

# AN I.Q. TEST FOR THE SMART MALL

# TODAY'S MALLS ARE PREPARING FOR A BRIGHT FUTURE WITH INTELLIGENT TECHNOLOGY.



## EXECUTIVE SUMMARY

Virtually everywhere in the world, shopping malls have become the monoliths of the retail industry. They're big, they're pervasive and they've been around for a long time. But to survive in the Internet age, today's malls can't afford to be monolithic in their thinking. Today's malls envision and are preparing for a bright future based in large part on their ability to use intelligent technology in many different and creative ways. These include streamlining operations, hardening safety and security, reducing management costs, enabling ubiquitous indoor and outdoor communications and more. Equally, if not more important, technology is helping malls forge closer, more mutually beneficial relationships with tenants and customers.

### A SMALL CITY

"In terms of technology, you can think of a mall as a small city," says Frank Riso, senior director, global retail and hospitality industry solutions, Motorola, "with many of the same kinds of urban facilities management challenges." These challenges are numerous, including managing day-to-day operations more efficiently, providing real-time voice and data communications inside and out, tracking personnel, increasing security and many others. Just as cities are turning to intelligent communications technology to create the "Smart City," malls are planning to leverage intelligent technology networks to create "The Smart Mall."

### BUILDING AUTOMATION

The most forward-looking malls are planning on leveraging technology to help them manage their facilities more efficiently and cost-effectively. Throughout today's global retail industry, building automation is an idea whose time has come. "IT is taking a more strategic role in building operations," says Jim Martin, vice president of building automation and business development, Simon Property Group, an international firm with over 263 million square feet of space under management. High-speed communications networks, both wired and wireless, are becoming increasingly critical in helping malls more efficiently manage their buildings, equipment and personnel from an operational perspective. But intelligent IT networks are improving more than operations and management. They're also helping to optimize and grow business. The ultimate goal, says Martin, "is creating a more enjoyable and safer shopping experience." Which translates into a more profitable shopping experience.

### ONLINE VS. IN-MALL

Malls, like virtually every kind of retail business, are facing another technology-based challenge, and it's one that's somewhat unique to the industry. With the incredible proliferation of smartphones and other Internet-enabled mobile computing devices, a steadily increasing number of potential customers — especially the emerging, younger "digital native" demographic — are both shopping and buying online. That's a large issue for malls and their retail tenants, and it's not going to go away anytime soon. That's why, in most cases, progressive mall managers worldwide are taking a deep breath and deciding to go with an "if you can't beat 'em, join 'em" approach.

"We want to leverage the intersection of e-commerce and e-content with location-based services," explains Martin. The objective is to deliver a seamless experience that combines mobile online connectivity with in-person shopping to create a more entertaining, experiential and cost-conscious shopping environment.

### TECHNOLOGY SOLUTIONS AT MEADOWHALL

What are some of the ways malls around the globe are using technology to improve operations and customer experiences? Meadowhall Shopping Centre is a highly successful 280-store, 1.5 million square foot facility in Yorkshire, U.K. Known for its high standards of both customer service and security, Meadowhall decided to deploy an integrated personnel-tracking solution to allow management to quickly and accurately locate staff throughout the entire facility, while at the same time meeting the need for reliable one-to-one and group communications.



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Meadowhall management deployed a custom tracking solution on a Motorola digital radio platform and provided Motorola digital handheld radios for management, security, technical and maintenance and other personnel. Each radio interacts with wireless beacons installed throughout the mall, creating a passive tracking system that requires no employee action whatsoever. Whenever a radio passes a beacon, a signal is sent to the control room and the radio's location is displayed onscreen. The system enables managers to see the exact location of personnel at all times and to contact them instantly by texting or using push-to-talk radio functionality. In addition, a powerful call management system facilitates individual and group calls between multiple users. The result is improved security monitoring, faster response and an enhanced customer shopping experience.

## TRIPLE TECHNOLOGY FOCUS

As they prepare to deploy advanced IT solutions, most mall management companies have a tri-fold focus: buildings, tenants and customers. In terms of building automation, reiterates Martin, "IT solutions provide enhanced visibility into operations." Real-time monitoring, exception alerts and remote management of various building assets represent a potentially seismic shift in the traditional approach to troubleshooting and service calls. Technology, says Martin, "enables us to be operationally proactive... and to penetrate expense-saving opportunities."

## TENANT SOLUTIONS

In terms of the core business, demand for connectivity is mounting. "Offering tenants a space that is technologically turn-keyed and ready for whatever they choose to pursue is potentially a compelling model," continues Martin, "both in terms of expediting store openings and ongoing operations." What do today's tenants — from anchors to national inline to local inline to all-year and seasonal carts and kiosks — expect? In addition to being connected in real-time with security and management, tenants want technology solutions that will help them optimize store operations. They increasingly want the ability to push content in — for example, offering special discounts or savings opportunities — to customers and take intelligence out to enhance strategic planning and management.

## CUSTOMER SOLUTIONS

For customers, says Martin, the goal is "to optimize the network to enhance the shopping environment, making it more interactive and experiential." An example, Martin cites, is a Mom using Twitter to inform her friends of a sale on must-have jeans at their favorite mall store. In applications like this and many others, the in-mall and online shopping experiences intersect to the benefit of all: consumers, tenants and the mall itself. "We are looking," concludes Martin, "to have the ability to interweave location with social networking to add value to the core shopping experience."

## A MALL TECHNOLOGY SNAPSHOT

What will the IT networks that make this possible look like? "We need to make sure the infrastructure we are dropping into the building is going to be standards-driven," states Martin, "... so it is able to [work] with network technology and devices that are increasingly IP-based." Martin envisions an IP-ring in which the building becomes the network. "We need to bring managed and scalable technology into this environment — to make it a 'plug-and-play' box," Martin says. "The mall environment can be the best of both worlds — technology and bricks and mortar." In today's economic climate, there are fewer greenfield opportunities to build malls from the ground up, so most new technology solutions must be retrofitted. Networks must be capable of offering WiFi, LAN and WLAN connectivity throughout the mall, and of bringing in the bandwidth levels necessary for advanced applications. The objective is to use high-speed technology to change the mall from a simple point of sale environment to a more exciting, more experiential, more interactive sales environment that is in step with today's ubiquitous smartphone and online culture.

## INTELLIGENT PARTNERSHIPS

Traditionally, the mall-retailer relationship has been mostly that of tenant-and-landlord. The mall is responsible for security and upkeep and basic services; tenants are responsible for their own business and promotion. In the technology-driven intelligent mall, these relationships are becoming closer, especially in the area of traffic building and revenue-generating opportunity. The high-speed technology of today and tomorrow is fully capable of changing and strengthening mall-tenant partnerships in



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terms of much more than operations. Malls and tenants can increasingly use technology to help build traffic and create location-based communications that can increase sales and profits.

“One good example is the creation of joint mall-tenant mobile loyalty programs to generate both traffic and sales,” notes Riso. Customers sign up for these mall-sponsored programs and provide at least some information as to demographics and personal preferences. “When they enter the mall,” continues Riso, “they swipe a membership card at a kiosk and are connected to the mall network. The mall and tenant partners can instantly provide coupons for special deals that correspond to the shopper’s preferences.” Tenants can also push content to customers when they enter their stores. Riso cites the Stop ‘N Shop chain in the eastern United States for a program that offers deals to customers who are online while shopping in their stores. “Deals are customized for the customer,” notes Riso, “and are provided online, announced by a ‘Ka-Ching’ sound effect on their device. More than 50 brands are currently paying the chain for the opportunity to provide messages to customers in the store.”

Other technology-based programs are also on the horizon. Some allow customers to purchase and pay for an item online, then pick it up at the store; this is especially useful for college students or workers on the road, for example. There’s also what we might call a “digital barker,” in which a merchant knows that a customer is in close proximity to his store and can instantly send a message offering an immediate value that can turn a passerby into a purchaser. Shoppers can also use their smartphone cameras to photograph items that form a “digital wish list” for Santa or other gift givers. The possibilities are virtually endless.

### **I.Q. TEST**

How smart is your mall? How are you preparing to leverage high-speed IT to increase operational efficiencies, create stronger, more symbiotic tenant relationships and create more exciting, more interactive shopping experiences? The smartest facilities are those that are using or planning to use high-speed technology to take maximum advantage of the new digital world. What’s your mall’s I.Q.?



**“THE MALL ENVIRONMENT CAN BE THE BEST OF BOTH WORLDS — TECHNOLOGY AND BRICKS AND MORTAR.”**

Jim Martin, vice president of building automation and business development, Simon Property Group

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