



# Issue 4 | Shopping malls

## Executive Summary

**Shopping malls sector maintains robust development.** In 2017, most large-scale shopping malls in China delivered a positive sales performance. According to iziRetail, the total sales of 190 such centers across 51 cities in China reached 441.3 billion yuan in 2017, up 11.3% yoy. A study by Linkshop also shows that the top 20 shopping malls in China all achieved positive yoy sales growth in 2017.

**Shopping mall operators shift to more consumer-centric business models.** In recent years, increasing numbers of mall operators have changed their mindset and transformed their operations and business models by adopting a more consumer-centric approach. Many shopping malls have endeavored to strengthen their physical assets in all aspects including upgrading hardware and facilities, reconfiguring unit layouts, refining tenant mixes, as well as enhancing in-mall service facilities. They are also responding swiftly to consumers' needs by providing more interactive features in the mall, including entertainment, leisure activities, a variety of food options and unique concepts that differentiate their offerings.

**Exploring new development concepts.** Shopping mall operators in China have actively been exploring new development concepts. A trend is emerging of "shopping mall + shopping precinct" (or "streetscaped") malls with Sanlitun Taikoo Li as a successful forerunner, followed by Chengdu Taikoo Li, and the recently opened MIXc World and PaperHills in Shenzhen. The new concept features a combination of indoor and outdoor elements, with a shopping center plus a pedestrian area that has shops and restaurants – all within a landscaped environment. It can create a unique ambiance for shopping and bring consumers a special experience.

**Leveraging technologies and multichannel strategies to transform the mall experience.** Many shopping mall operators realize that the best way to deal with rapid technological change is to embrace it. They are utilizing digital capabilities to take the shopping experience to the next level. Beyond providing basic services such as free WiFi; accepting mobile payments, and running different promotions to encourage social media engagement, mall operators are adopting in-mall technologies such as AI-powered services to improve the omnichannel experience and strengthen relationships with consumers.

**E-commerce giants make forays into shopping mall sector.** Recently, the shopping mall sector in China has seen the emergence of a new competitive landscape with the entrance of e-commerce giants. The opening in April 2018 of the Alibaba Group's first bricks-and-mortar shopping mall, in Hangzhou, is a major step by the Group towards achieving its goal of blending digital prowess with a footprint in the physical world.

## Contacts

### Asia Distribution and Retail

Teresa Lam  
Vice President  
Email: [teresalam@fung1937.com](mailto:teresalam@fung1937.com)

Lucia Leung  
Research Manager  
Email: [lucialeung@fung1937.com](mailto:lucialeung@fung1937.com)

### Fung Business Intelligence

10/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong  
Phone: (852) 2300 2470 | Fax: (852) 2635 1598  
Email: [fbicgroup@fung1937.com](mailto:fbicgroup@fung1937.com) | <https://www.fbicgroup.com>



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