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Author(s)	David Hourihan
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UK and Ireland Shopping Centre Management Sentiment Survey 2013

The College of Estate Management

IP 2/14

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CEM OCCASIONAL PAPER SERIES

July 2014

This paper is a summary analysis of a survey of 131 shopping centre managers across the home market of the United Kingdom and Ireland. The purpose of this survey is to recognise th key challenges currently affecting the role of shopping centre managers in the home market and to identify trends that will affect this market over the next three years (2014 – 2016).

ABOUT THE AUTHOR

David Hourihan MSc (Prop. Inv.) FRICS is the Course Leader for the BCSC Diploma in Shopping Centre Management at the College of Estate Management.

Over the last 20 years, David has worked in the property management, valuations and agency sectors of the commercial property industry in both the UK and Ireland.

See also David's previous Occasion Paper entitled 'The Irish investor's attitude towards commercial property investments in 2011 and beyond'.

David Hourihan MSc Prop. Inv. FRICS
Course Leader, BCSC Diploma in Shopping Centre Management
College of Estate Management

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1. EXECUTIVE SUMMARY

1.1 According to our shopping centre management survey, the home market of the UK and Ireland will continue to experience significant challenges in terms of managing costs, income and customer loyalty over the next three years (2014–16).

1.2 The three most important factors that, according to our respondents, will most affect UK and Irish shopping centres over the next three years are:

- the economic climate;
- occupier demand;
- online shopping.

1.3 Mall commercialisation initiatives are forecasted to generate increased income for centre managers over the next three years.

1.4 Issues expected to grow at shopping centres over the next three years include:

- service charge budgets;
- energy costs;
- the importance of click and collect.

1.5 Issues forecasted to decline at shopping centres over the next three years include:

- footfall;
- income from retail units.

1.6 Car park tariffs and vacancy rates are expected to remain unchanged over the next three years.

1.7 Examples of new measures respondents plan to introduce to increase customer loyalty over the next three years include:

- free Wi-Fi and instant offers;
- free click and collect lockers;
- fine-tuning of social media strategies to eradicate the current ‘scattergun approach’;
- reviewing security provision with a view to combining the role with a more front-of-house, customer service type role to help create a more welcoming and friendly environment;
- increasing the provision of leisure/hospitality outlets – cinemas, clubs and social enterprise units;

- increasing customer service training and mystery shopping audits;
- improving way finding;
- creating wider parking bays, not only for parents and guardians but also for customers;
- introducing car park loyalty cards to reward car park users for number of visits.

1.8 A significant number of centres (52 respondents (40%)) plan to undertake major mall refurbishments over the next three years.

1.9 Social media is now an integral part of the marketing plan for the majority of UK and Irish shopping centres. Respondents were asked how they measure the results of using social media to promote their centres. Examples and comments respondents gave on how shopping centres benchmark their social media initiatives include:

- 'An interesting question! My background as centre manager encourages me to question measurable outcomes and I am struggling to evaluate social media at present. I agree it is an essential marketing tool, but 'liking' a Facebook page does not encourage shoppers to visit!'
- 'This is still embryonic for our scheme, but we are focusing on Twitter as it has a wider take up in our catchment and is very active. We plan to launch next week and will monitor via our PR agency, who will help drive this. Feedback from retailers will be key.'

1.10 Respondents were asked to confirm if their shopping centre has been involved in a business improvement district (BID) scheme, and if yes, what benefits this has brought to their centre. Of the 131 respondents, 34 (26%) have been involved in a BID scheme. Comments from respondents who are involved in BIDs include:

- 'The centre is safer, cleaner and greener; there is an increase in footfall; and it brings vibrancy into the city centre.'
- 'It has brought more integration with other schemes of marketing, enhanced retail security, and more influence with council.'
- 'Borderline – they have great ideas (and I am a director) but they're hamstrung by retailer and local authority apathy.'
- 'We now have sales and footfall reports from the area for comparison with centre figures. There has been additional cleaning and security for the area as a whole. Marketing of the high street is beneficial to the area as a whole and it drives footfall from a wider catchment. Smarter and better-managed seasonal decorations.'

1.11 Respondents were asked to prioritise a list of initiatives they would plan to use in order to maintain and improve the staff morale over the next three years. Most respondents agreed that providing more training is the best method currently available to them in order to maintain team morale and cohesion. This option was closely followed by the ability to delegate more responsibility to staff and increase their pay. A large number of respondents chose the 'Other' option regarding initiatives to maintain and improve staff morale and provided various comments including:

- 'Focus on job security has helped focus staff minds.'
- 'Loyal staff will stay if rewarded in small ways: better conditions where possible, small pay rises and increased training.'

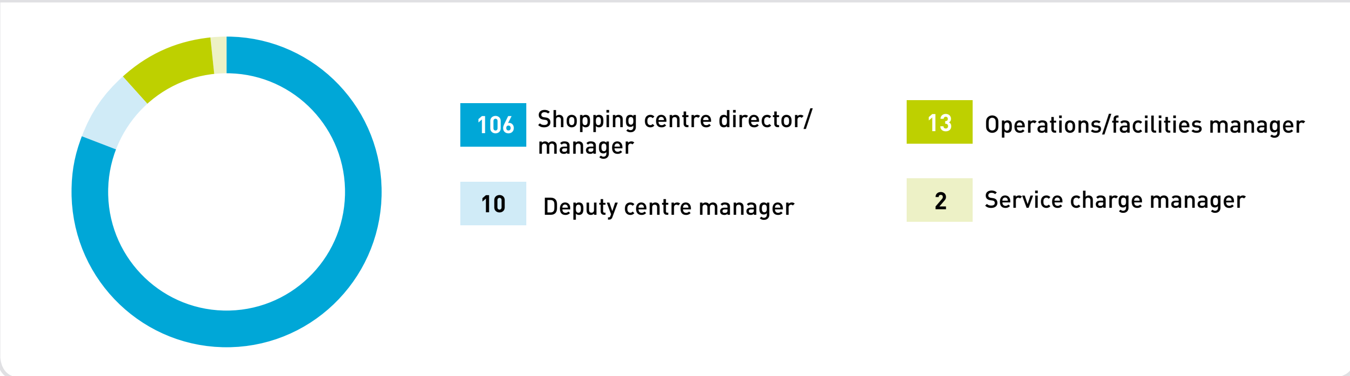
2. SURVEY METHODOLOGY

2.1 Over April 2013, the BCSC and CEM issued an online sentiment survey to BCSC members and alumni of the BCSC Diploma in Shopping Centre Management (see Appendix).

2.2 The purpose of this survey was to identify and analyse the challenges and trends currently affecting the role of shopping centre managers in the home market of the UK and Ireland.

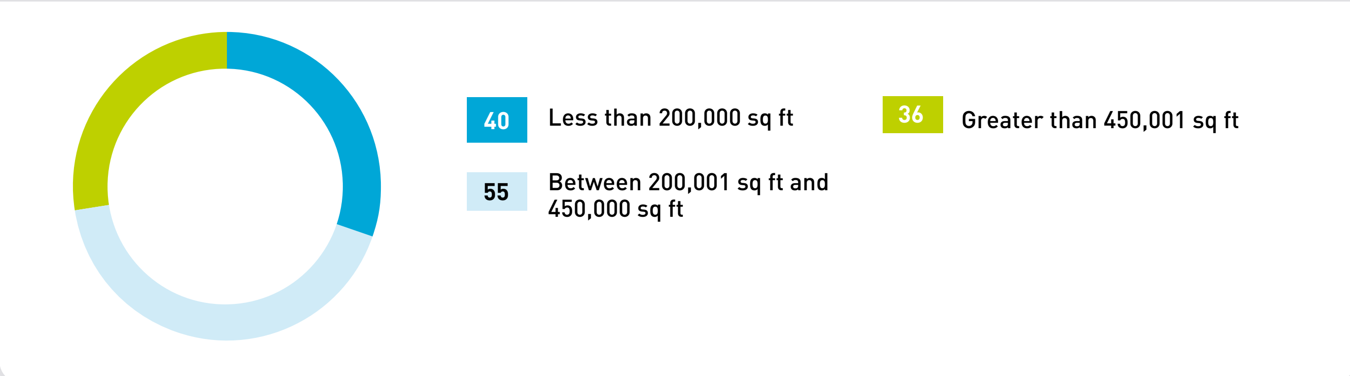
2.3 131 responses were received. The majority of respondents (106 (81%)) were shopping centre managers/directors.

Survey participants



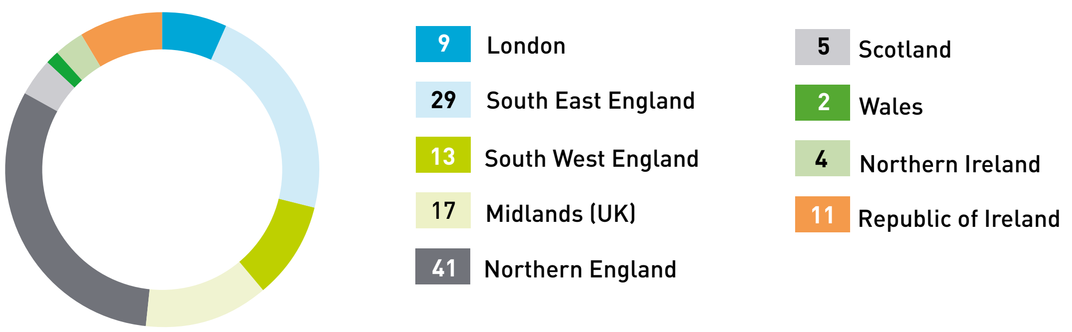
2.4 There was a balanced spread of responses in terms of the size of shopping centres the respondents were working at.

Shopping centres by size



2.5 There was a good spread of responses from across the home market of the UK and Ireland. The highest number of responses came from the northern region, followed closely by the south-east region.

Locations of survey participants



2.6 Of the 131 respondents, 97 (74%) gave their address details, while 88 (67%) of the respondents gave their email addresses in order to receive the results of the survey. This response would indicate that the survey questions were reasonably well constructed to be of interest to the majority of the respondents.

3. MAIN SURVEY FINDINGS

3.1 Forecasted changes in service charge budgets

3.1.1 Respondents were asked to identify the service charge headings under which they expect to see changes in spending over the next three years (2014–16).

3.1.2 79 (60%) respondents expect management fees to remain unchanged over the next three years.

3.1.3 Since the beginning of the current recession, retailers and landlords have actively sought to reduce spend under the service charge budgets in shopping centres. However, the majority of respondents to our survey anticipate increases in spend over the next three years on soft services, hard services and insurance. This is an interesting response and may be indicating a change in sentiment towards the management of shopping centres and a required loosening of the purse strings.

3.1.4 Of particular interest are the responses under the utilities, insurance and exceptional expenditure headings. Here, a considerable number of respondents indicated that they were forecasting that the cost of gas and electricity costs would continue to increase over the next three years. Counter measures and sustainability would undoubtedly continue to grow in importance in order to make savings under these headings. Insurance costs are not expected to reduce. Exceptional expenditure in the form of substantial planned preventive maintenance (PPM) works will take place over the next three years at many of the shopping centres involved in the survey.

3.1.5 There was also a notable response indicating that mall commercialisation initiatives are forecasted to generate increased income for centre managers over the next three years.

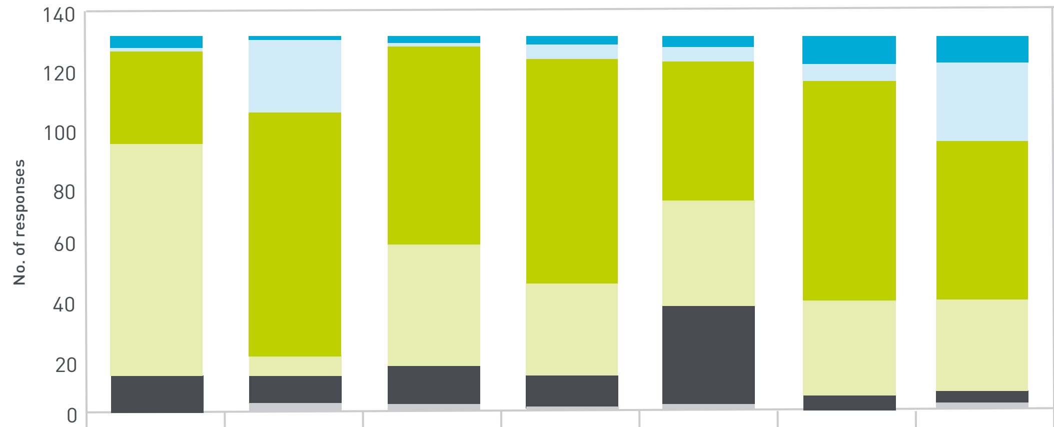
3.1.6 Additional comments provided by the survey participants provided further insight. Comments included:

- ‘The property is old; there has been a lack of investment and underfunded budgets by the previous owners over a five-year period.’
- ‘Upgrading of the centre to make it appealing to investors, retailers and consumers.’
- ‘External costs that we have no control over, like utilities. Other costs will be in fabric repairs and decoration. I also believe that soft services and M&E providers will struggle to absorb costs and

these will be passed on. Shopping centres have had it too good for too long.'

- 'Redevelopment proposals will give rise to implementation of significant PPM expenditure, otherwise only minor inflationary increases are anticipated.'
- 'Anti-terrorist measures and updating tired customer facilities – toilets, baby change, etc.'
- 'We have held the service charge at the same rate for many years. We have even reduced it, but the building and plant need investment. You can only put off major works for so long. We have reached that stage. We have had a full survey of the centre, which has highlighted where we need to spend money.'
- 'Previous lack of routine maintenance.'
- 'Addressing repair and replacement issues that were put off due to the recession.'
- 'Defensive refurbishment/energy initiatives'.
- 'Minimum wage increase and constant rise in utility bills due to very little competition in the local market.'
- 'Demands on property maintenance cannot be held off any longer to keep service charges artificially low.'
- 'Utilities are consistently going up year on year, so we are investigating ways to reduce this element. The building has undergone a major refurbishment and is likely to go through another in the next three years, therefore insurance premiums are likely to increase.'
- 'Works which were stripped out over the last three years in a drive to reduce service charge costs will need to be reintroduced. Staff in all sectors who have not had a pay increase for three years or longer will need to have this redressed, as the local market picks up, to avoid losing staff to other businesses.'
- 'Major improvements to the current scheme, bringing it in line with the competition, and updating plant and equipment to ensure the centre is more sustainable and reduces utility costs.'
- 'Contract staff are now being provided with a pension by their employers and costs passed onto the contract. Utilities are steadily increasing year on year and climate change will see greater consumption.'

Forecast changes in service charge budgets over the next three years



	Management fees	Utilities	Soft services	Hard services	Income	Insurance	Exceptional expenditure
Don't know	4	1	2	3	5	10	9
> 15%	1	23	1	5	4	5	27
0 to 15%	31	86	68	75	47	76	55
No change	79	6	41	34	36	33	32
0 to -15	16	12	17	13	37	7	5
> -15%	0	3	2	1	2	0	3

3.2 Factors that will most affect shopping centres

3.2.1 Respondents were asked to rank the factors (1 being the most important and 9 the least important) that will most affect UK and Irish shopping centres over the next three years (2014–16).

3.2.2 Perhaps unsurprisingly, respondents chose economic climate, occupier demand and online shopping as the three main factors that will most affect shopping centres over the next three years, followed closely by retailers going into administration, unemployment and social media.

3.2.3 Additional comments by respondents to this question include:

→ 'Owing to the increasing use of online shopping and the development of centre-wide Wi-Fi and 4G networks, I believe we will see a significant change in the way shopping centres sell themselves to the consumers and retailers. However, in the current climate, I believe there are still several big names that will not be around in 12 months in centres.’

- ‘Occupier demand: retailers’ demands change really fast and only those centres who can change quickly to meet those demands will survive. Social media: hate it or love it, either way, centres need to embrace it or be left behind. Because of recommendations, more and more people are choosing where and when to shop. Economic climate: it is still a big issue all over, but possibly more so in Scotland, as we all enter this time of uncertainty in the run-up to the independence vote!’

- ‘Occupier demand: companies are having to rethink their strategies to fit in with the current climate. Planning: too many developments are being allowed out of the town, which has a direct effect on town centre schemes and fits in line with occupier demand. Online shopping is an ever-increasing threat as time is valuable and online shopping is easy. These three can all roll into one. We must ensure that shopping centres have the relevant stores to make customer experience more satisfactory, so that customers want to visit knowing that they can get all they are looking for, rather than shop online.’

- ‘Occupier demand will be critical over the coming years and they are able to “cherry pick” their preferred locations. The retail industry is undergoing radical changes with online shopping and the subsequent effects this has on retailers struggling/entering receivership.’

- ‘Online shopping is increasing and taking more market share year on year, more and more retailers are shrinking their estate and using multi-channel retailing decreasing the need for stores, and the number of retailers who are going into administration still remains frightening.’

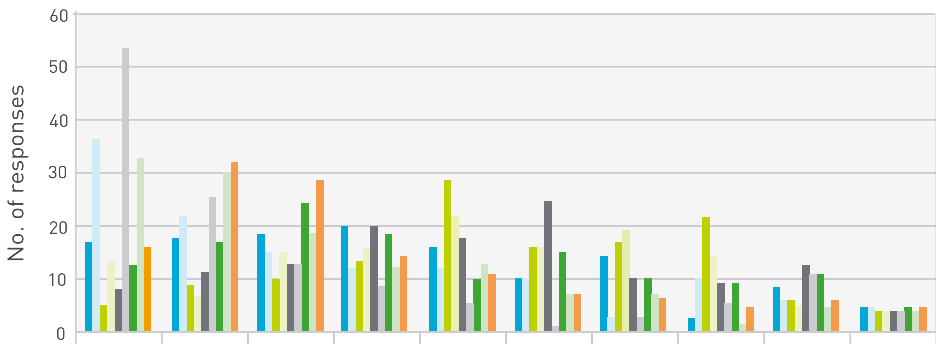
- ‘Economic climate will affect both retailers and shoppers, currently detrimentally. Retailer administrations are cutting large holes in centres that are difficult to fill and add to the climate of “doom”. Occupier demand has given the upper hand to retailers, and they are choosing primary centres and negotiating rents/costs down.’

- ‘Retailers are also consolidating, focusing on the most successful branches in the country, which results in having fewer flagship stores and high street stores. Shopping centres will need to be able to adapt to this changing set of demands.’

- ‘Continuing decrease in consumer sentiment index and ongoing introduction of new taxes on homeowners in Ireland, as well as the implementation of increased wages cuts and recruitment freezes for all public sector workers, are hugely damaging to retail spending. There has been a continued and sustained drop in turnover and footfall in centres since the recession began in 2008, and this looks set to continue. In Ireland, the abolition of upward-only rent reviews for new leases has created a two-tier lease system, which has put the older lease holders at an unfair trading disadvantage, causing many to go into liquidation.'

→ 'The economic climate will affect consumer spending habits and, as the cost of living rises, consumers will choose when and how they spend their hard-earned cash. This in turn will affect retailers' profits and their ability to pay landlords' rents. I believe online shopping will have a greater impact, due to the emergence of mobile phone and tablet computing and the ease with which products can be reviewed and cheaper options found online. The term "showrooming" comes to mind, where consumers visit stores but then complete their purchase online as it is cheaper, sometimes using the store or centre's free Wi-Fi. I believe click and collect may also play a bigger role, especially at stores close to good transport connections – collecting on your way home from work.'

Factors that are forecast to most affect shopping centres in the UK and Ireland ove the next three years (1 is the most important and 9 is the least important)



	1	2	3	4	5	6	7	8	9	0
Social media	17	18	19	20	17	10	14	3	8	5
Occupier demand	36	21	16	12	12	10	3	10	6	5
Security	5	9	10	13	29	16	17	22	6	4
Health and safety	13	8	16	15	21	16	19	14	5	4
Planning	8	11	14	20	18	24	10	9	13	4
Economic climate	53	26	14	8	5	1	3	6	11	4
Unemployment	12	17	24	18	10	15	10	9	11	5
Online shopping	32	30	19	12	13	7	7	2	5	4
Retailers going into administration	16	32	29	14	11	7	6	5	6	5

3.3 Issues forecasted to grow or decline

3.3.1 Respondents were given a list of eight issues and were asked to give an opinion on whether they expected these issues to grow or decline at their centre over the next three years (2014–16). The main points to note with the results to this question can be summarised as follows:

3.3.2 A substantial number of the respondents to this question anticipate a fall of up to 15% in footfall and incomes from retail units over the coming three years.

3.3.3 Car parking tariffs should remain unchanged over this period and, echoing the responses to the previous questions, many respondents anticipate increases particularly in energy costs, overall service charge costs and the importance of click and collect.

3.3.4 As previously highlighted, a substantial number of respondents anticipate no change or a growth of up to 15% in income from mall commercialisation over the next three years.

3.3.5 Additional comments by respondents to this question included:

- ‘Our rents, like most, are now over-valued, and to stimulate and support growth they will have to be reassessed. With this we can achieve new lettings and reduce vacant unit levels. Increasing the number of tenants improves the offer to increase footfall.’
- ‘Retailers are seeking mall concessions rather than rentals where possible, as they incur less cost and they’ll have the flexibility to terminate their occupancy with virtually no notice period.’
- ‘Tenants’ feedback has been that their internet sales have seen an increase over the last few years, and it is expected to increase further. Income is expected to increase as commercialisation pop-ups are becoming increasingly popular. Looking at various schemes and opportunities available to generate interest to consumers will have a positive impact on the centre. Service charge costs will see an increase each year as the cost of living and external factors affect the shopping centre industry. Business economists predict that over the next few years costs will escalate. With this in mind, shopping centres are given the task of ensuring costs are kept as low as possible.’
- ‘Rental levels will probably fall as retailers are finding sales difficult to come by. Landlords will in all probability need to look at lower rents in the short term to ensure a minimal amount of voids. Energy costs will no doubt continue to rise, so cost-saving measures must be found. Mall income revenue is a good way to reduce the impact of lower rents for landlords, so increased activity will be required.’

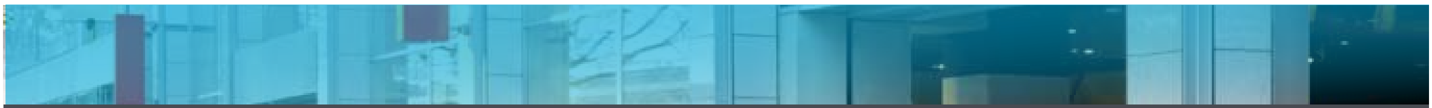
- ‘Click and collect needs to be embraced. It might not increase trade in the store, but it drives footfall to the centre. As leases are renewed, rents will be negotiated downwards. In the UK, we will see the demise of the upwards-only rent review. Service charge costs need to stay static as costs fight between cost centres for priority.’

- ‘Income from retail units and commercialisation is being negotiated down due to the large choice available and the need of centres to maintain some income. Vacancy rates are hitting secondary centres hard and they are turning to poor covenant independents, which can be badly managed and lead to poor quality and possible rent loss.’

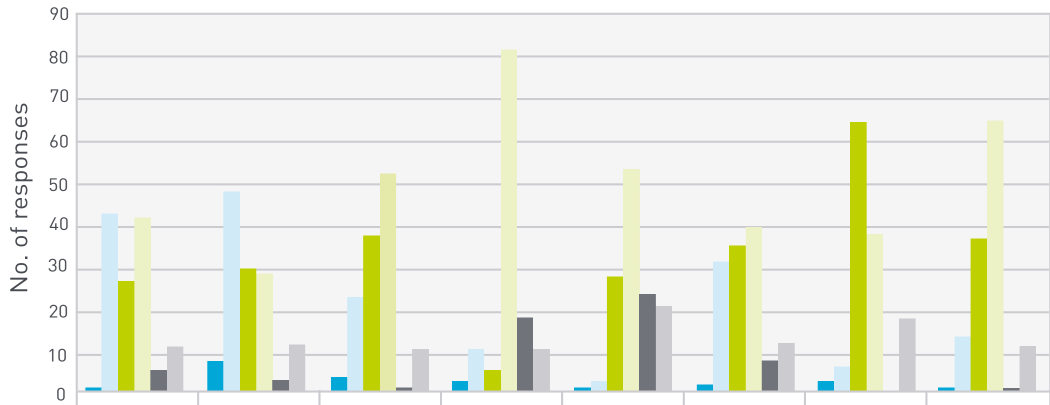
- ‘We have seen a drop in footfall over the past few months – I think this is due to the economic climate and lack of spare cash to spend. Also, car park prices are on the increase by the local council. Commercialisation figures are on the increase as companies try to promote their businesses as best they can to increase awareness of their offer at a reasonable cost.’

- ‘Footfall will continue to be affected as more vacancies exist on our high streets and consumers make small but regular savings on any associated additional costs of a purchase, such as travel/parking costs. Retailers continue to seek rent concessions and the open market rental rates continue to decline due to excess supply of vacant units often in key locations. Some retailer activity will move from in-line units to mall commercialisation locations as independent retailers and sole traders seek alternative ways to trade, avoiding levies such as rates, etc.’

- ‘We are focusing on using a strategy to encourage mall carts to evolve into shops, which should reduce our vacancy rate. We are also using our pop-up shops.’



Issues likely to grow or decline at shopping centres over the next three years



	Footfall	Income from retail units	Income from mall commercial -isation	Energy costs	Importance of click and collect	Vacancy rates in retail units	Car park tariffs	Overall service charge costs
>-15%	1	8	4	3	1	2	3	1
0 to -15%	43	48	24	11	3	32	7	15
No change	27	30	38	6	28	36	65	37
0 to 15%	42	29	53	82	54	40	38	65
>15%	6	3	1	18	24	8	0	1
Don't know	12	13	11	11	21	13	18	12

3.4 New measures to improve customer loyalty

3.4.1 Respondents were asked to give an example of one new measure they plan to introduce to increase customer loyalty over the next three years (2014–16).

3.4.2 Examples and comments respondents gave to this question included:

- ‘Wider parking bay facilities, not only for parents and guardians but also for customers.’
- ‘More services for customers’ convenience; for example, delivering packages, wrapping gifts at no charge, spa treatments, etc.’

- ‘Free Wi-Fi and instant offers.’
- ‘Working with the town centre partnerships, a customer loyalty scheme is being introduced over the next 12 months and it is expected to build momentum as consumers continue to look at making savings.’
- ‘Free click and collect lockers.’
- ‘More involvement with the local community; getting schools to participate more in events, making them feel part of the shopping centre and the wider community.’
- ‘New website using data capture and engagement of customers buying into the centre as a community hub rather than just where you go shopping.’
- ‘Good question! We have introduced lots recently, but the biggest thing is removing the corporate identity and encouraging loyalty from customers. Our strongest chance at doing this is through social media and interaction through schools, etc.’
- ‘Meet and greet at car park entry points.’
- ‘We are starting a weekly afternoon club for children, which we hope to link to our coffee shops with discounts.’
- ‘Working with the local authority to try to either take on the management of the car park or purchase it, to enable us to change the method of parking to APNR or something similar. If we are in a position to redevelop and increase food and beverage/leisure, then our parking must be attractive.’
- ‘Improvements in wayfinding – something that we are extremely lacking in at the moment.’
- ‘Increased customer service training and mystery shopping audits.’
- ‘Our current security provision is being reviewed, with a view to combining the role with a more front-of-house, customer service type role which, if adopted, will help create a more welcoming and friendly environment to which our visitors return again and again.’
- ‘Kids’ clubs and activities to enhance the shopping experience.’

- 'We offer "spend and save" promotions whereby vouchers are provided for shoppers to redeem against a second purchase within a defined period of time.'
- 'Increasing provision of leisure/hospitality outlets – cinema, clubs and social enterprise units.'
- 'Loyalty is king! The "theatre" of the shopping experience is something the internet cannot replicate. We should look to make the shopping experience enjoyable by focusing our resources on the built environment and offers. With significant choice online, we should focus on aligning the tenant mix with the centre's customer base, and refresh where necessary. We should make the shopping centre a destination, a family day out. We should look to provide more dining and leisure. We should keep occupancy costs low, partner with our retailers and continue to lead the way globally in shopping centre management.'
- 'Upgrading our covered parking to make it more enticing for customers on the bad weather days.'
- 'Car park loyalty card to reward our car park users for number of visits.'
- 'Fine-tuning of social media strategies to eradicate the current scattergun approach.'
- 'New car park equipment to allow customer loyalty to be rewarded easily.'

3.5 Planned mall refurbishments

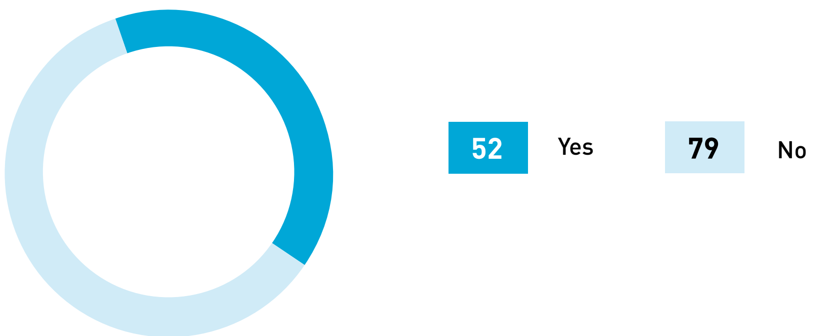
3.5.1 Respondents were asked whether they plan to carry out any mall refurbishment work over the next three years (2014–16). They were also asked for the reasons behind the planned refurbishments. While the majority do not have immediate plans to carry out major refurbishment works over the next three years, there is still a high number of centres (52 respondents (40%)) where major works are planned.

3.5.2 Examples and comments respondents gave regarding mall refurbishments included:

- 'Yes – to show existing and prospective tenants that the owner is committed to the centre.'
- 'Yes – significant, to de-risk the scheme and assure the new vendor in five years' time, and so drive capital value.'

- ‘Major refurbishment planned, largely as a result of a lack of entertainment and leisure offer.’
- ‘Likely, in order to stay ahead and exceed customer expectations.’
- ‘Yes. New food court on the Level 1 mall, to bring in extra revenue and footfall to an empty space and to fill a mall of voids.’
- ‘Car park will be refurbished.’
- ‘Yes. No mall refurbishment has been completed in 20 or 30 years. Also, a new station is to open, which will make the age of the centre stand out.’
- ‘Yes. Ageing appearance of the centre against a local backdrop of large state-of-the-art regional centres.’
- ‘Yes. Refurbishment is needed in order to meet customer expectations and compete with regional retail schemes for total market share within the catchment.’
- ‘Yes. We will double the height of some of the retail shop fronts to add more presence and light to the scheme.’
- ‘Yes. Refurbishment of the entrances. Plans for lighting and changes to the mall fabric are also being discussed.’

Shopping centre mall refurbishments planned over the next three years



3.6 Measuring the importance of social media

3.6.1 Respondents were asked how they measured the performance of the social media element of their centre's marketing plan. Examples and comments respondents gave to this question included:

- 'Our social media is measured against visits, mobile visits, website visits, new visitors, returning visitors, unique visitors, bounce rate and average duration. Monthly reports are produced showing relative statistics.'
- 'An interesting question! My background as centre manager encourages me to question measurable outcomes and I am struggling to evaluate social media at present. I agree it is an essential marketing tool, but 'liking' a Facebook page does not encourage shoppers to visit!'
- 'With difficulty. Facebook in particular allows us to track activity, but by virtue of the volume of people interacting and their comments we get a good sense of measure.'
- 'This is still embryonic for our scheme, but we are focusing on Twitter as it has a wider take up in our catchment and is very active. We plan to launch next week and will monitor via our PR agency, who will help drive this. Feedback from retailers will be key.'
- 'We do use Google Analytics and our website has its own functional monitoring system along with increased Facebook and Twitter followers.'
- 'It is felt that the majority of shopping centres contract these out. However, a small budget and some creative thinking ensures that the social media results are measured in simple ways, such as the use of hashtags or competition forms asking entrants to tick a response. The number of likes and follower increments are also taken into account.'
- 'We proactively manage Facebook, Twitter, YouTube and Pinterst in-house, with regular reviews and statistical analysis.'
- 'We use a specialist company to monitor our social media and we interact with the public ourselves, but it is a market aimed at either very young or older people. Everyone in-between is too busy working and has no time to use social media.'
- 'We generate a weekly and a monthly report, and we also direct questions to gain public opinion on certain events.'

- ‘We monitor retailers’ feedback, the amount of retweets, increase in footfall when certain messages go out, increase in sales for a specific retailer when a specific offer or promotion has gone out.’

- ‘Before and after each event we measure website hits and Facebook likes and check-ins, and we liaise directly with tenants to establish if social media activity has increased takings.’

3.7 Business improvement districts (BIDs)

3.7.1 Respondents were asked to confirm if their shopping centre has been involved in a business improvement district (BID) scheme, and if yes, what benefits this has brought to their centre. Of the 131 respondents, 34 have been involved in a BID scheme.

3.7.2 Comments from respondents who said ‘Yes’ to this question include:

- ‘We have just started, so there are no changes yet. However, I’m BID Chair, which will be beneficial to the centre.’

- ‘The centre is safer, cleaner and greener; there is an increase in footfall; and it brings vibrancy into the city centre.’

- ‘It has brought more integration with other schemes of marketing, enhanced retail security, and more influence with council.’

- ‘A cohesive marketing campaign and a strong voice to lobby the local council.’

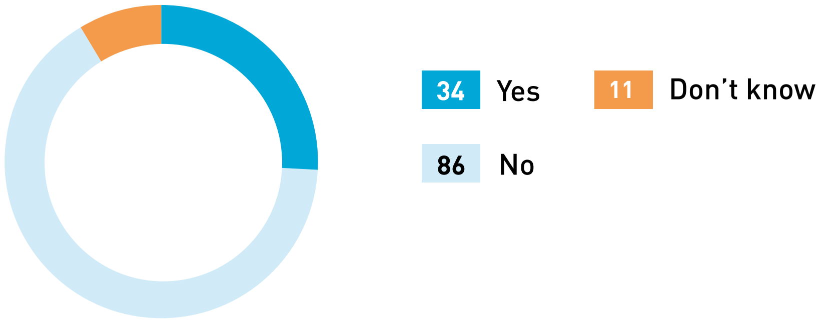
- ‘Borderline – they have great ideas (and I am a director) but they’re hamstrung by retailer and local authority apathy.’

- ‘We now have sales and footfall reports from the area for comparison with centre figures. There has been additional cleaning and security for the area as a whole. Marketing of the high street is beneficial to the area as a whole and it drives footfall from a wider catchment. Smarter and better-managed seasonal decorations.’

- ‘We have a director position on the board so have a great deal of influence in the BID company.’

- ‘The environment outside the centre has improved and there have been events that have driven footfall.

Figure 8 -The number of respondents whose shopping centre has been involved in BIDs



3.8 Managing staff morale

3.8.1 Respondents were asked to prioritise a list of initiatives they will use to maintain and improve the morale of their staff over the next three years (2014–16).

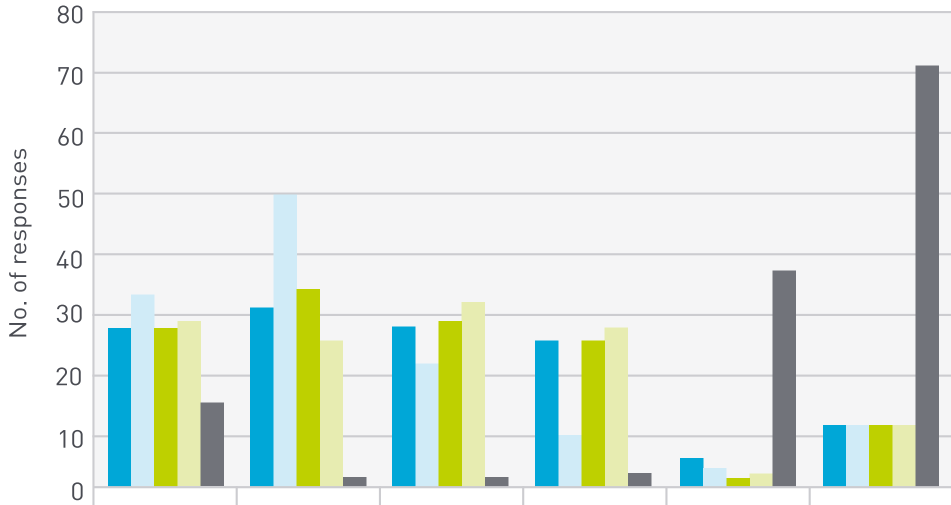
3.8.2 Here, respondents believe that providing more training is the best method currently available to them in order to maintain team morale and cohesion. This option was closely followed by the ability to delegate more responsibility to staff and increasing their pay.

3.8.3 A large number of respondents chose the 'Other' option and provided various comments, including:

- 'Focus on job security has helped focus staff minds.'
- 'Loyal staff will stay if rewarded in small ways: better conditions where possible, small pay rises, increased training, etc.'
- 'It is important to communicate with all staff and recognise them at all times.'
- 'Ensuring that there is a clear corporate direction and leadership for our teams is essential in supporting them in their localised initiatives.'
- 'Hetzberg suggested that money is a hygiene factor as opposed to a motivator and does not lend itself to motivation in the same way as the other motivational factors.'*

*Herzberg F (1968) 'One more time: how do you motivate employees?', Harvard Business Review.

Initiatives respondents plan to use to maintain and improve staff morale over the next three years



	Most important	Second most important	Third most important	Fourth most important	Least important	No view/ don't know
Increase pay	28	31	28	26	6	12
Provide more training	33	50	22	10	4	12
Delegate more responsibiity to staff	28	34	29	26	2	12
Improve working conditions	29	27	32	28	3	12
Other	16	2	2	3	37	71

4. CONCLUSIONS

4.1 This is the first time this sentiment survey has been undertaken by the College of Estate Management. Of the 131 respondents, 88 (67%) gave their email addresses in order to receive the results of the survey. This high response rate confirms that the survey was valid in its construction and of interest to the majority of the respondents.

4.2 Many managers expressed concerns in the survey regarding the state of the UK and Irish economies and the knock-on effect this was having on occupier demand and footfall.

4.3 Unsurprisingly, service charge budgets have been scaled back since the beginning of the recent recession; however, many centre managers now anticipate that these budgets will increase over the next three years. Increased spending is expected under the utilities, insurance and exceptional expenditure headings.

4.4 The growth of online shopping is an ongoing concern for many managers. However, the survey clearly shows that many managers and their on-site teams are being very proactive in ensuring that they maintain and improve customer loyalty at their centres.

4.5 Competition between centres remains as fierce as ever with a sizeable number of managers (in the UK) planning ‘defensive’ mall extensions/refurbishments in the near future.

4.6 While managers do not anticipate significant rental growth from the in-line units, they do forecast increased income growth from their mall commercialisation activities over the next three years.

4.7 In conclusion, the overriding sentiment from the survey is that the respondents were cautiously optimistic about the shopping centre industry over the next three years.

APPENDIX: QUESTIONNAIRE

UK and Ireland Shopping Centre Management Sentiment Survey 2013

by

The College of Estate Management

Confidentiality statement

All responses will be treated in confidence and used in an aggregated form only.

Background statement

The purpose of this survey is to identify and analyse the challenges and trends currently affecting the role of shopping centre managers in the home market of the UK and Ireland.

Please confirm your job title by ticking the appropriate box below:

Shopping centre director/manager	
Deputy centre manager	
Operations/facilities manager	
Marketing manager	
Service charge manager	
Security manager	
Other (please specify)	

Please confirm the floor area of the shopping centre you work at by ticking the appropriate box below:

Less than 200,000 sq ft	
Between 200,001 sq ft and 450,000 sq ft	
Greater than 450,001 sq ft	

What region is your shopping centre located in?

(Please tick the appropriate box below.)

London	
South East England	
South West England	
Midlands (UK)	
Northern England	
Scotland	
Wales	
Northern Ireland	
Southern Ireland	

Question 1a

Under which of the following service charge headings do you expect to see an increase, no change or decrease in spending over the next three years (2014–16)?

(Please specify the percentage change in the appropriate boxes below.)

	>-15%	- 0 to -15%	No-change	0 to 15%	>15%	Don't know
Management fees						
Utilities						
Soft services						
Hard services						
Income						
Insurance						
Exceptional expenditure						

Question 1b

What factors will be behind the main changes in your service charge budget over the next three years (2014–16)?

Comment:____

Question 2a

Please prioritise the following list in terms of factors that will most affect UK and Irish shopping centres over the next three years (2014–16) by ticking the appropriate boxes. (1 is the most important and 9 is the least important.)

	1	2	3	4	5	6	7	8	9	0
Social media										
Occupier demand										
Security										
Health and safety										
Planning										
Economic climate										
Unemployment										
Online shopping										
Retailers going into administration										

Question 2b

Explain why in your opinion the top three chosen factors in Question 2a will be the most important factors that will affect UK and Irish shopping centres during the next three years (2014–16)?

Comment:____

Question 3a

Under which of the following issues do you expect to see an increase or decrease at your centre over the next three years (2014–16)?

(Please specify the percentage change in the appropriate boxes below.)

	>- 15%	- 0 to -15%	No change	0 to 15%	>15%	Don't know
Footfall						
Income from retail units						
Income from mall commercialisation						
Energy costs						
Importance of click and collect						
Vacancy rates in retail units						
Car park tariffs						
Overall service charge costs						

Question 3b

Explain why the three main variances you have listed in Question 3a are anticipated during the next three years (2014–16)?

Comment:____

Question 4

In terms of customer care management, give an example of one new measure you plan to introduce to increase customer loyalty over the next three years (2014–16)?

Comment:____

Question 5

Do you plan to carry out any mall refurbishment work over the next three years (2014–16), and, if so, why?

Comment:____

Question 6

Social media is now an integral part of the marketing plan for the majority of UK and Irish shopping centres. Assuming that your centre's marketing plan incorporates the use of social media, how have you measured the results?

Comment:____

Question 7

Please tick one of the two following Yes/No options to confirm if your shopping centre has been involved in a business improvement district (BID) scheme.

Yes / No

If your answer is 'Yes', then comment on what benefits this has brought to your shopping centre.

Comment:____

Question 8

The BCSC Diploma in Shopping Centre Management can now be studied over 2–4 years, allowing greater flexibility in managing cash flow and time commitments. Please tick one of the two following Yes/No options to confirm if you have studied the BCSC Diploma in Shopping Centre Management.

a. Yes, I have completed the BCSC Diploma.

b. No, I haven't studied the BCSC Diploma.

If your answer is 'No, I haven't studied the BCSC Diploma', then comment on whether you plan to sign up to this course.

Comment:____

* Tick here if you would like further information on the BCSC Diploma. ☐

Question 9

'Keeping an on-site team in a shopping centre focused and motivated during times of economic uncertainty is challenging.'

Please prioritise the following list of initiatives you will use to maintain and improve the morale of your staff over the next three years (2014–16) by ticking the appropriate boxes. If you chose 'Other' initiatives, then please provide details in the comment section.

Comment:____

	Most important	Second most important	Third most important	Fourth most important	Least important
Increase pay					
Provide more training					
Delegate more responsibility to staff					
Improve working conditions					
Other					

Name:	
Company:	
Address:	
Address 2:	
City:	
Postcode:	
Email address:	
Phone number:	

Please enter your email address below if you would like a copy of the survey results:

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The College of Estate Management
Whiteknights, Reading, RG6 6AW
United Kingdom
Tel: +44 (0) 118 921 4696
Email: research@cem.ac.uk

Patron: HRH The Prince of Wales

www.cem.ac.uk