. Eating out is no longer seen as a barometer for the economy, it is an essential luxury; people want to eat out.

In our survey, two thirds of people thought the food and beverage offer in a shopping centre was important in determining where to visit. The fact that people see eating and drinking as important is a clear indication that landlords need to review the allocation of space given to catering.

At its simplest level a strong food and beverage offer brings more consumers to a shopping centre, with the majority of people visiting shops even if their primary reason to visit was to eat or drink. 47% of people also indicated that they would spend longer shopping if they ate or drank as part of the visit.

31% of people visit a shopping centre just to eat and drink, and we expect this figure to rise substantially over the next five years. People will become more confident that the quality and innovation on offer in a shopping centre meets their needs and, as this happens, they will visit more frequently to enjoy what is available.

The view that the food, beverage and retailing offer should be kept separate is changing. More than two thirds of people in our survey have had something to eat in a centre in the past 12 months. The distribution of the offer throughout the centre gives more points of engagement for the consumer than a centralised food court.

Consumers are saying they want to see something new. More than 40% stated innovation, along with healthy options, being elements they wanted to see more of. An average 75% of consumers state that quality of the food offer to be very, or extremely, important when choosing where to eat and drink.

The advantage of having a relevant offer is that consumers are more likely to visit again. Conversely if the offer isn't what they are expecting then there is little reason to return, especially if the main reason for the visit is to eat or drink.

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*“47% of people also indicated that they would spend longer shopping if they ate or drank as part of the visit.”*

A strong food and beverage offer aligns with the view that shopping is a leisure activity. As consumers' needs change they will expect a different offer; they will expect innovation, want healthier options and great quality. Even if they eat the food they've always eaten they still have a desire to be engaged by the environment.

An offer that engages the consumer is necessary. A focus on personalisation is relevant in food and drink; consumers want to feel their views and their requirements have been taken into account and acted upon.

Food and beverage will become increasingly important as a footfall and revenue driver for shopping centres.



**30%**

of people visit a shopping centre just to eat and drink

# THE DEVELOPMENT OF FOOD AND BEVERAGE IN SHOPPING CENTRES

There is a natural synergy between eating, drinking and shopping. The shopping centre environment boasting many retail brands under one roof is designed to engage consumers.

All consumers have a 'need' to eat whilst they may only have a 'desire' to shop; the longer consumers spend in a shopping centre, the greater the likelihood they will eat or drink.

The historical view of eating and shopping was to keep the two elements separate, with the traditional food court in one area segregated from traditional retail outlets. In more recent times, the status quo has been challenged. It is rare now, for example, to see a department store without at least one or two eat-in locations. These offers are not hidden away, they tend to be used as footfall drivers and are strongly promoted at the point of entry.

Two large department stores have seen the added value brought by having a strong food and beverage offer. Harrods and Selfridges in London have respectively 30 and 22 places to sit down and eat or drink, from a champagne and oyster bar to an ice cream parlour, with food offers from around the world in-between, both have embraced food and drink. **Harrods** will see a popup restaurant run by two Michelin star chef Tom Kerridge in November and **Selfridges** is embracing the Eataly concept from next year. Both retailers continue to shift the boundaries as to what people expect to see when they are shopping.

The **Eataly** concept is expanding across the world. Whilst not a shopping centre in the strictest sense of the word, the four-floor store in Rome includes 23 restaurants. Likewise **Markthalle** in Rotterdam offers a combination of food stalls and dining concepts in a vibrant, architecturally impressive design.

It's gratifying to see that some shopping centres have also moved swiftly to grasp the opportunity on offer. Less than 10 years ago in the UK it would have been typical to see food and beverage accounting for around 7% of total floor space and for some major schemes this would have reached a higher figure. No shopping centre allocated anywhere near as much space as was typically found in Asian markets, where shopping centres allocate an average 25% of the GLA to food and beverage.

Over two thirds of people surveyed say that the food and beverage offer in a shopping centre is a very or extremely important consideration in deciding where to visit. If a centre does not have a compelling, relevant food and beverage offer it is missing a large proportion of its potential market.

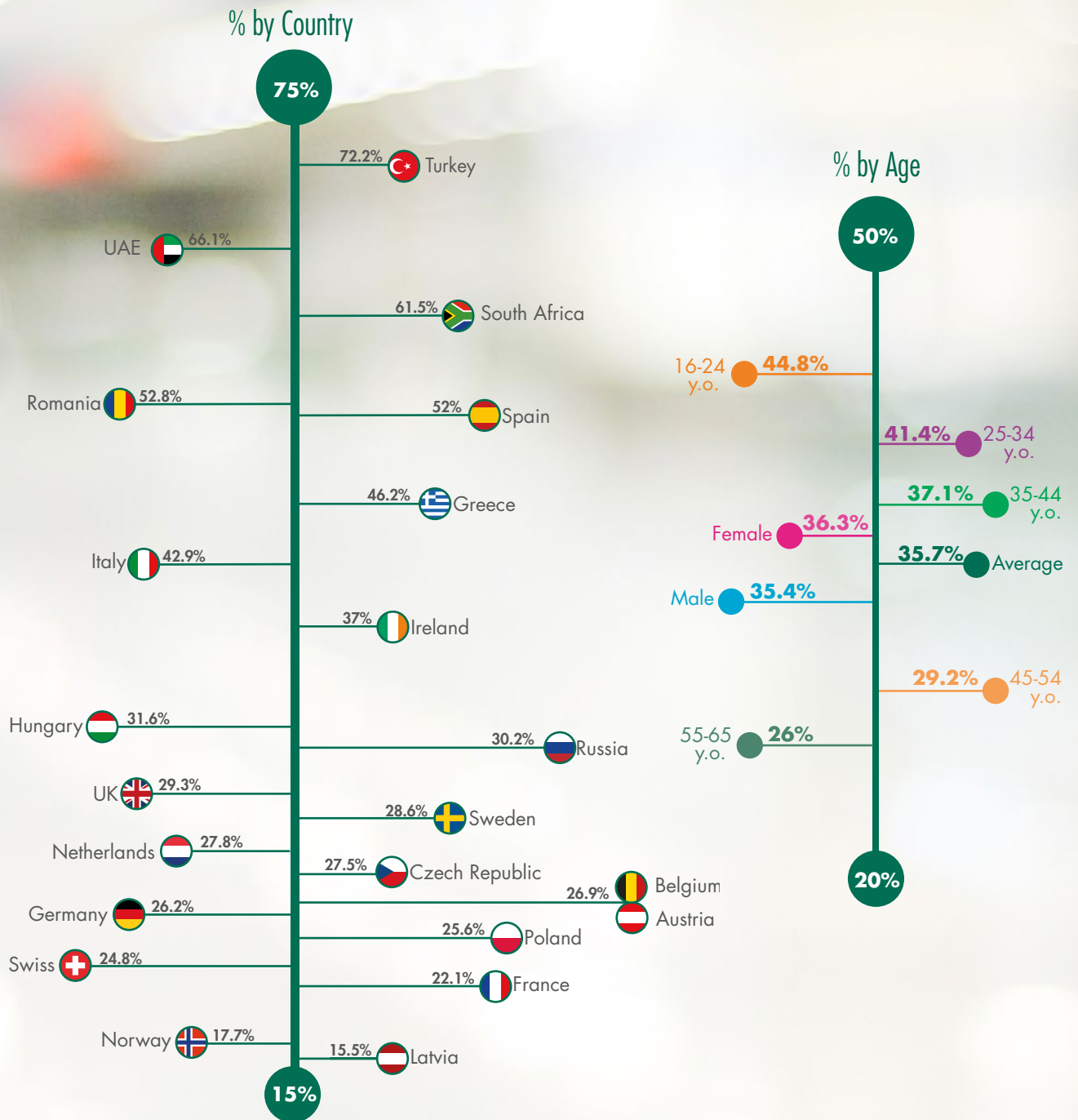


**80%**  
*of people visit  
a shopping  
centre at least  
once a month*

**42%**  
*of people  
visit  
at least  
weekly*

## DEVELOPMENT OF FOOD AND BEVERAGE

Figure 1. When I'm choosing where to shop the availability of food and beverage is very or extremely important to me.



Source: CBRE 2015



In figure 2 we asked, "Is stopping to eat and drink an important part of the experience when visiting a shopping centre?" Almost four out of 10 people agreed. This increased to more than half in Germany, Greece, Romania, Turkey and the UAE.

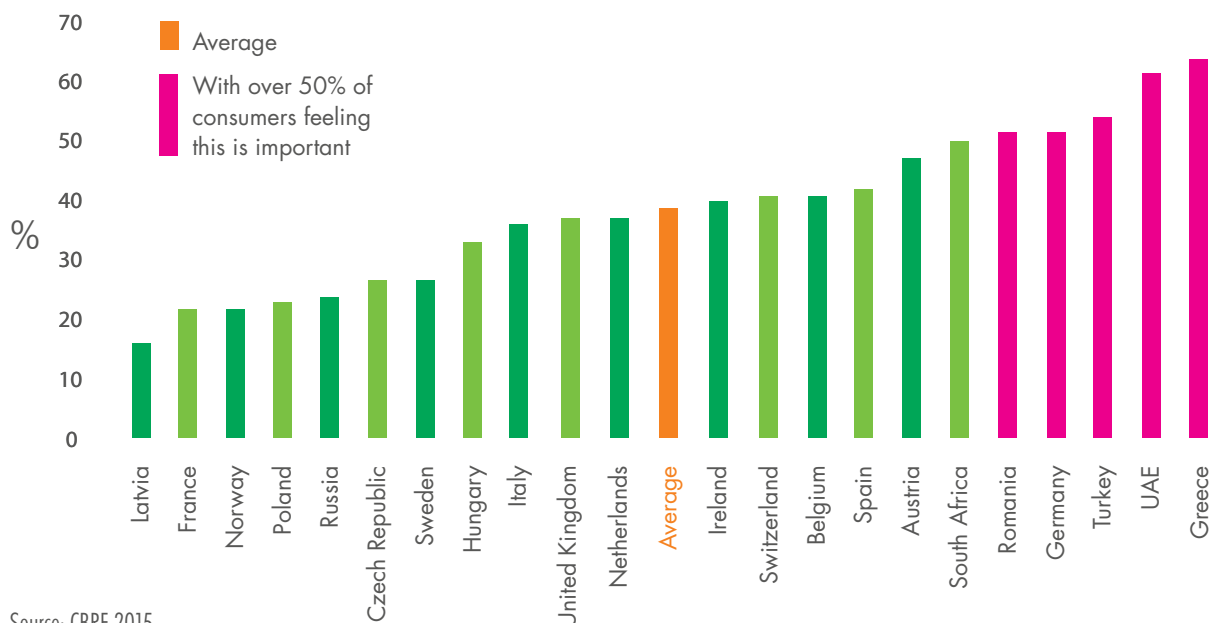
The fact that people believe food and beverage to be so important is a clear signal that the space allocated and the quality of the offer has to be appropriate. If the offer does not reflect the importance consumers place upon it, they will be disappointed. The challenge then is how to keep the consumer coming back to a centre that does not offer what they demand.

**67%**

of people have had something to eat in a shopping centre in the past 12 months – twice the number that met friends or used leisure facilities



Figure 2. I agree with the statement; "Stopping to eat and drink is an important part of the experience for me when visiting a shopping centre".



Source: CBRE 2015

## DEVELOPMENT OF FOOD AND BEVERAGE

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In the UK the developers of new, large-scale centres have changed the thinking behind food and beverage. Food and beverage is intelligently distributed throughout the centres and as a consumer you would never find yourself out of sight of somewhere to eat or drink.

A number of the newer centres have opened with a food and beverage space allocation close to that seen in the Far East. This phenomenon isn't just a London-centric occurrence: when **Trinity Leeds** opened, Land Securities dedicated over 20% of the space to dining. Many other established centres are expanding to accommodate more food and beverage, for example **Intu Lakeside**.

Across the rest of Europe we see similar repositioning; an increase in dedicated food and beverage space is being seen in many markets. The new **Unibail-Rodamco Wrocław** Poland shopping centre opening in 2017 will allocate 18% to food and leisure.

The **Unibail-Rodamco Glòries** shopping centre in Barcelona draws inspiration from traditional Catalan markets, with a food hall spanning over 3,200 sq m with 750 seats. The clear statement "putting gastronomy at the centre of the shopping experience" makes the aspiration very clear.

Almost a  
**1/3**  
of people will  
visit a shopping  
centre just to  
eat and drink





*“The operation elements of food and beverage are changing, with landlords having greater involvement in food and beverage.”*

The concept, called Fresh! also hosts “The Kitchen”; a specially dedicated area for events, including cooking lessons, tastings and concerts.

The operational elements of food and beverage are also changing, with landlords having greater involvement in food and beverage. Landlords are seeing these elements as important to retain control over; to operate the area and concept themselves.

The **Bikini Berlin** concept mall offers another example of how gastronomy has been used to support an eclectic mix of retailers. The mall is marketed as a lifestyle destination where you can eat, shop and play.

Further East the new **ECE Turkey Park Afyon** centre has recently opened with 27 cafes and restaurants providing 2,000 seats for dine-in consumers.

Looking to the USA for inspiration is always useful; the redevelopment of **Westfield Century City** focuses heavily on the food offer as an anchor. It is interesting to see the food offer will include an Eataly concept from Europe.

# THE BENEFITS A STRONG FOOD AND BEVERAGE OFFER BRINGS TO THE CENTRE

At the most basic level a strong food and beverage offer brings more consumers to the centre.

It's also an important element in increasing dwell time; on average 47% of consumers say "I will spend more time shopping if I have something to eat or drink".

The fact that so many (sometimes) visit just to eat and drink is clear evidence that a strong food and beverage offer is increasingly important. There needs to be a clear strategy on how to maximise the benefit from food and beverage. The role a particular shopping centre plays in the life of the consumer needs to be understood and the consumers' needs and behaviour have to be identified, with an assessment made as to whether the food and beverage offer is in line with them.

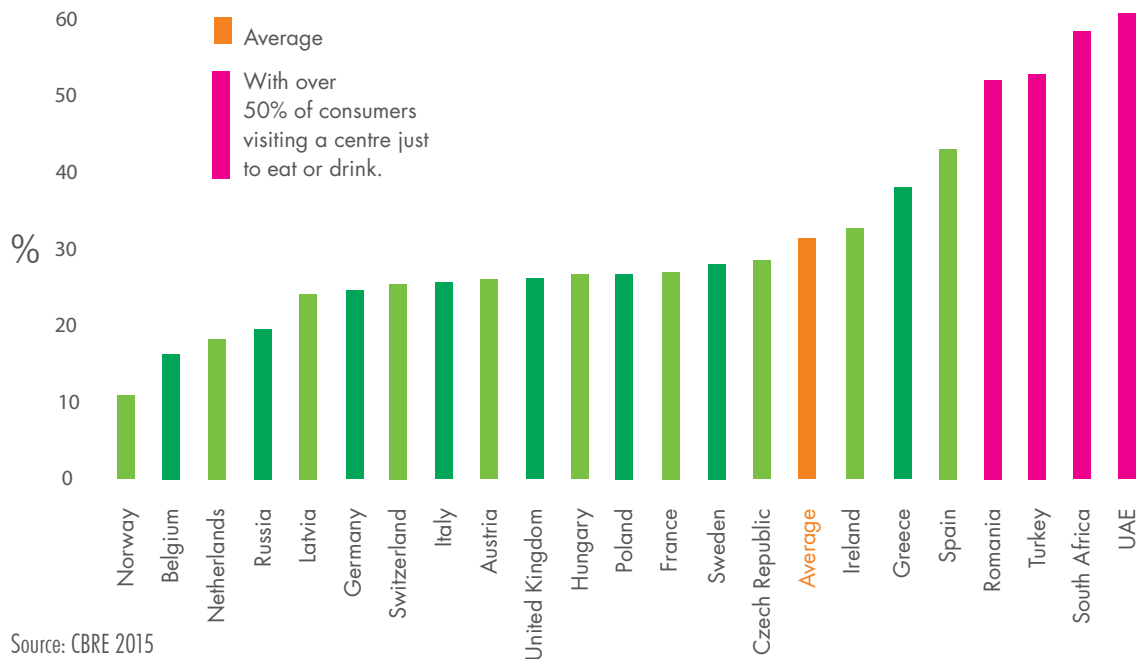
As seen in figure 3, when asked "Do you sometimes visit a shopping centre just to eat or drink?", an average across EMEA of 31% indicated this to be the case.

**55%**

of people stop for F&B on the spur of the moment



Figure 3. I agree with the statement; “I will sometimes visit a shopping centre just to eat or drink”



Source: CBRE 2015

## More than half of all the people surveyed in the UAE, Turkey, South Africa and Romania stated they sometimes visit just to eat or drink.

The culture of eating out, and eating out in shopping centres, is still behind in some markets. The Nordic markets are developing fast in terms of their engagement with food and beverage. The new Mall of Scandinavia, scheduled to open shortly, will have a strong focus on food and beverage. A changing culture has been quoted as a reason to develop the offer to target 70,000 office workers close by, there is an expectation that they will visit for breakfast and lunch.

The warmer climate in the markets of the UAE and Turkey allows for al fresco dining. However, as the summer heat gets less bearable, shopping centres also offer an air-conditioned environment in which to dine; this has natural echoes of the Far East shopping centre dining culture.

The cultural element and the tradition of dining in shopping centres has resulted in some outstanding malls being built. In Dubai, the Dubai Mall, with over 150

food and drink outlets and the Mall of the Emirates, with 95 outlets and not closing until 1am, show why consumers in Dubai might want to visit a shopping centre just to eat and drink. In South Africa, the shopping centres have a good quality offer and a wide range of food and beverage. Here there is the added advantage that they are viewed as security conscious locations, which to many is important.

Food and drink will continue to grow in both the amount of space it occupies in a centre and the importance placed upon it by consumers. The simple fact is that some markets have a less shopping centre focused history and culture, but there is still a great deal to be gained from developing the amount of space and the quality of offer available across food and beverage.

## BENEFITS OF FOOD AND BEVERAGE

### Configuration and content

In developing the food and beverage offer it is important to recognise that there is no truth in the rumour that the food court is dead; rather it's been given the kiss of life. Food courts have historically been perceived as a collection of fast food brands, they have been situated in a common area, on a single floor with a common dining area and facilities. The brands themselves have now moved on to a point where they have developed new and interesting concepts; expanding the brands into healthier more innovative offers is helping push the food court in a new direction.

There is still a lot to be gained in many centres from having a central food area. The difference now is how the area looks and what brands and offer are in evidence. Many of the eating areas have been updated with 'real' cutlery and a more pleasant environment.

A typical centre now has an enhanced food court complemented by standalone food outlets throughout. The dispersed nature of the food and beverage allows consumers to think over a purchase whilst indulging in

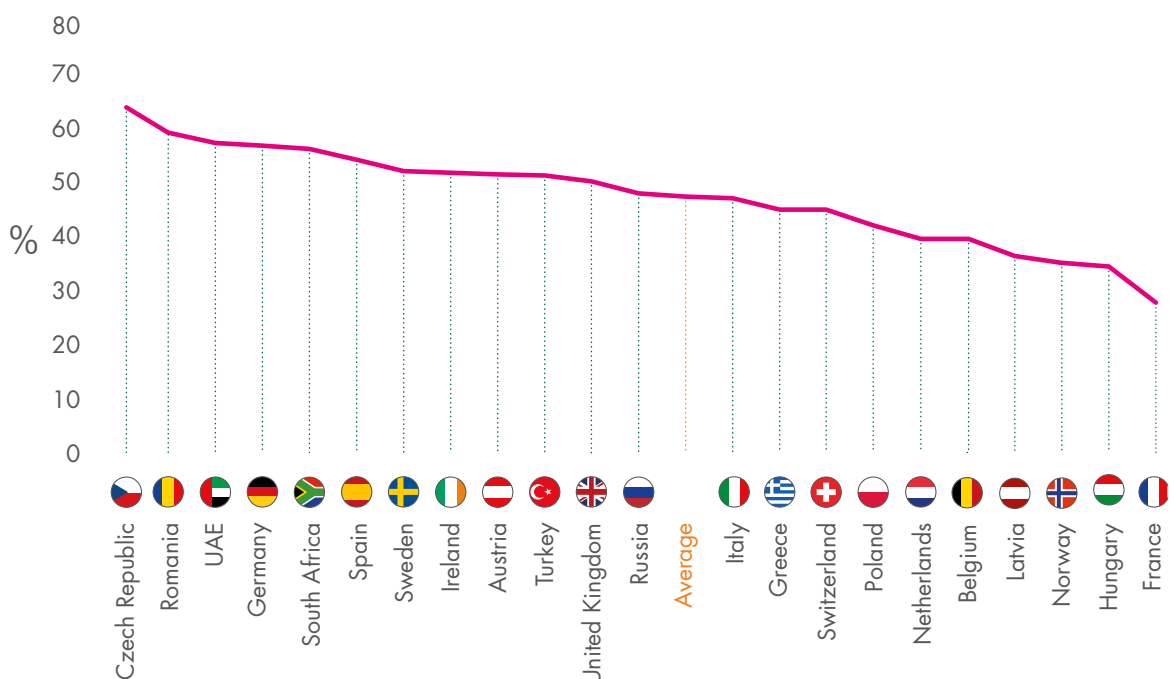
a latte; it also gives the consumer the chance to spot retailers from their seated vantage point.

Retailers are now seeing the benefits of coexisting with food and beverage. If the food and beverage is the destination element of the centre, having it situated near a retail offer is an advantage. Even being on the natural route to the dining area brings added footfall.

***“As food and beverage is a destination for many people, correctly locating the outlets around the centre is critical.”***

There is also the advantage of increasing dwell time in the centre overall. We asked consumers “What impact eating and drinking has on the overall time you spend shopping?”.

Figure 4. I agree with the statement; “I tend to spend more time shopping if I also eat or drink in a shopping centre”.



Source: CBRE 2015

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## When the main reason for visiting is to eat or drink a large percentage of people still visit shops as well.

As seen in figure 5, an average of 40% of people go onto shop with many countries scoring upwards of 50%. Many of the countries that have high levels of engagement with food and beverage also have a high incidence of visiting shops as well; this would suggest the respondents in those markets are happier in general with the shopping centre offer. A strong food and beverage offer would seem to correlate with a strong centre in general.

For the landlord there is an opportunity to think about the food and beverage offer differently. As Land Securities did with Trinity Kitchen Leeds for example. Bringing in six different vendors each month on a rotating basis. Each concept brings a street food vibe to the centre and delivers newness and innovation every four weeks.

We have seen from the survey that consumers want to see innovative offerings. They want the food and beverage offer to be one of the more dynamic elements of the centre.

New food operators are now choosing shopping centres as the first places they open in a region. An example of this being **Intu Metrocentre Gateshead** seeing the first opening in the North East of England of **Thaikhun** a Thai street food concept and **Barburrito**.



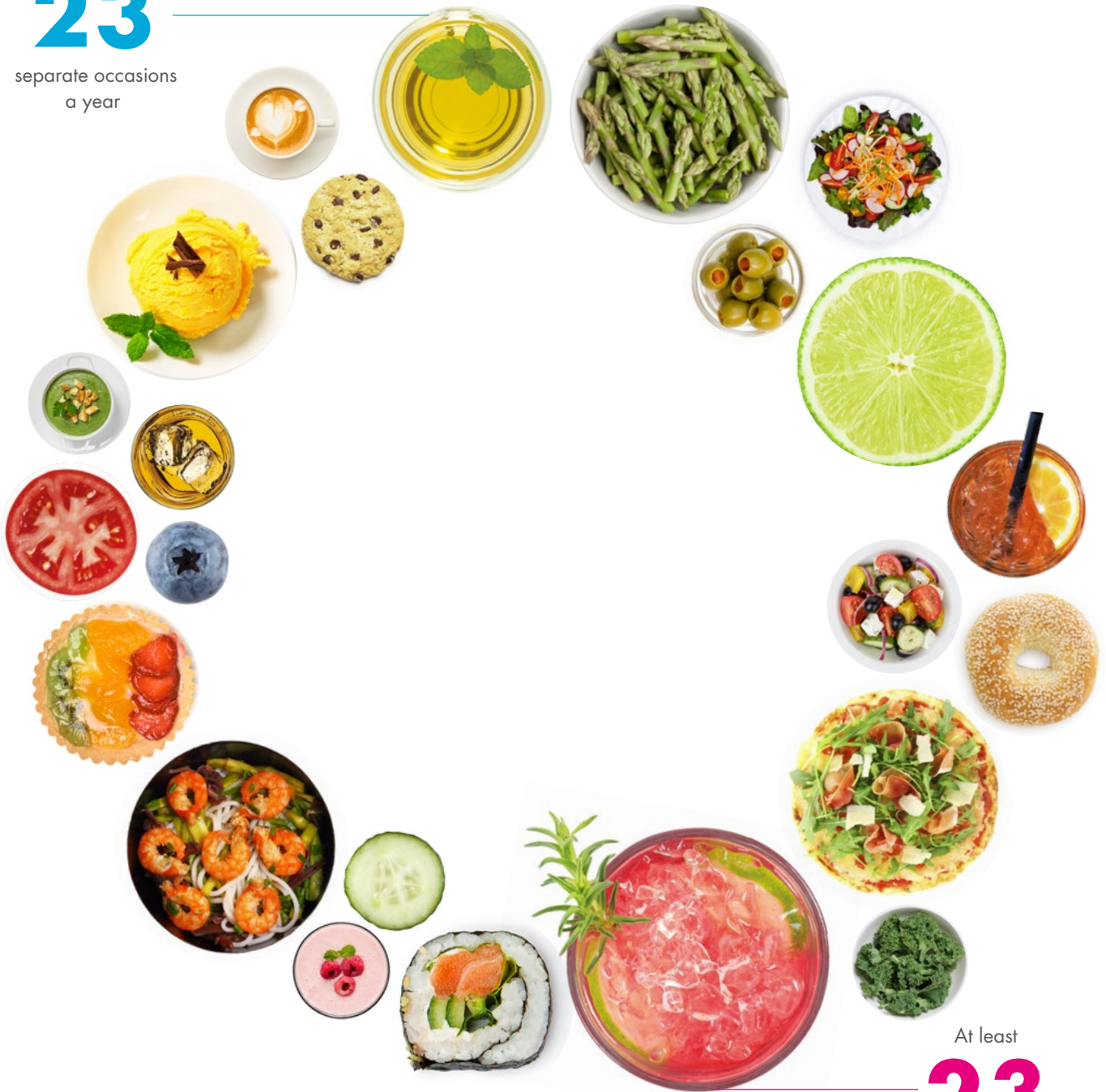
## BENEFITS OF FOOD AND BEVERAGE

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People visit shopping centres on at least

**23**

separate occasions a year



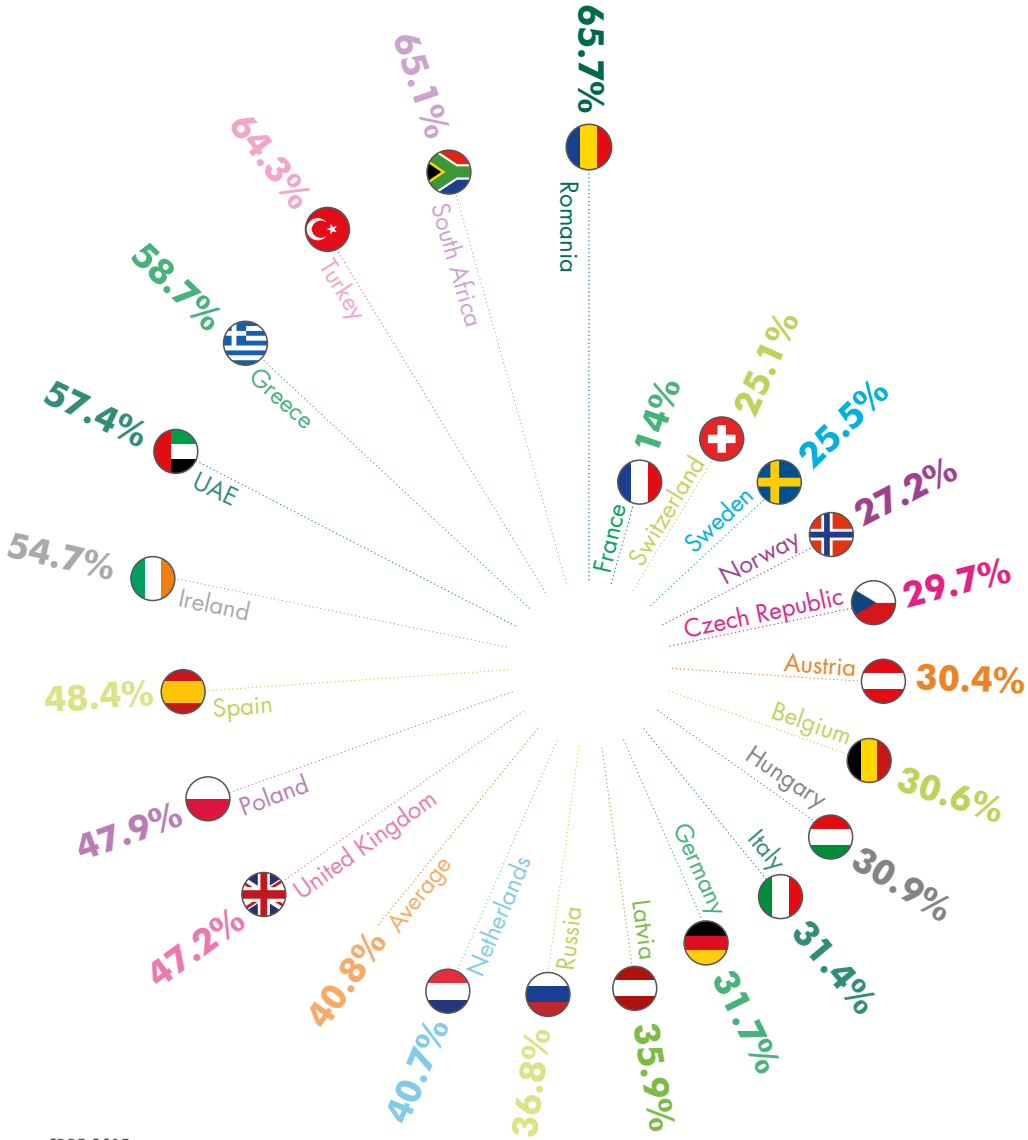
At least

**23**

occasions to engage and delight the consumer with the experience on offer



Figure 5. I agree with the statement; “I almost always visit shops when I go to a shopping centre, even if the main reason for my visit was to eat or drink”.



Source: CBRE 2015

## BENEFITS OF FOOD AND BEVERAGE

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For the landlord there is an opportunity to think about the food and beverage offer differently, taking a chance on new brands and concepts.

The food and beverage offer is a chance to engage consumers that had planned to eat and drink during their visit to the centre. It is also an opportunity to increase dwell time and to create a point of difference that will encourage consumers to visit again.

In a time of increased levels of online retailing a strong food and beverage offer delivers one final benefit, it can only be consumed in the physical world. The Internet offers the chance to review, evaluate and even order your food, but it does not facilitate you eating the food via a laptop, smartphone or tablet.

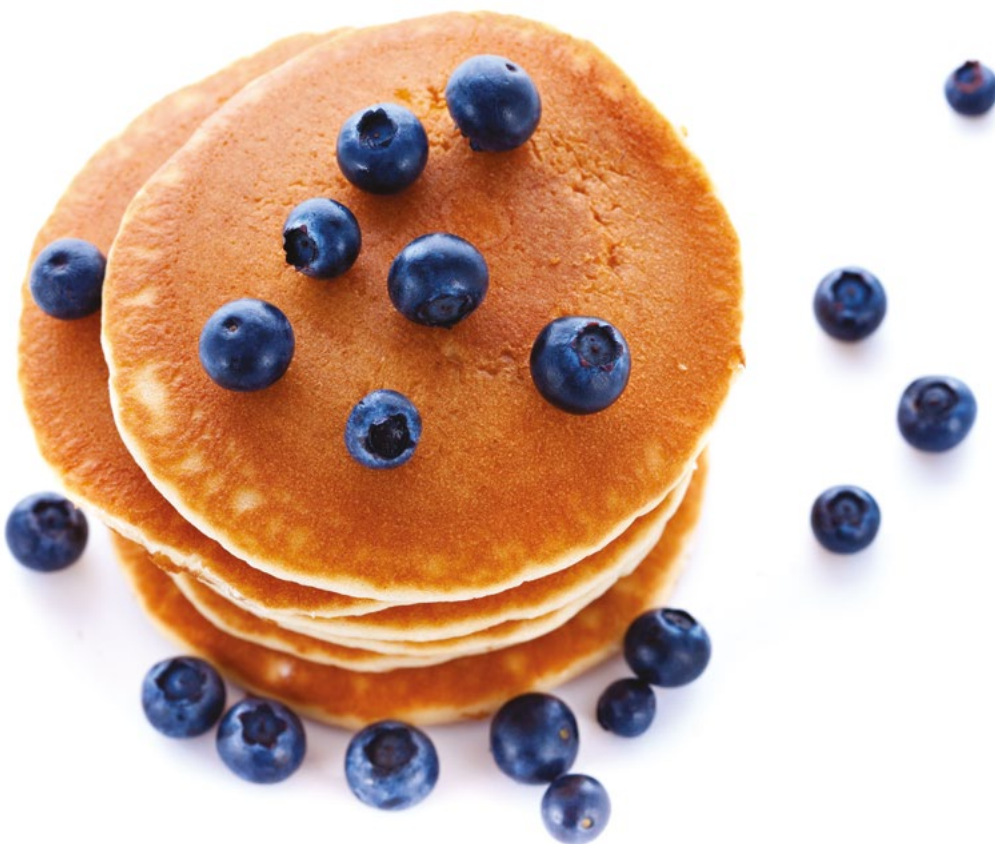


Figure 6. Average spend per visit on food and beverage per person.



Source: CBRE 2015

# MEETING CONSUMER'S FUTURE EXPECTATIONS

We wanted to understand what is important to the consumer. We asked a series of questions looking at what consumers wanted more of, less of and what would encourage them to visit more frequently and spend more money.

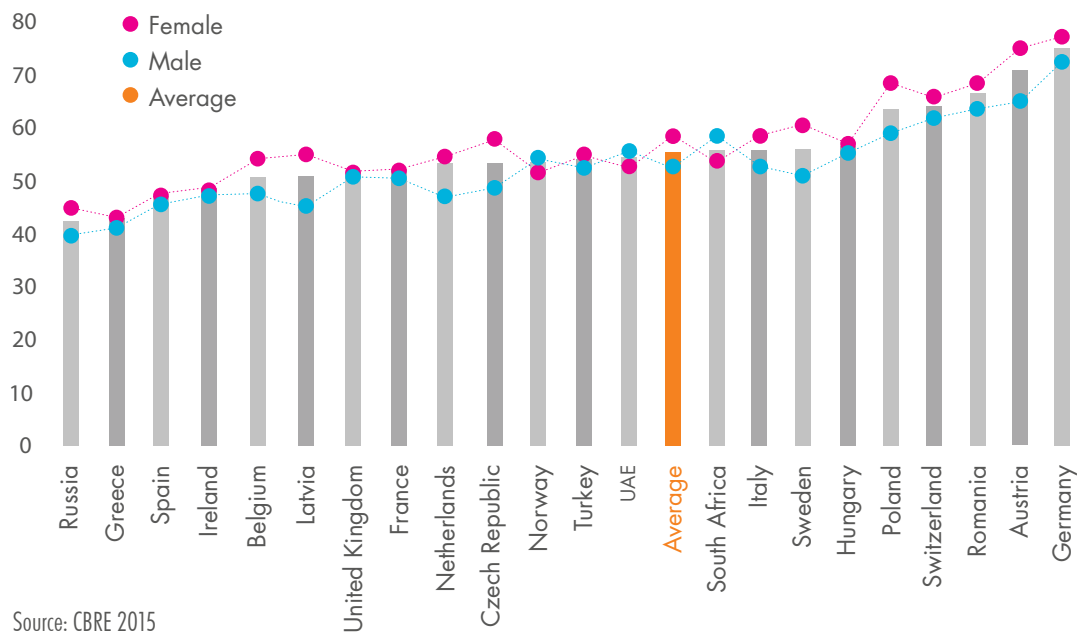
A large number of consumers almost always have something to eat and drink when they visit a shopping centre. If food and drink is such a compelling feature in a visit then nothing less than fully meeting consumers' needs is acceptable. You may be forgiven for a bad experience in retail, but a dining experience needs to deliver on every element.

Figure 7 clearly demonstrates the decision to eat and drink, apart from those visiting for the primary reason of food and drinks, is often taken on the spur of the moment.

Spur of the moment decisions tend to be triggered by an event. It is possible for landlords to 'trigger' the feelings of hunger or thirst, that's why the strategic placement of the food and beverage offerings around the centre is important. The visual, auditory and olfactory cues given off by the outlets can guide consumers to want to eat or drink. This again supports the notion that having a central 'kitchen' area supported by single units or clusters around the centre is in line with consumers' needs.



Figure 7. I agree with the statement; “It is often a spur of the moment decision to eat and drink when visiting a shopping centre”



Source: CBRE 2015

Our findings show that 41% of people tend to eat at lunchtime, 26% for a light snack and 19% for dinner, the rest at breakfast and ‘other.’ Catering operators, especially those whose offer would be classified as ‘dining’, want parity in terms of when they are busy, whilst restaurants want a strong lunchtime trade and to be busy in the evenings. There is an opportunity to use evening time for events and to manage the environment more carefully. If consumers believe there is something ‘special’ about the dining environment there is more chance they will eat in the evening time.

As seen in figure 8, we asked consumers what factors are extremely or very important to them when selecting where to eat or drink; the quality of the food scored the highest amongst the people surveyed.

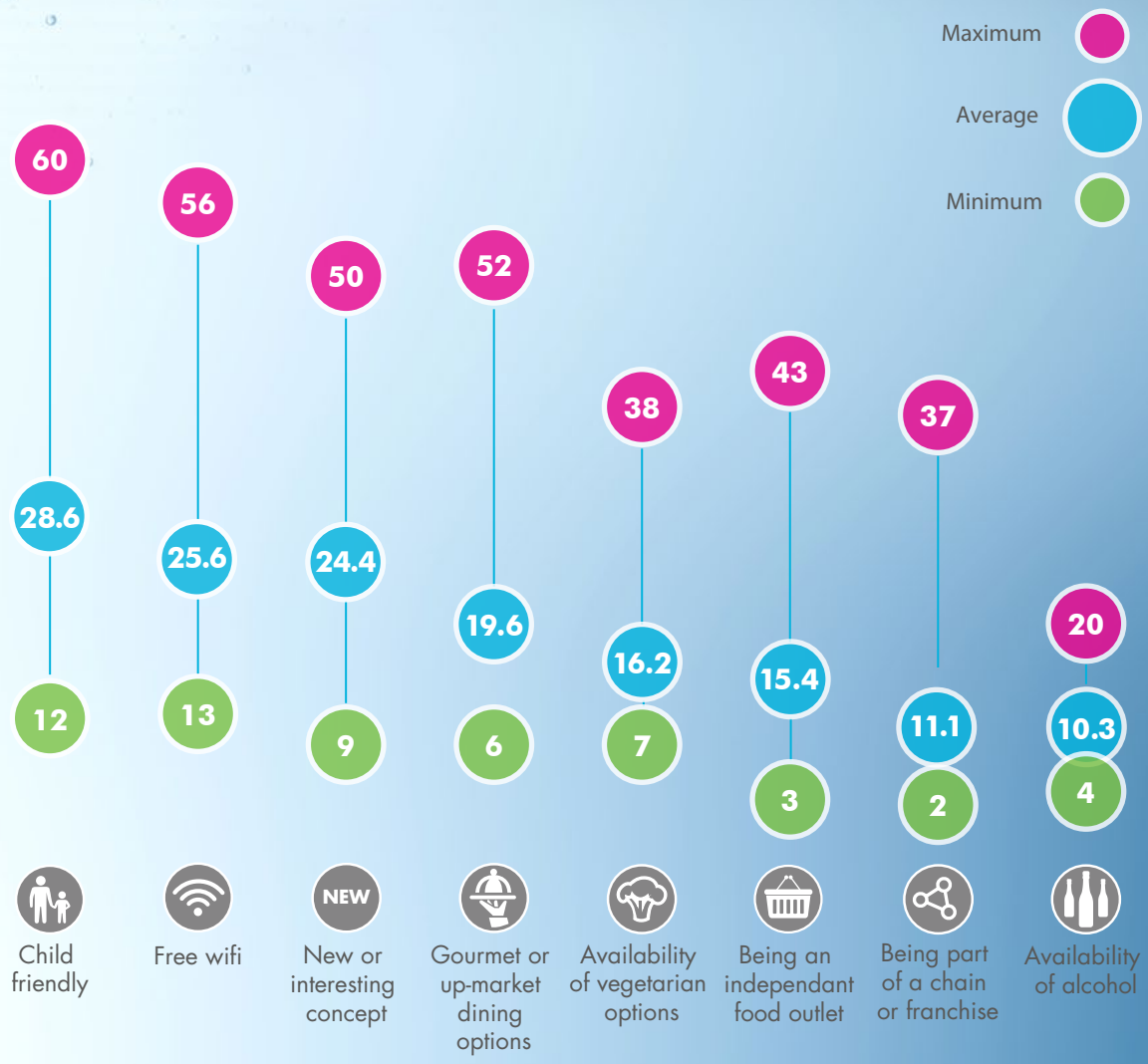
***“41% of people tend to eat at lunchtime, 26% for a light snack and 19% for dinner.”***

## CONSUMER EXPECTATIONS

Figure 8. Factors that are seen as extremely or very important to consumers when determining where to eat or drink.



Source: CBRE 2015



## CONSUMER EXPECTATIONS

*“Whilst quality of food is seen as the most important, the next point directly related to food is availability of healthier options.”*

The ‘quality’ aspect - both within an existing offer or being brought to the centre by a new brand - is relevant across the range of dining options.

Consumers also want, on occasion, to encounter what they see as a ‘quality concept’, a restaurant or place to dine that has an aspirational feel. The majority of respondents were unhappy with the quality of dining on offer for a ‘special occasion.’ There appears to be lots catering for the more ‘everyday dining’ and at some locations there has been a move towards higher end dining; champagne bars and restaurants you would associate with the more premium part of the market, especially where these can be positioned to extend the ‘opening’ time of the centre, with an entrance and exit onto the street or into part of the centre that can be kept open for longer.

Whilst quality of food is currently seen as the most important factor, the next point directly related to food is ‘availability of healthier options.’ This is particularly important to younger people in the study. The concept of ‘lifestyle’ expands to food choices within a shopping centre. Many expect the availability of healthier food choices. If this isn’t the case then people may not spend as much money or be as satisfied as they should.

**41%**

Prefer to eat or drink in Shopping centres whilst on a shopping trip



**10%**

Prefer the High Street

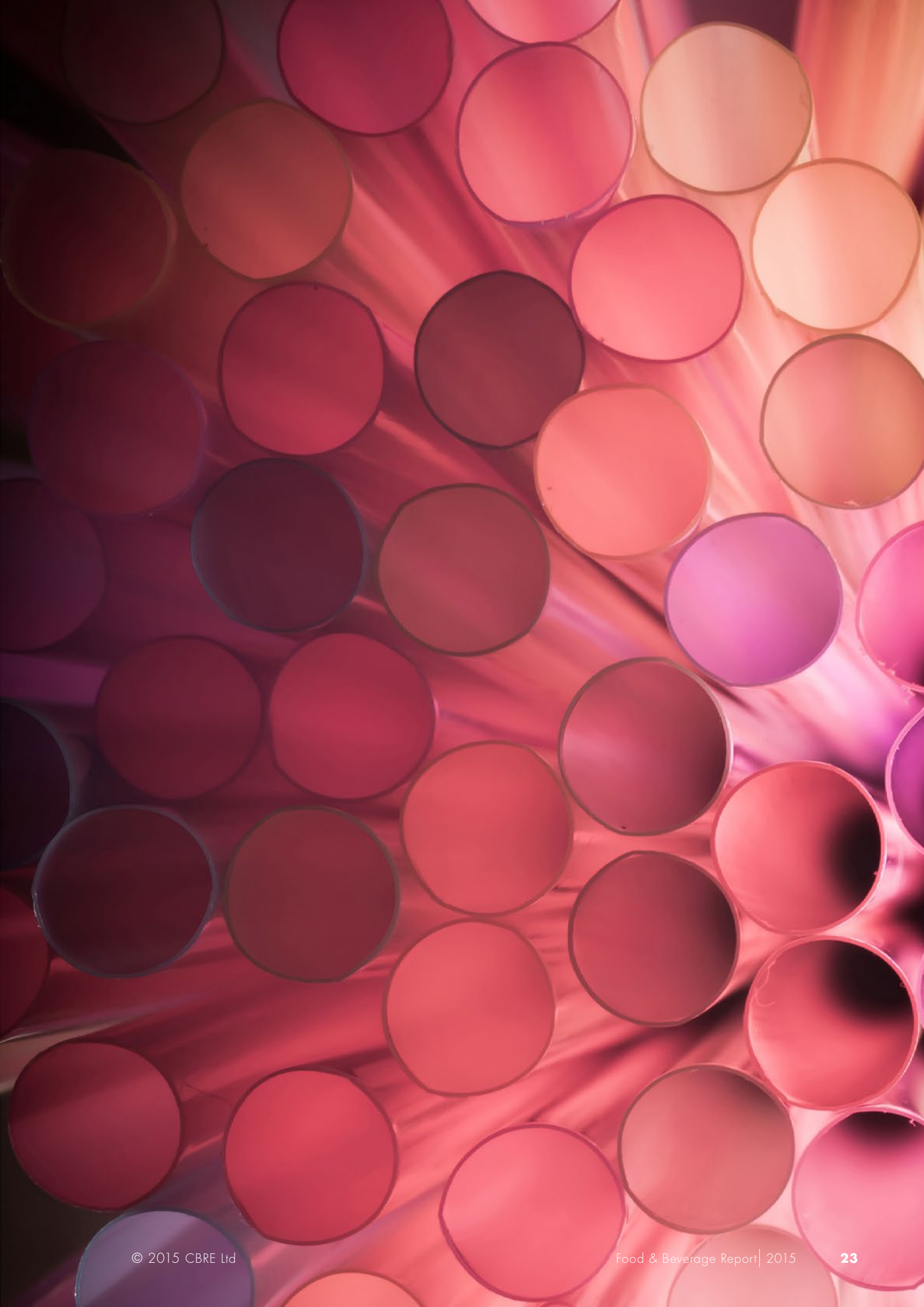


**7%**

Prefer an out of town retail park







## CONSUMER EXPECTATIONS

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We asked consumers what they would like to see in addition to what is currently available. The results, as seen in figure 9, are fairly tightly grouped. Two elements scored higher than 40%: 'healthy/organic food options' and 'innovative food offerings'.

There is a demand for an independent offer, pop-up restaurants and innovation, all being elements that indicate a requirement to see 'something different' than the established norm. This being the case, it would promote the potential of a venue like **Trinity Kitchen** in **Leeds** for example. As Land Securities brings in six different vendors each month on a rotating basis; each concept brings a street food vibe to the centre and delivers newness and innovation every four weeks. We have seen from the survey that consumers want to see innovative offerings, they want the food and beverage offer to be one of the more dynamic elements of the centre.

The consumers are saying they want to see something new; this isn't necessarily going to detract from the performance of the brands that are long established. What it creates is a feeling that there is newness and there is variety; people are more comfortable eating in an environment that is interesting even if they eat from the same place and eat the same food as normal.

The exposure that consumers have to different food concepts is increasing. Whether that be via the media or more personally from travel overseas, there is a wider experience set to draw from. The varieties of culinary experiences that are now available give the shopping centre owners far more opportunity to meet the requirements of customers.

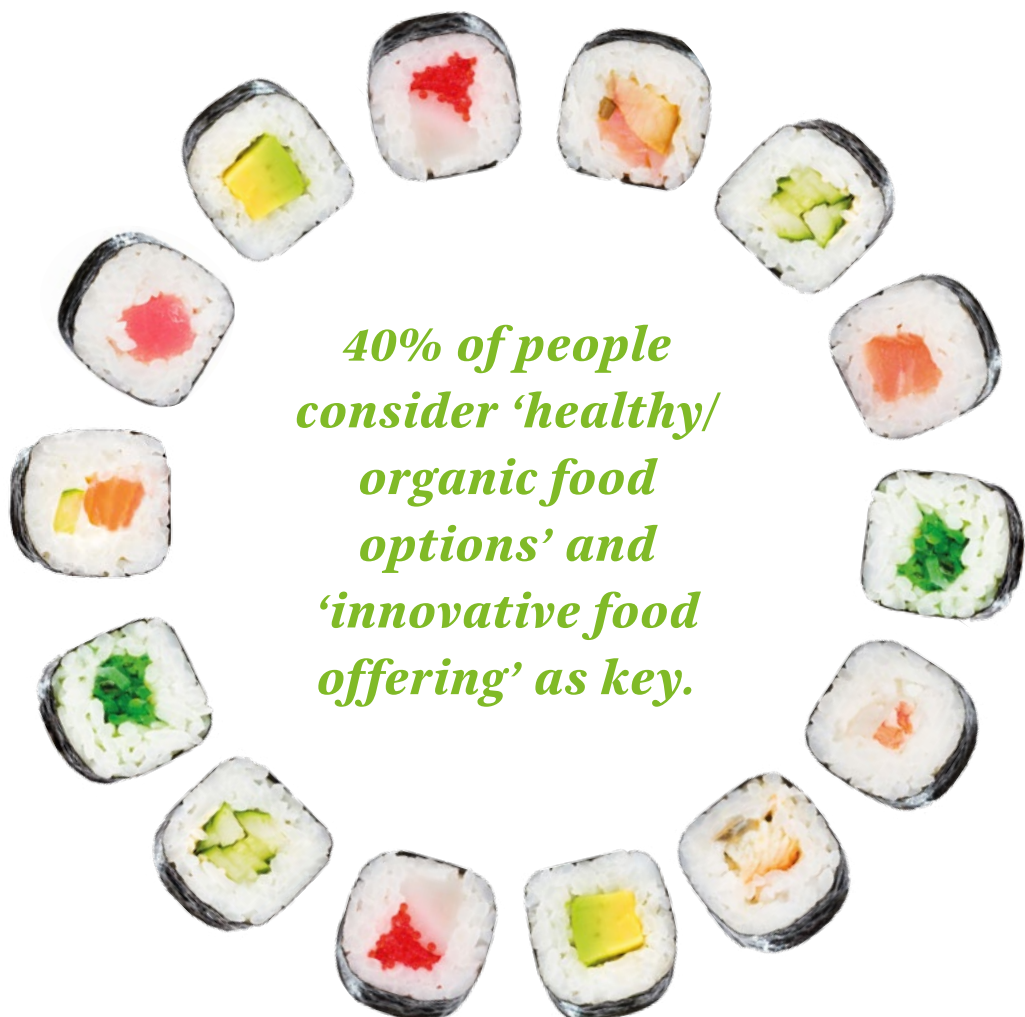
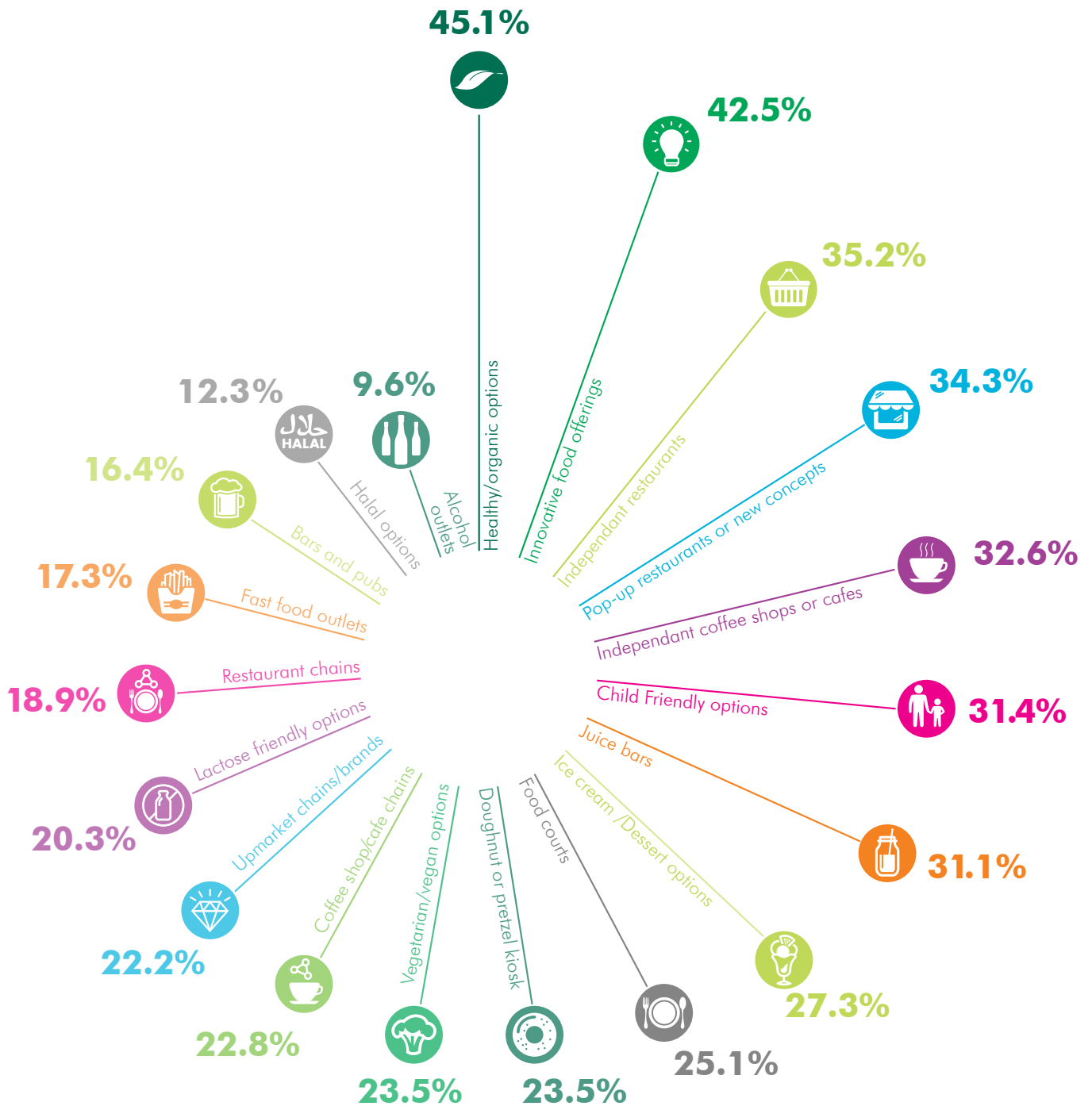


Figure 9. Food and Beverage options or establishments that consumers would like to see more of.



Source: CBRE 2015

## CONCLUSION

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# THE FUTURE OF FOOD AND BEVERAGE IN SHOPPING CENTRES

Food and beverage has developed over the past decade. The offer is available to meet the requirements of consumers who want innovation and newness. What we do see is a disparity between markets and between centres within markets.

There are a number of elements that must be addressed to ensure opportunities are taken.

**The number of people that say they go to a shopping centre just to eat or drink will increase**

- The current 30% will increase to 50%
- This will be driven by quality of offer, innovation and consumer acceptance

**Any centre that allocates less than 10% of GLA to food and beverage is not sustainable. We will see 25% becoming more normal in many centres**

- Interspersing the retail offer with opportunities to engage with food and beverage delivers extra turnover
- From fine dining restaurants and champagne bars to fast casual dining, the brands are there
- The food can be an anchor by itself; for some centres the food will be the primary reason to visit

**New restaurant and dining brands will launch to market through shopping centres**

- As retail becomes more eclectic so must food and beverage
- The knowledge that landlords have about customer flows, dwell time average spend is exactly the level of insight required
- A shopping centre offers a known environment

**Tailoring the offer becomes ever more important**

- Whilst to some extent consumers are creatures of habit, they also want to be treated as individuals
- Personalisation will be a key trend in the dining experience
- Consumers want to feel they are entering an environment that demonstrably understands and meets their needs

**There is still a lot of money to be made from a refreshed food court**

- A revitalised central food area offering fast food and fast casual dining is still required in many centres



*“Any centre that allocates less than 10% to food and beverage is not sustainable. We will see 25% becoming more normal in many centres.”*

## KEY CONTACTS

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# What is Retail Science?

At the heart of the retail environment,  
lies the intersection of data and the consumer experience.

Where information and analytics come together to reveal market trends.

Where a deep understanding of consumer behaviour  
informs the physical experience.

Where ideas become actions that directly impact business success.

At CBRE, we are passionate retail experts.

We know how to leverage this powerful combination  
of data and consumer insight, unifying and mobilising  
them into outcomes that build true business advantage.

We call this **Retail Science**.

