

# Eyeing Retail Trends in the Mall Through Kiosk Business

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The Specialty Leasing program is one of those unique tools that lets a mall owner be the first to sense upcoming trends in retail business. Kiosks, with the benefit of low-risk, relatively low-investment commitment for entrepreneurs, are providing broad opportunities for the commercialization of fresh ideas, taking the first steps into the retail world.

The role of shopping center commercialization is to generate revenue to the owner from common area short-term leases (kiosks, RMUs, pop-up stores) and advertising activities of retailers and external brands. The common area rent range is \$4,500-72,000 per square meter per year, triple net. There is also an interesting trend that we will have a look at.

As we know, shoppers never come to the mall driven by the need to make purchases at common area kiosks. So that business is stronger than others, with the impulse purchase that creates the demand here and now. Meanwhile, the greater changes cross the door of the mall through small business. Let's see what signs they are giving us today!

**From farm to home / Organicmania**

Russians are getting more concerned with the quality of products they buy and the food they eat. With the recent success of outdoor farmers markets in Gorky Park ([LavkaLavka.com](http://LavkaLavka.com)), farmers' kiosks (Izbenka, VkusVill) are moving into the territory of shopping centers. These small farmers' milk kiosks are "milking" turnovers comparable to jewelry retailers! I believe that this trend will continue to grow, transforming into a new format of middle-sized farmers' groceries. The key to success is a direct "farmer-to-consumer" delivery line, taking this model of business out of the competition with the established food hypermarket chains.

## **Showrooming**

Shops become a demo-platform to try goods on and buy them online (Enter.ru). I support the approach to use this trend as an opportunity to step aside from fixed-to-turnover rent and evaluate the rent from the footfall point of view. The term "Protail" (promo+retail) is becoming more frequent in usage. The only concern to keep aware of is to be highly selective when choosing Protail type of operators in order to keep your visitors within the mall. A retailer with an online shop and a showroom in the mall is driving additional customers out of the Internet into the shopping center.

## **From Global to Local**

Aspirational shoppers are looking for more individuality in relatively homogeneous tenant mix formed by Inditex brands (Zara, Massimi Dutti, Oysho, Bershka, Pull&Bear), H&M, Marks&Spencer and others. With that in mind, young local designers from Russia are becoming an object of increased interest from shoppers. Alexander Konasov, a Russian designer, rolled out 27 small shops across Russia just in several months after the successful trial of a T-shirt pop-up store in the Fifth Avenue shopping center.

The design market is another success story in recent months. Young designers are consolidating to form an appeal for customer mix of unique goods starting from handmade collar necklaces to multi-use purses that can be used as a smartphone case or as a separate clutch.

This is the local reflection of another trend in mature markets a manufacturing that is coming back to mature markets due to increasing costs abroad. "Consumers like to buy things that are made in their own countries, and that's going to be a large part of appeal for brands that make this choice" (Source: trendwatching.com).

## **No Smoking, More Coffee**

The newly accepted anti-tobacco law restricting smoking in public areas has prompted operators to start the so-called Coffee-to-Go business. Cigarettes and coffee are like twins. If earlier coffee bars had been offering the best seating for smokers, now coffee bars have to move together with their smoking consumers. Now you can find portable Coffee2Go units right on the exit from the parking lot or next to the smoking area at the business center.

## **What is next?**

Shopping centers have been promising for ages to give customers everything they need in one place. But we are still at the initial stage of gathering various services and goods under one roof. With the increasing density of car jams every single minute of out of office and home leisure is priceless. The "office-to-home" everyday routine has only one stop... the shopping center. This is the place where you can take a deep breath and fill your day with positive emotions without any worry of forgetting about your plenty of tasks, such as paying the bills, getting a manicure and so on. What else is missing in this basket of services?

What about a personal tutor for your kid at the shopping center to help out with homework while you buy food at the supermarket and make dinner according to your healthy non-fried

recipe at special "self-cooking zone" at the shopping center? What about huge year-round greenhouses where you can water your tomatoes and enjoy the salad from your garden-bed? And finally, what stops ladies from buying more new clothes? Definitely, the lack of room in one's wardrobe is adding distress to the shopping process. What if a shopping center offers a free clothes recycle service or a charity shop where you can donate last season's clothes? An extra discount for new collections would be the cherry on the top.

A shopping center willing to get the best out of the available footfall and shoppers' spending power needs to dive deeper into fresh ideas that are just appearing on the surface. And thankful customers will not keep themselves waiting paying in return by their time and frequent visits.

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