

# Inside OUTLETS

SUMMER 2023 / ISSUE 02.

## The Realm Outlet Price Index

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**Realm**

Specialist Outlet  
Operators  
and Advisors



# Still flying high, retailing with confidence

Welcome to the latest issue of our magazine where we share insights from our experience of operating within the UK and European outlet sector including commentary from industry experts.

Since our last issue outlet schemes have unequivocally continued to be one of the success stories of the retail sector. The compelling appeal of high-quality brands at discounted prices is hard to resist. By the time we factor in a highly curated and attractive environment and a guest culture it is no wonder their popularity has endured and remains a day out destination experience.

Outlet centres remain particularly relevant and resilient in times of economic pressures but the change in consumer behaviours brought about by economic factors is also driving a desire to try them for the first time or revisit more frequently. The wave of positive sentiment towards outlets is also a powerful antidote to the blandness witnessed in many other shopping locations and the online experience.

Crucially the current popularity of the outlet proposition is translating into strong trading performance as our guests are spending in sufficient magnitude to beat inflation, just as many other operators are seeing across Europe.

Whilst the value and brand proposition of outlets is clearly a significant factor in the minds of the customer, the operating model is undoubtedly the other major influence on their success. With genuine partnerships between the occupiers and operator/Landlords underpinned by the turnover rent lease structure, this is the ultimate vehicle to drive sales. Outlets are rich in data and the modelling and reporting of performance is key in nurturing brands both new and established. By sharing the learnings at a granular level there is a common purpose across every scheme so sales and marketing strategies can constantly be refined and adapted making them all the more effective.

Outlet centre owners and operators have long been advocating the benefits of the operating model, and the returns generated from well let and operated schemes continues to attract investors into the sector.

The outlet lease structure and complete operating model may not necessarily suit all full-price shopping centres, but genuine lessons can be learnt from applying the same methodology. Some full-priced schemes in the UK and Europe are now let with a proportion of turnover leases, but we are now witnessing more Landlords really embracing the concept of retail property as being “operational property”, a shift which requires their business to be resourced with specialist retail knowledge, skillsets and systems, which outlets already have in place.

This edition of Inside Outlets expands on some of the topics I have referenced and I am particularly grateful to Ken Gunn of Ken Gunn Consulting in providing his commentary on developments in the European Outlet Sector. Also thanks to Matt Slade, Retail Director at Quintain for sharing how strong collaborative partnerships and lease structures are directly enhancing trading results at the London Designer Outlet and the other retail and F&B offers of the wider Wembley Park estate. Finally my thanks also extend to Radley London for their piece on a retailer's topical view of the sector.

I hope you enjoy reading this and please do get in touch if you would like to discuss any issue relating to outlets or the benefits of the operating model more widely.

Dan Mason,  
Co-Founder and Managing Director





**Daniel Tomkinson**  
Centre Manager, London Designer Outlet

## Portfolio

# TRADING PERFORMANCE

*Yet again outlets have reason to be cheerful as consumers seek to save money, preserve their lifestyles and enjoy in-person shopping in a well maintained environment. Here is a review from Daniel Tomkinson, centre manager of London Designer Outlet.*



Photo by Lennart Uecker on Unsplash



The first six months of trading in UK outlets has seen the sector weather the twin impact of low consumer confidence and inflation. Whilst this was not unexpected, our data has revealed that Realm schemes are being shopped more intensively with double digit growth in sales and footfall still recovering but a slightly lower rate. For many owners it may still feel too soon to depart from comparing against pre-pandemic figures but there are signs that footfall gaps between 2023 and 2019 will be bridged and growth sustained across all the key metrics in the next 12 to 18 months.

Many centres have reported their “best ever” months in Jan, Feb or March and momentum is building for a bumper summer with most planning a line up of events and promotions aimed squarely at capitalising on the opportunity outlets are facing – people “shopping around” more.

Unlike previous “flights to value” we have seen in past recessions where outlets attracted swathes of hardened bargain hunters motivated almost exclusively by price, 2023 feels different courtesy of the “K” shaped recovery where the impacts of economic turbulence are not experienced universally by all demographic groups.

Outlets are attracting a younger audience keen to buy but also experience outlets and their increasingly appealing stress-free ambience. In addition many lapsed and infrequent outlet shoppers are returning to the schemes they had visited a few years ago and noticing the big improvements in brand line up and environment – this is stark at a time when most full price shopping schemes have not been able to elevate or develop their propositions.

Sports remains a leading category for outlets and there is a sense that 2023

may turn out to be the year of the “anchor” with sales at larger stores such as Nike powering ahead Gym membership in the UK is now over 10m and the appeal of outlets having large flagship stores is being seen across all age bands as 30% of gym goers are under 34 whilst the most frequent visitors and fastest growing are the over 50s.

Womenswear is also performing particularly strongly and with a 15% increase in units per transaction we can see that those who are spending are not holding back. The new wave of shoppers outlets are attracting are seeing the value on offer and taking advantage with renewed enthusiasm for in person shopping.





**Ken Gunn**  
Industry Expert, Ken Gunn Consulting

# European Outlets

## AN OPPORTUNITY FOR INVESTORS

Industry Expert Ken Gunn of Ken Gunn Consulting gives us chapter and verse on the European market

In 2023, the European outlet industry comprises 213 major sites, with a total gross lettable area of 44 million sqft and sales of c£16.6 billion. Unlike shopping centres, many brands strengthened their exposure to outlet during the Pandemic and European outlet sales in 2023 are expected to be c10% ahead of the level in 2019.



When the outlet format crossed the Atlantic in the early 1980s, the UK was an enthusiastic adopter. As a result, the average UK outlet centre today is seven years older than counterparts in mainland Europe and while the UK is home to c9% of Europe's population, UK outlet centres are responsible for c18% of European outlet turnover. While there continues to be a small number of new pipeline projects, the UK reached peak development activity far earlier than continental Europe. This has created a noticeable lead in critical asset management, operational and placemaking skills.

The UK has greater provision of outlet space per capita, greater competitive overlaps and shorter catchments than many other parts of Europe. In order to sustain this provision, turnover leases have encouraged innovation of guest propositions and the amplification of hospitality, leisure and placemaking skills. A recognisable hierarchy of outlet sites has evolved, which is reflected in retail mix, brand quality and trading performance.

Only 26% of the 822 brands operating at UK outlet centres have outlet stores in more than one country. This makes entry into the UK challenging for overseas operators, as new relationships need to be created with unfamiliar brands. However, the proportion of 'international' brands rises to nearly 50% on the continent, reaching 56% in Sweden, 68% in the Netherlands and 88% in Belgium. Many brands are therefore familiar to established European operators, allowing more straightforward expansion across Europe, compared with entry into the UK. And while many of the brands present in Europe are different to those in the UK, similar lease structures have led to the same performance hierarchy across the continent. This makes it possible for good operators to quickly understand trading performance and prioritise opportunities for growth.

For example, there is a close relationship between the size or gross lettable area of outlet centres and sales density performance, with lower tier sites generally smaller than higher tier sites. The more mature UK market has a greater proportion of turnover (24%) in Tier 2 centres (eg Ashford Designer Outlet) than mainland Europe (14%), balanced by a smaller proportion (20%) of UK turnover at Tier 4 sites than mainland Europe (30%). Assuming that Europe will eventually evolve to the same structure as the UK, there is clear potential for an added value investment strategy which targets Tier 3 and 4 sites with expansion potential.

*"There is a close relationship between the size or gross lettable area of outlet centres and sales density performance"*

This approach is already being pursued by Via Outlets which acquired eleven 'distressed' outlet assets between 2014 and 2017. A well executed program of expansion and remerchandising has increased brand sales by 20%, from €1bn in 2019 to €1.2bn in 2022. Prior to the Pandemic, the IRUS fund which comprised eleven outlet centres, closed with a 9% return in 2017, making it one of the most profitable funds of its kind. IRUS was named "Fund of the Year - Retail" (2017) by Property Investor Europe magazine, for its return on investment, the originality of its offer, and its excellent management.

Despite this success, it is not uncommon for trading assessments to uncover untapped potential income growth of between 20% and 40%, even at mature assets. A substantial opportunity exists for

investor-operators to add value by leveraging superior insight and skills to optimise retail mix, attract better brands and grow income. It is often the case, for example, that European outlet operators give too much weight to fashion, relative to available guest expenditure, and opportunities exist to broaden merchandise mixes.

### Good to know

→ Europe for example, is substantially behind the UK when it comes to Food & Beverage, particularly as tourists typically spend as much on eating as they do on fashion.







London Designer Outlet

**"Double digit growth has returned turnover to 2019 levels and occupier demand is very positive, occupancy is above 95% and rising energy and food costs have driven new guests to outlet."**

The UK at 9.1% pa is expected to lag slightly behind mainland Europe as Brexit, VAT refund policy and a weaker economy inhibit growth, however it is worth remembering that 9.1% pa is above the long term trend and still several times greater than the general rate of growth in retail sales.

The European outlet industry has recovered from the pandemic strongly. Double digit growth has returned turnover to 2019 levels and occupier demand is very positive, occupancy is above 95% and rising energy and food costs have driven new guests to outlet. Owners and their operators continue to

invest heavily in outlet centres creating appropriate space for key brands, attracting new brands and improving environments to suit the new customer paradigm.

European brand line-ups have homogenised at leading sites and with management increasingly focussed on domestic guests (luxury shoppers, staying at home), there is an increasing need to provide a point of difference for consumers. For higher tier locations, this will always remain with the quality of brands and guest hospitality. However, lower tier sites must increasingly look to new brands, a broader merchandise mix and leisure or cultural activities for their point of difference. This is a significant opportunity for UK based investors and operators to draw upon their broader experience and placemaking skills.

The experience of the last forty years has taught the outlet community many lessons. No two assets are the same, the digital channel isn't necessarily a threat, not every site is suited to the same operator, and not every investor is suited to every outlet opportunity. Perhaps the most important lesson however, is that change is a force for good and profoundly important to the health of outlet centre assets. While guests have evolved, competition has intensified, and retail continues to struggle in the post-Pandemic world, the unique nature of the outlet lease continues to drive rapid transformation and create substantial long-term opportunities for investors.

More than fifty Tier 3 and Tier 4 outlet centres across continental Europe are managed by independent operators. While some independent operators are very capable, this fragmentation of skills presents opportunities to bring in more experienced and better resourced teams such as Realm to deliver asset growth. The value of partnering with a reliable, high profile operating company is increasingly recognised as an essential requirement by investors, and recent acquisitions including Ringsted

Outlet, Luxembourg DO, Aubonne Outlet, Premier Outlet Budapest and Warsaw Designer Outlet have all involved a change of management.

Brands drive outlet centre performance and a key part of any development or investment strategy is attracting appropriate brands which will increase sales and rental income. Across Europe, nearly nine hundred brands (20% of the total) added new outlet stores in the year to July 2022. The number of upscale brands also increased by 7%, highlighting the vibrancy of the sector. Most better quality brands target higher tier outlet centres (Tiers 1, 2 and 3) and it is important to create a compelling story (backed by capital incentives), which align with their values and strategic objectives. This is where high quality operators and leasing teams, plus a little patience can make a substantial difference.

For more adventurous investors, there are many good development projects seeking financial partners. Some are infill locations such as in France or Germany, where planning policies are more protective of town centres. Others are in Central Europe, which despite accounting for 18% of Europe's population (excluding the Russian Federation), represents just 13% of floorspace and 6% of turnover. Mixed use is becoming increasingly common as an approach which allows outlet centres to trade closer to urban areas and the likes of London Designer Outlet and Gunwharf Quays have now been joined by a new generation of mixed use projects including La Torre Outlet Zaragoza, Sambil Outlet Madrid and Amsterdam The Style Outlets. Growth prospects are excellent, with European outlet centres expected to achieve like for like growth of c10.5% pa between 2022 and 2024.

### Outlet Hierarchy

The 279 outlet schemes throughout Europe they can be categorised into 5 tiers based on brand line up and trading density.

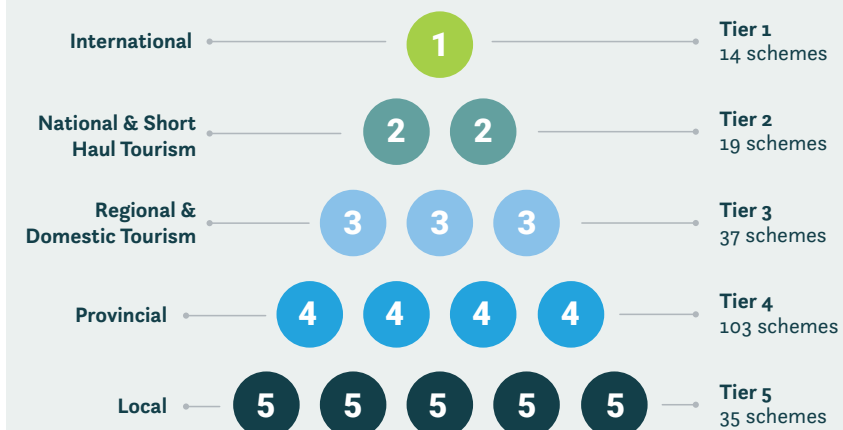


Photo by Kinsey W on Unsplash





**Mark Watts**  
 Realm's Financial Director and Head of Realm Outlet Advisory

# The Resistance of Outlets to Inflation

By Mark Watts, Realm's Financial Director and Head of Realm Outlet Advisory

With general levels of inflation at +8.7% (down slightly from +10.1% CPI in March), we're asking ourselves what level of price increases we are seeing in our UK outlet schemes and, importantly, what this means on the ground. How is it impacting sales, footfall and the type of shopper outlets attract?

Throughout their history outlet centres have encountered many trials and tribulations and price inflation is the latest stress test to affect the sector. With plenty of data on sales, footfall, conversion and average transaction values, we are well equipped to see how they are weathering the storm.

To establish our own 'Outlet Price Index' earlier this year the team of Realm retail managers compiled a basket of goods, based on a shopping list of over 50 'staple' outlet purchases, standard meals and beverage options across our centres. Now we have been able to look at how prices have shifted since March last year.

## The Results

The **Realm Outlet Price Index** shows that outlet retail prices rose by +10.9% and Food and Beverage prices in outlets rose by +8.1%.

Beauty and cosmetics products are averaging the highest increase at +16% whilst sports, outdoor wear and fashion all showed between a +10% and +12% increase in selling price.

The lowest ticket price rises we found were in the homeware sectors, at +6% and footwear also appeared more inflation resistant, with prices rising by the same figure +6%. Possible explanations behind these lower increases are the stable supply of stock in footwear and the boom seen in homewares which kickstarted higher levels of production which in turn generated greater economies of scale post Covid.

The evidence confirms that even outlet shoppers are seeing an uplift in the

price of shopping. It is not however putting them off. Sales growth for Q1 this year was +14% on 2022 and +9% over pre-pandemic levels. Footfall is rapidly recovering; across our portfolio and is currently at +9% vs 2022 (though not yet surpassing pre-pandemic levels).

Another important piece of data we collect from our retailers is the daily transaction count or, more simply, how many customers are actually parting with money in exchange for goods in the stores each day.

**"In Q1 we saw 2.1m purchases across our centres, - 11% down on 2019 but, like footfall, recovering fast at +7% on 2022."**

Inflation also causes consumers to change their behaviour and at least 39% of UK consumers are shopping around more – this benefits outlets as new and lapsed tend to spend more.



## Spoiler Alert?

So is this level of inflation all good for an outlet investor or operator ?

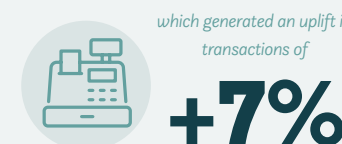
In the short term it is difficult not to say yes. Sales performance is resulting in turnover rents growing and so are base rents which are moving up at a minimum annually indexed rate (+13.3% in January). In our portfolio base rental increase has been +15.8% so far this year.

Longer term we need to be careful as service charges have needed to move with inflation so we have to remember that whilst turnover for our retailers is increasing, so are their costs.

If these levels of inflation remain over the rest of the year it is even more imperative to understand our brands' margins and what effort rates or OCR's they can live with.

## A winning formula

We can tell the trading story in the following flow of data



## Conclusions

Looking at our new Realm Outlet Price Index, we can draw the following conclusions.

- 1 Price inflation is no deterrent to our customers spending in our outlets.
- 2 Outlet shoppers are buying more items when they visit an outlet in 2023.
- 3 Due to inflation, there is a double boost as shoppers are spending more at a higher price point.
- 4 Footfall is recovering quickly but, for the short term, inflation and an influx of new customers is more than compensating for the gap between pre and post pandemic counts.



Nike Unite Store

For now, we as an investor and an operator will continue to track prices in our centres to understand fully what is driving sales, pivot our consumer marketing in response and react to changes in the effort rates we calculate to assess on going affordability for our tenants.

For the time being though Outlet's resistance is definitely fertile.



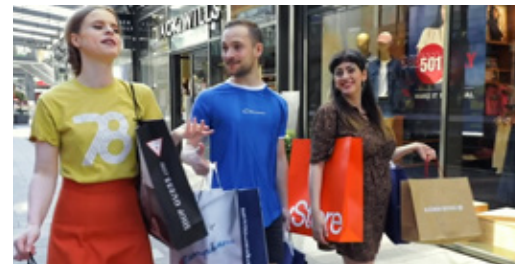
CLIENT VIEW

# Discussion with Matt Slade

Dan Mason speaks to Matt Slade the Retail Director at Quintain about the lease structure and its impact on performance

**DM** The London Designer Outlet is ten years old this October and has seen tremendous growth. What role has this scheme played in Quintain's vision for the development of the wider Wembley Park estate?

**MS** Yes the LDO has been a great success story and has not only performed in its own right as an asset but has essentially acted as major "anchor" which has brought its own energy and appeal to Quintain's wider 85 acre Wembley Park development. The building of the outlet was a first step and now we are developing 8,500 apartments, housing 23,000 residents, along with high quality offices, leisure, and entertainment facilities. To fully service this immediate catchment we have established, as well as the 1.2million local residents that live within 20-minutes of Wembley Park, and of course the huge number of visitors attending events at Wembley Stadium, Ovo Arena, Wembley, Troubadour Wembley Park Theatre and other attractions, we have introduced a well curated mix of retail and leisure. The brands at the LDO add considerably to the attractiveness of the estate, proving a real hit with our Quintain Living residents and has helped us maximise occupancy and rent.



**DM** The majority of Quintain's retail estate across Wembley Park uses turnover leases – what benefits do you see from this?

**MS** I have long been an advocate of the outlet operating model and lease structure. We have seen the benefits of the partnerships created with our brand partners at the LDO and wanted to replicate the same relationships across the rest of the estate. The sales and other key data we collect and interpret from our retail and f&b units allow us to optimise the marketing and promotional activities which ultimately benefits all occupiers. We have deliberately set out to attract a range of national and independent brands that we know will appeal to both local residents and visitors from further afield. The relationships created through the turnover lease model means we are all incentivised to deliver the required financial performance, but our overall ownership allows us to retain character and uniqueness.

**DM** What is your take on the level of operational resource needed on site to drive added value and performance?

**MS** The turnover lease is only half of the story and for it to be fully optimised it needs skilled people to drive the gains they offer. This is a process of relationship building and unearthing insight to unlock growth. Realm has experienced retail and F&B managers who act as everything from performance coaches, lobbying allies (to improve stock packages or request refits), service level champions and recruitment advisors. Communication is key and these human skills are what bring turnover rents to life and share best practice by leaving no stone unturned.



**DM** In your view are outlets run on retail instinct or real estate nous?

**MS** I would say a blend of the two but the glue of all decision making is ultimately data. Interpreting the relevant data underwrites our real estate intuition and informs the sound business cases for growth and key asset management decisions. Outlets are essentially operational property investments and so our Asset Managers will always need that blended skillset of real estate and financial acumen. In short it is professionalism backed up with retail experience and enough room for some flair too.

*"The glue of all decision making is ultimately data. Interpreting the relevant data underwrites our real estate intuition and informs the sound business cases for growth and key asset management decisions"*



**DM** Most outlets thrive on novelty with many schemes seeking a high level of change (whether new brands or store refits) each year. How have you seen leasing help to deliver on this over the first 10 years of impressive growth at LDO?

**MS** By offering more flexible turnover leases the barriers to entry have been lower and this sets the tone of trial and constant improvement. Attracting new brands is clearly great for customers but there is knock on effect for other occupiers too. There is nothing quite like seeing the impact of a new letting on the ground and whilst the evolving line up has always been a benefit for customers it sends a message to other brands too, building their confidence in the scheme that the returns are there. Whether an existing brand is considering an upsize or a newcomer is contemplating taking a unit, the lease is the pivot point because it allows us to be adaptive and responsive to nurture performance. We have also never rested on our laurels – the leasing message has been about challenging misconceptions and proving business cases. Over the last 10 years we have been able to demonstrate to brands that LDO has complemented rather than cannibalised their central London stores. Outlets appeal to different audiences and the LDO is no different. With the shifts in consumer behaviour we have seen in the last few years, keeping track and responding to these trends helps us keep an agenda for change and ensures the LDO stays fresh. The perception of Wembley Park has also evolved so the outlet has been part of a wider process of placemaking as the whole campus has matured into a unique and vibrant destination.



# Bags of Opportunity

## A Retailer Viewpoint from Radley London

We posed some key questions to Kevin Morris, Head of Retail at Radley London

### In terms of your experience as an occupier, what are the main differences in set up and relationships between a full price scheme and an outlet centre?

Other than a more eclectic and varied mix of product, our outlet stores are very similar to our full price spaces. Both how they look and feel, and the way in which we run them. The main difference is the price point – with outlet stores offering a minimum of 30% off their original prices, to align with the requirements of the outlet centres. You can expect the same quality and customer service, whichever Radley store you visit.

### How hard do you have to work to convert footfall into sales with price promotions and POS in store?

We use multiple methods for converting footfall in our stores. Firstly, we use our windows to showcase both promotional messages and our expertly crafted handbags and accessories. Our beautiful campaign photography is a sure-fire way of grabbing the attention

of passing customers. Once in store it's then down to our highly trained and professional store colleagues to help and support our customers in making a purchase, whether for themselves or as a gift.

### To what extent do you see your outlet stores as a way of reaching new customers?

Our outlets play a very important role in attracting customers. Both those who are discovering Radley London for the first time, and those who have previously only shopped with us online. Either way, every customer who walks through our doors is very important to us as a brand. Everything we do in store revolves around offering the best possible experience and value for money to each and every one.

### In your view, which events, entertainment and promotions work best in an outlet centre?

We always try to take part in centre events, especially when we know they resonate well with our product

offering and customer base. We also hold our own events in-store, such as personalisation events and opportunities to meet our iconic Radley Scottie dog mascot. We hold VIP events throughout the year for our loyal database, and these always work well, especially if a 'gift with purchase' is offered.

### And finally!

### What changes if any have you made in recent years to your store fit out?

We are currently mid-way through our outlet elevation program, which has seen us refit and upsize a number of our key outlet stores throughout the UK and the USA. Many of the stores refitted so far required more space, due to our expanding product mix. This program still has 18 months to run and will ultimately see our whole store portfolio refitted to our latest concept, so exciting times are ahead for the brand.



Kevin Morris  
Head of Retail at Radley London



Radley Store,  
Livingston Designer Outlet





Christine Grace  
Realm's Leasing Director

# Independents' Day

## Leasing outlet space to independent brands

By Christine Grace, Realm's Leasing Director

### Historically outlets have been underpinned by international anchor labels so what has driven the recent interest in independent brands?

In the last decade outlets have learnt to be both long and short sighted, despite the important role of tourism and extended catchments for many schemes. The reach of centres has adapted to be far more welcoming to the more frequently visiting shoppers from the immediate and intermediate catchments as data has been able to quantify their lifetime value and annual spend. Even before the pandemic significantly impacted longer range travel we knew there was a demand for independent and regional brands and this interest has been converted into pop-ups and longer term occupancy for a number of reasons.

- 1 Outlet shopping has become considerably more popular with brands and consumers alike but there is an imperative to avoid "clone centres". With many schemes having similar brand line-ups there has been a requirement to ensure originality. Welcoming a few indie and regional brands is a great way of providing variety - you could say it is leasing's contribution to placemaking, giving centres more local roots and an authentic sense of place.
- 2 The brand values of a modern outlet centre must embrace ESG and be seen as genuinely nurturing and supportive to the local economy. Reflecting this within the tenant line up is a great way for centres to prove they are delivering on their promises.
- 3 Independent brands definitely open up opportunities for new and younger audiences through social media. For this reason many of the deals we have done have been seen as marketing driven as they deliver more than just turnover. With a big increase in engagement, followers, views and likes these deals ultimately benefit the scheme as a whole as they entice new customers.



Photo by socialcut on Unsplash



### What are the benefits of introducing smaller independent brands to an outlet scheme?

Independent brands tend to be more fluid and flexible so they can change strategy on pricing, promotion or merchandise layouts very quickly. In Realm outlets they will have a helping hand with experienced retail and F&B managers, skilled in interpreting their trading data and enhancing performance. Outlets are the ultimate entrepreneurial and commercial places where ideas flow through partnership and trialling is possible. For example we have seen some of our interiors brands offer workshops and masterclasses, some indie cafe operators welcome regular business networking groups and distilleries offer experiences such as mixology and tasting classes. Interestingly all of these added advantages of independent brands do not feature price – they provide their own unique service and experience which complements the outlet value proposition.

Photo by Mike Petrucci on Unsplash



Photo by Charles Deluvio on Unsplash



### What are the pitfalls to watch out for with independent brands?

I think this is ultimately about clearly defining expectations at the outset. Outlets are about collaboration but there is a risk that operators may have to spend too much time nurturing a smaller inexperienced brand if financial targets are unrealistic. This is where staggered opening hours or a popup in an already white boxed unit is a better option so the risks are engineered out before taking the next step to extend the lease length. Although pricing is not the be all and end all for independent brands there does still need to be a base line of promotional activity to increase conversion and a system of stock replenishment in place otherwise there is a potential for customer disappointment. Authenticity is also important so limited time offers or additional savings need to be genuine and policed accordingly to build trust.

### The independent retailers most suited to outlets are:

- 1 Food & beverage brands
- 2 Crafts & giftware
- 3 Homeware & interiors

For every 100,000 people in the UK there are 793 independent food and beverage operators, 184 craft and giftware brands and 96 homeware and interiors retailers.

Source: Indie Retail 2022



## Discussion with Realm's Youngest Marketer

# Make it fresh and inviting

*Will Scott joined the Marketing team at London Designer Outlet earlier this year fresh from university. As a Gen Z himself he is perfectly placed to promote outlet shopping to younger audiences using the channels they are most comfortable with.*

### Have you noticed Tik Tok being used by any of the brands at your centre?

One of our anchor brands M&S recently changed their marketing strategy to target GenZ and the younger audience by using TikTok as a marketing tool. M&S have their own LDO store TikTok channel and it has already reached 5million views.

### Have you used TikTok as a marketing channel for the centre yet?

Yes, we launched the LDO TikTok channel in March and it is constantly growing. We already have 1500 followers and are still in the process of testing different types of content to see which generates the greatest engagement.



**Keep up to date  
with LDO on TikTok**

 @ldowembleypark

### Is demographic profiling relevant anymore for outlet marketing where you target people based on where they live?

Yes, I believe so and it's something we still consider when segmenting our audience. We also consider other elements such as ethnicity, financial status, and age, particularly when using events to increase the reasons why someone might come to shop with us.

### Which posts have the highest engagement and reach – what are the key ingredients in your view?

It has taken lots of trial and error but posts that get the highest engagement are always informative and include something that could benefit the viewer – a hack, money saving tip or style advice.

The higher performing posts are invariably the ones that we have created rather than the imagery that the brands provide - that extra process is needed to shape and edit the content for it to really work for us.



**Will Scott**  
Marketing Executive, London Designer Outlet



## Instagram vs Facebook?

**We now see outlets using both of these channels but to the lay-person what are the differences in terms of content, cost and audiences?**

From my point of view, Instagram is more in vogue for most people now. Facebook tends to be a place for daily updates, and what is happening in the now whereas Instagram is used to post images from someone's holiday, weekend, or a shopping trip to an outlet.

Instagram has its story feature which allows instant updates to followers, but they are always image based which puts pressure to show the experience schemes offer in as appealing a way as possible. As Instagram has more of a showcase it is a better tool for attracting new visitors to outlets.

Costs are roughly the same as they are the same company and we can gain some economy of scale by posting the same content. Facebook has an older audience and Instagram a younger audience. Since the acquisition of Instagram by Facebook, the audiences seemed to have somewhat crossed over, but more in the favour of Facebook users transferring to Instagram rather than the other way around.



Photo by Shingi Rice  
on Unsplash



# OUTLETS THROUGH THE YEARS

Outlets have been in Europe since the 1990s and for this visualisation we decided to break down the periods where deals, innovation and general exposure fell into natural eras. Think of them as growth spurts as the proposition evolves its appeal, targets different groups and flexes marketing effort in a more nuanced way.



## Anchor Years

### Appeal

Big names to guarantee a big pull factor. Sports, mixed fashion and shoes.

### Targeting

Mass appeal

### Marketing Role

This was a new format. Marketing was effectively lobbying.



## F&B Years

### Appeal

Extend the dwell time.

### Targeting

Families. Coffee wasn't enough. Casual dining.

### Marketing Role

Make outlets less sterile. Beginnings of destination appeal.



## Lifestyle Years

### Appeal

More casual brands mirroring the relaxed nature of outlets.

### Targeting

Casual quality clothing to suit a slightly more mature demographic.

### Marketing Role

Day out shopping.



## Athleisure Years

### Appeal

Back to school, Rising Gym membership, Lifestyle driven, Running, Yoga, Driven by biggest brands in the world.

### Targeting

Start of appeal of outlets to the under 30s.

### Marketing Role

Create a sense of Membership and increasing efficiency in media plans.



## Events and Entertainment Years

### Appeal

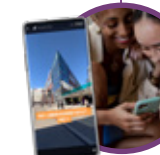
Started with sales promotions. Categories "denim week" or mid season and Sale. Building more about experiential – floral installations, art, culture, workshops, music, Instagrammable.

### Targeting

more precision and birth of digital. Database becomes VIPs.

### Marketing Role

Outlets are cool places – so much more than shopping and percentage signs.



## Digitisation Years

### Appeal

Counter online, survive recession and pandemic.

### Targeting

Tik Tok, Instagram, generation Younger shoppers targeted, Whatsapp consultations, online sales portals, livestreaming.

### Marketing Role

Elevated Loyalty, Added value, service enhancements brought about by tech, home delivery.



## Flagship Years

### Appeal

Much more Relaxed about cannibalisation. Outlets as a new customer acquisition channel. Brand consistency and Omnichannel.

### Targeting

elevating the proposition – not in any way short changed. Mainstream no longer niche.

### Marketing Role

Acceptance that the sector is "valid". Testimonials, ambassadors, sponsorships, start of localism – big brands still have community at their heart.



## ESG Years

### Appeal

Show the world that outlet shopping is truly green. Avoids fashion going to landfill and 100% recycling of materials onsite. Cares about local communities too.

### Targeting

Win over a new younger conscious consumer audience and local communities.

### Marketing Role

Outlet shopping makes sense for the planet, supports local and engages in charitable activities.



## Premiumisation Years

### Appeal

Less and less about discount and off price shopping. More and more about an expression of consumer choice. Way of life. Savvy with style.

### Targeting

Return of tourists and sub 40 age group, fashionistas, influencers.

### Marketing Role

Visual excellence sustainability. Hospitality mindset.

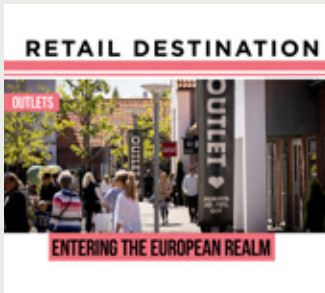


## Realm in the Media

In case you didn't see them Realm has continued to be featured in the trade press with thought pieces and trading success stories. We aim to share insight and our comment and opinion columns also feature in our LinkedIn feed. *(Click each article to view link)*

### Entering the European Realm

For Retail Destination we recently compared the differences between the UK and mainland Europe outlet market. Although a more developed sector in the UK there are still plenty of learnings to be made from the 240 schemes in the Eurozone.



### PR makes hay while the sun shines

Outlets are investing in consumer PR to recruit more shoppers who are now in flux as to their preferred shopping haunts due to the cost of living.

### Outlets - the Consumer's Friend

Realm recently hired TV presenter Angelica Bell to feature in a leasing film showcasing the growth and significant opportunity for brands at London Designer Outlet. The 3 minute video showcases the enormous strides that Wembley Park has made in terms of populating the immediate catchment with lucrative fashion literate consumers.



### London Designer Outlet secures raft of upsizes

Our leasing team secured a raft of deals to continue the record breaking streak of the Wembley-based destination.

Seen as a real endorsement from brands - increasing footprint is a key trend of 2023



### Going back to the past to insure the future

A piece which reflects on the way schemes have now fully picked up from the momentum that was building before the pandemic. Outlets now connect with consumers' heads and hearts with a far more public commitment to ESG and charitable activities.

### Realm Predictions feature in RLI Magazine

A piece covering innovation featuring Cotswolds Designer Outlet in Gloucestershire - set to be one of the bestlocated, premium designer outlets in the UK.



# OUTLET EXPERIENCE



Whether it's **the experience** being enjoyed by guests in our outlet destinations, or the **operational experience** that has shaped our professional reputation and expertise over 22 years, **we get outlets.**

Our track record of instructions now totals over €2bn worth of assets in the UK and Europe.

We offer a suite of services for capital partners, delivering performance and growth across the following disciplines:

- Asset Management and Leasing
- Commercial and Retail Operations
- Property and Facilities Management
- Redevelopment & Refurbishment
- Outlet Advisory Services



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**OUTLETS**

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