



The ECE world of shopping

RETAIL INSIGHTS

IDEAS  **INNOVATIONS**
MARKET INTELLIGENCE 



“As a medium-sized company, we don’t simply conclude contracts with ECE. Because we trust in ECE’s expert Leasing and Center Management services, we are bound together in a long-term partnership of equals, which we greatly appreciate.”

HEIKO RONGE / LICENSEE FOR LEVI’S, ESPRIT, ETC.
Managing Director of private textiles holding
(over 30 shops at ECE centers)*

“The successful management of a shopping center requires, above all, an in-depth understanding of the tenants and their needs. That’s why ECE values its interaction and dialogue with the retailers – whether they are shops of international chain stores or local businesses like us.”

KIM GÖGGE / GÖGGE MEN’S OUTFITTERS
Managing Director (one shop at an ECE shopping center)*

“When our customers go shopping, they expect state-of-the-art service in pleasant surroundings. ECE shopping centers offer these services. Together with the ECE employees and the other retail partners, we create shopping worlds that offer an environment that promotes sales.”

ALEXANDER GEPP / GEPP’S
Managing Director
(over ten shops at ECE centers)*

Cooperation is the foundation of future success

In its partnerships with its tenants, ECE relies on close cooperation and the continual sharing of know-how. This is the only way we can reach our common goals – and the only way to make sure our long-term partnerships remain an important constant in times of volatile markets.

In addition, ECE uses regular market analyses and tenant surveys to stay abreast of all the latest developments. On the basis of this well-founded set of data, we can work together with the retailers to always provide concrete answers to the challenges of the present and the future.

“For us, ECE is more than just a landlord. ECE is our partner, with whom we constantly work together on the store portfolio of our brands, Tommy Hilfiger and Calvin Klein. Through expansion by means of new stores and concepts, as well as the innovative development of our existing stores in the shopping centers, we are working together to do successful retailing today and in the future. Because we always communicate as equals, both sides benefit from this strong and lasting partnership.”

PHILIP JELDEN / CALVIN KLEIN, TOMMY HILFIGER, ETC.
Director Retail Development & Expansion / Creative Services, PVH Holdings (over 60 shops at ECE centers)*



ECE Leasing – advice on all leasing issues

ECE treats its partners as equals and offers them personal consultations on site. Through dialogue, the ECE Leasing team finds the optimal individual solution for every retailer – ranging from selecting the right location to formulating a detailed contract. In the case of construction and technical details, especially for dining spaces, the consultations may also include specialists from the ECE Technical Key Account Management (T-KAM) department.

“The retail industry is changing faster than ever today. As we continue to successfully open stores around the world, strong local relationships are extremely important. We have partnered successfully with ECE throughout a large number of projects in Germany, and we value its management's personal approach to finding individually tailored solutions.”

SVEN GRÖNING / TK MAXX
VP Property Director Germany, TJX Deutschland (over 25 shops at ECE centers)*



ECE in dialogue

The cooperation between ECE and the retailers extends far beyond the specifications of their contracts. ECE emphasizes ongoing dialogue and regularly organizes events that are not limited to the retailers or to individual sectors in order to promote networking and knowledge sharing. Within the framework of event formats such as the “Retail Meeting,” the “ECE Innovation Forum,” the “Sustainability Forum,” and the “ECE Retail Partners,” the participants discuss current developments, share ideas, and promote future-oriented projects. These events, which can attract up to 600 visitors, are among the biggest of their kind in the industry.



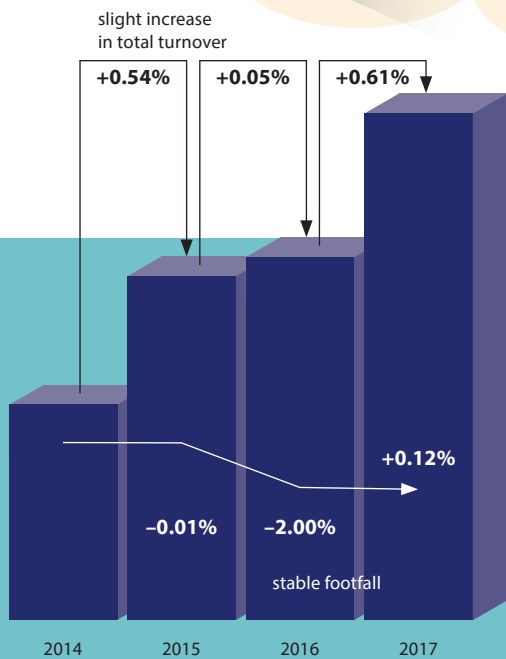
ECE Mall Marketing

As a strong partner, ECE also offers its retail partners strong sales and communication support. Whether it is a question of how to attract new customers, conduct seasonal activities, or present new collections and products, ECE finds individual solutions for a variety of needs. These solutions range from traditional points of sale in a shopping mall to state-of-the-art pop-up stores and impressive media campaigns throughout an entire center.

The ECE centers as “third places” for sustainable turnover development

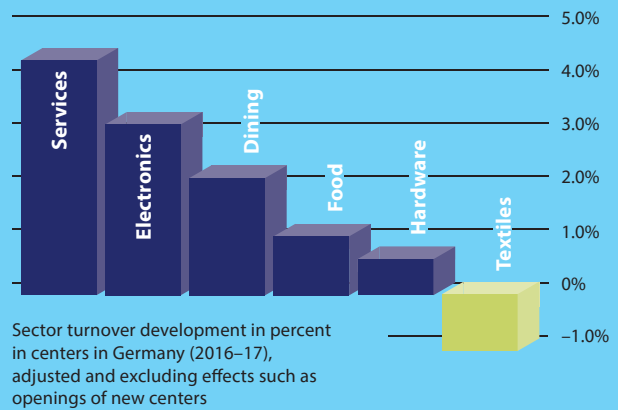
Turnover development at the ECE centers clearly shows that the partly negative forecasts for the stationary retail sector do not apply to the German shopping centers managed by ECE. Ideal city-center locations, a broad range of products and services, and key synergy effects between the individual businesses are continuing to generate stable turnover. What's more, shopping centers are increasingly evolving into “third places.” This term refers to the third important center of a person's life in addition to his or her home and workplace – a place that fulfills every need under a single roof.

A detailed understanding of the market and the relevant sectors is essential for ECE if it is to proactively anticipate new defining conditions. Regular reporting, turnover analyses, and footfall measurements based on state-of-the-art technologies are generating an important database that makes it possible to steadily optimize the services offered in ECE centers.



Turnover development at centers in Germany (2014–17) in percent, adjusted and excluding effects such as openings of new centers

Overview of the sectors



- The biggest increases at ECE centers in Germany since 2016 were posted by **services** and the **electronics sector** (+4.40% and +3.24% respectively). Both sectors successfully differentiated themselves from the online trade by offering added value through services, advice, and personal contact with their customers.
- The **dining sector** has been posting increasing turnover (+2.18%) since 2016. This confirms the growing significance of food and beverages as part of the customers' shopping experience.
- The **food sector** posted the fourth-strongest increase in turnover (+1.08%), thus demonstrating the centers' importance as local suppliers. In addition to traditional supermarkets, visitors are increasingly attracted to the organic supermarkets and delicatessens in the centers.
- The **textile sector** posted a slight decrease in turnover (-1.09%), in line with a general market trend – but there were also some exceptions in the sector, such as sports equipment dealers (+2.28% since 2016).
- By contrast, in the international ECE centers the textile sector continues to post a growth in turnover (+3.95% since 2016). This is due to the varying market developments and degrees of maturity in the different countries.

Overview of turnover

- The ECE centers in Germany posted a successful stabilization of their **turnover** at a high level after years of continuous growth in a market that is increasingly becoming saturated.
- Stable **footfall** in ECE centers in Germany, due to changing customer behavior – shoppers made more targeted shopping center visits after gathering preparatory information online.
- For the same period, international ECE centers posted an ongoing increase in turnover (+6.34% in 2014–15, +3.38% in 2015–16, and +4.69% in 2016–17) and increasing footfall. This reflected the varying rates of development of different markets.

The voice of the retailers

The results of ECE's tenant survey in Germany confirm the success of its policy of close cooperation with its partners and retailers in the centers. But the results also reinforce ECE's commitment to continue keeping a close eye on market and sector developments – and working with its retail partners to find new responses to changing conditions again and again. The basic principles underlying ECE's business strategy include having a balanced mix of tenants and implementing a success-oriented response to the needs of retailers and customers.

Biggest tenant survey in shopping centers, 2017

5,244 respondents,
of whom **3,408** were in Germany

- **932** single operators
- **781** regional retailers
- **1,599** national retailers
- **1,932** international retailers

ECE retailers are very satisfied

86%

of ECE's retail partners would generally **recommend** ECE as a business partner.

66%

of the retailers said the **atmosphere** in the ECE centers is "**very good**" or "**good**."

71%

of the ECE's retail partners rated the center management as "**very good**" or "**good**." In the category of facility management, that figure rose to 75%.



Shopping centers with advantages

77%

of the retailers in the ECE centers regard **partner-oriented local marketing** as the biggest advantage of the centers compared to business locations in inner cities.

69%

of the retailers in ECE centers regard **synergy effects with other businesses** as an additional major advantage of the centers.

40%

of ECE's retail partners consider shopping centers to be **guarantors of stable turnover** – in spite of the tense market situation. At the international centers, that figure is 60%.

Planned expansion

42%

of the retailers in ECE centers want to expand their sales area by the end of 2018. On average, they want to open **three new stores, two of them in shopping centers**. For branches of chain stores, that figure is 57%.

Business development with future potential

71%

of the retailers in ECE centers are **optimistic about the future** of their business development in the shopping center environment. Only 13% are worried about future business developments.



Sources of satisfaction for retailers at ECE centers



A positive look at the past

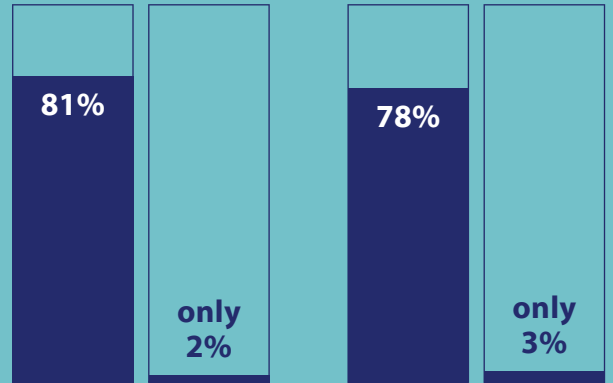
68%

of the retailers in ECE centers were satisfied with their business development over the last three years. Only 17% were dissatisfied.

ECE management

Expertise of the staff

Helpfulness of the staff



checked 1 or 2

checked 5 or 6

checked 1 or 2

checked 5 or 6

Omni-channel sales are trending

58%

of ECE's retail partners already have an **online shop** in addition to their stationary businesses.

45%

want to cooperate with ECE to use **digital channels** in a shared strategy for success.

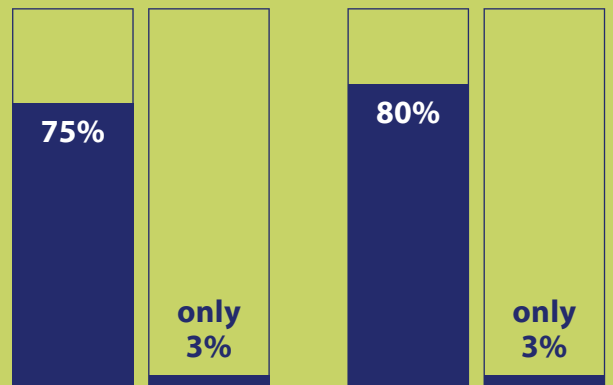
67%

of the **branches of major chain stores** among ECE's retail partners want to invest in **omni-channel measures**.

Facility management

Prompt correction of technical malfunctions

Cleanliness of the center

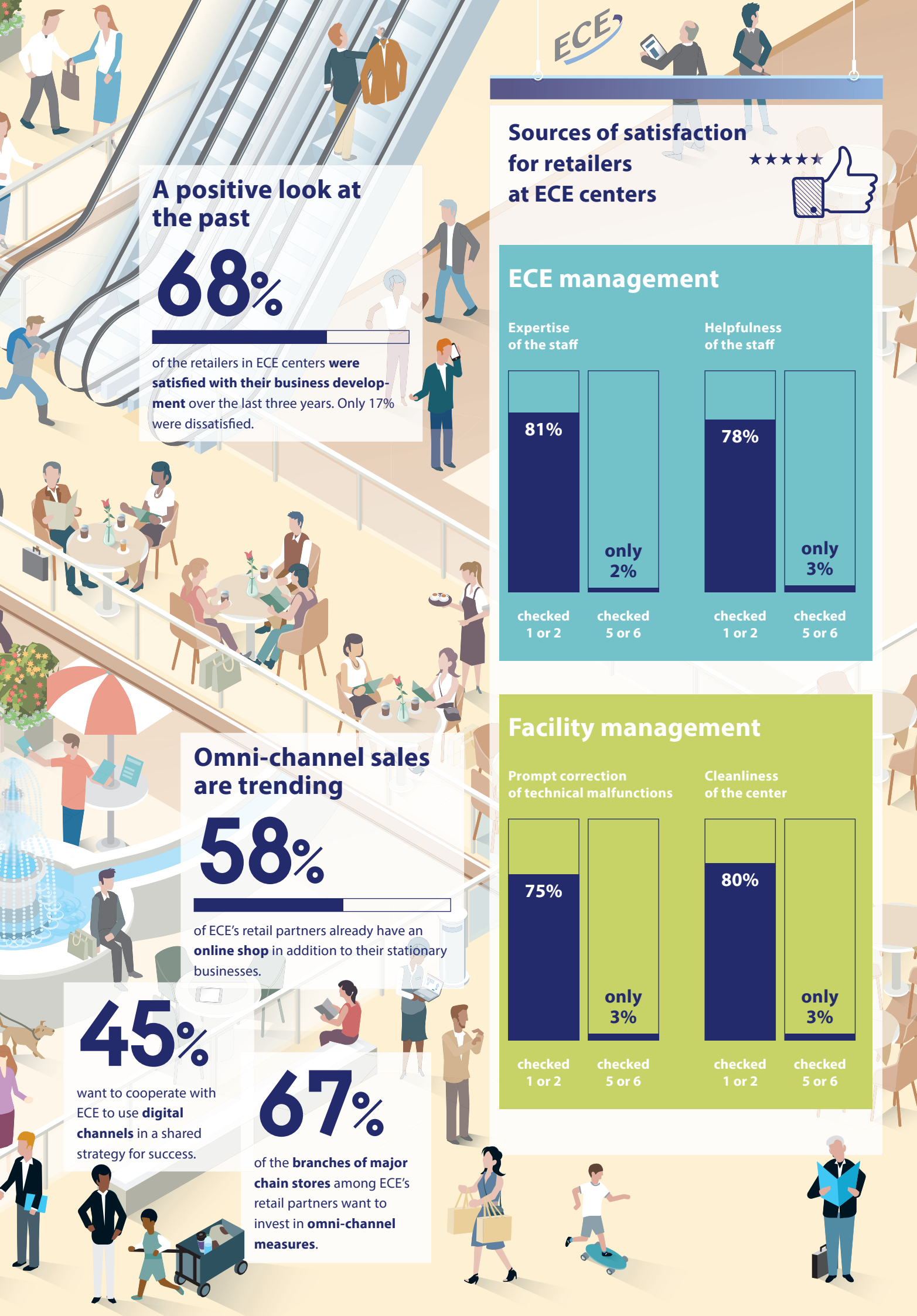


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Programmed for success

Market analyses and tenant surveys generate a significant amount of knowledge capital for ECE, which flows into digital retailer tools and customer-oriented measures that lead to even greater shared success.



ECE Retailers – the digital portal for retailers

ECE Retailers will make it simple and easy for tenants to post their turnover figures. Tenants who record their turnover via the customer portal will benefit from ECE's sector analyses, turnover evaluations, and other interesting information. The portal is continuously expanding its services with further useful functions and evaluations. Over the long term, ECE plans to expand this portal into an information platform that contains extensive analyses and documents.

IMPRINT

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LAYOUT / REALIZATION

HOFFMANN UND CAMPE X,
a company of HOFFMANN UND CAMPE
Verlag GmbH

PRINTING

Langebartels & Jürgens,
Hamburg



www.produkte.alstertal-
einkaufszentrum.de

The Digital Mall as an omni-channel experience

In recent years, customers have increasingly been using preliminary online research to plan their shopping trips. ECE has responded to this trend by creating a "Digital Mall" that is making the vision of a digital display window a reality for the first time for the retailers at one of its centers. As part of this project, customers can go to the website of Alstertal-Einkaufszentrum before actually setting foot in it and find out very specifically about everything this shopping center has to offer. They can now not only physically experience over 120,000 products but also find out about them beforehand online. They can also reserve individual items and pick them up later at the retailer in the center. The project bridges the boundaries between the online and the offline worlds for the first time. Together, the retailers and ECE are thus fulfilling their customers' wish for a holistic and cross-channel shopping experience. The retail partners who are participating in this huge initial step toward a seamless omni-channel experience include Saturn, Hunkemöller, Christ, Görtz, and Clas Ohlson (as of March 2018).

"For AppelrathCüpper, the ability to advertise the local availability of our shops' products online via the Digital Mall is opening up new opportunities for attracting new customers."

JERRIT KUBE / APPELRATHCÜPPER

Head of Corporate Development

(4 shops at ECE centers as of March 2018)