

PHYSICAL RETAIL

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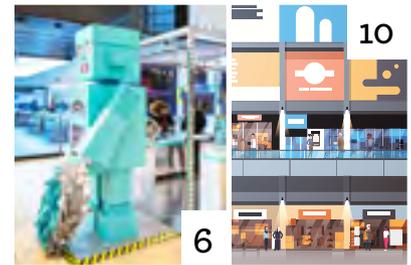
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ON THE COVER
Photograph provided by
Samsung Electronics Canada

A physical attraction

THE retail industry has experienced a lot of change over the past ten years or so. The proliferation of eCommerce and the ongoing evolution of other digital technologies have made shopping for product easier and the distribution of goods much more convenient through home delivery and an ever-widening range of pick-up options. However, as easy and convenient as things are becoming, Canadians still crave the tactility of life and the humanness of person-to-person interaction, making the physical retail store as critical to the success of any retail business and the overall customer experience as ever before.

Within this special edition of *Canadian Retailer* magazine, we explore the things leading retailers are doing to enhance the in-store experience and create unique and appealing retail environments.

We start by taking a look at brand/retailer partnerships in 'Brand partnerships take new turn' on page 6. This marketing strategy has been in retail marketers' toolkits for years. However, they have recently started to take on different permutations. From popup extravaganzas to digital flyer programs, leading retailers gaining market share, keeping existing customers, and reaching untapped markets through smart strategic brand partnerships.

In the article titled 'Return of the mall' on page 10, we spotlight the efforts that landlords, real estate developers and retailers are putting forth to build on and evolve the Canadian shopping centre into vibrant, community live/work spaces that will benefit all stakeholders involved, as well as the rest of the surrounding communities.

We also provide a peek at one of Salesforce's latest reports in 'Discovery, experience and fulfillment' on page 14. The Connected Shoppers Report—the third annual edition—examines the current state of physical retail in Canada, ultimately determining that despite the proliferation of eCommerce and the potential for digital technologies to continue transforming the world around us, the physical retail store remains critical to the overall retail experience.

In addition, we take a look at the latest in digital screen technology and how these breakthroughs are allowing stores to create outstanding spaces in 'Stopping power: the new way to an immersive shopping experience' on page 74; the design considerations and strategy behind the new Eataly location at Manulife Centre in 'Transformative approach: re-imagining of retail destinations creating exciting in-store experiences' on page 76; and the initiatives retailers are developing to connect the in-store experience with eCommerce to drive growth in each channel in 'Are in-store and eCommerce experiences aligned?' on page 78.

And, within this special edition of *Canadian Retailer*, we're also pleased to include RCC's *Canadian Shopping Centre Study 2019*, which analyzes Canada's top 30 shopping centres based on annual sales per square foot productivity and annual visitor counts.

We hope that this content within this special Physical Retail edition is invaluable to you and your teams, helping you create dynamic in-store environments and experiences for your customers. 

Sincerely,

Sean C. Tarry
Editor-In-Chief
Canadian Retailer

canadian retailer

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BRAND PARTNERSHIPS TAKING A NEW TURN

Brand partnerships with retailers have been a mainstay in marketing strategies for many years. Now, they're becoming so much more.

BY DENISE DEVEAU

IN today's world, brand partnerships are taking on new permutations, from popup extravaganzas to digital flyer programs – all in the hopes of gaining market share, keeping existing customers, or reaching untapped markets, among other drivers.

Both online and in-store retailers are creating new partnership opportunities that are crossing traditional boundaries. For eCommerce pure plays, retail partnerships are becoming an effective way to bring their customer or service to life. For brick and mortar, partnerships can help them tap into lucrative retail channels and increase foot traffic in the process.

There are several factors behind the growing appetite for brand partnerships, says Patrick Rodmell, President of Rodmell & Company Inc. in Toronto. “One is necessity based in a changing business dynamic. With eCommerce as a new channel to buy, many retailers find they are dealing with too much physical space, so looking to sub-lease square footage.”

The second is leveraging the power of complementary offerings with other brands to appeal to a new customer segment. “Adding a new service can bring in new kinds of customers or draw current customers in more often to spend more... or both.”

A number of larger stores are now partnering with foodservice brands (e.g. Home Depot and Subway, Longo's and Starbucks) to enhance the shopping experience. “By bringing in a complementary brand, retailers can get the halo effect of positive brand equity,” Rodmell explains.

These types of partnerships are especially important where a retailer lacks the category expertise to do it themselves. “A Home Depot doesn't want to run foodservice operations. They don't have that credibility.”

Alternatively, a brand partnership can help to establish credibility for future diversification. Loblaw tested the waters with prepared foods by partnering with Movenpick years ago. “That was a strategic move for Loblaw to gain credibility in the category. They ‘borrowed’ the equity of Movenpick and transferred that to their brand when Movenpick left.”

Retailers are even exploring innovative partnerships with services like Spotify to create specific music lists for in-store customers. “It's not accretive to the commercial business, but it gets the brand into the lifestyle of the customer,” Rodmell says.

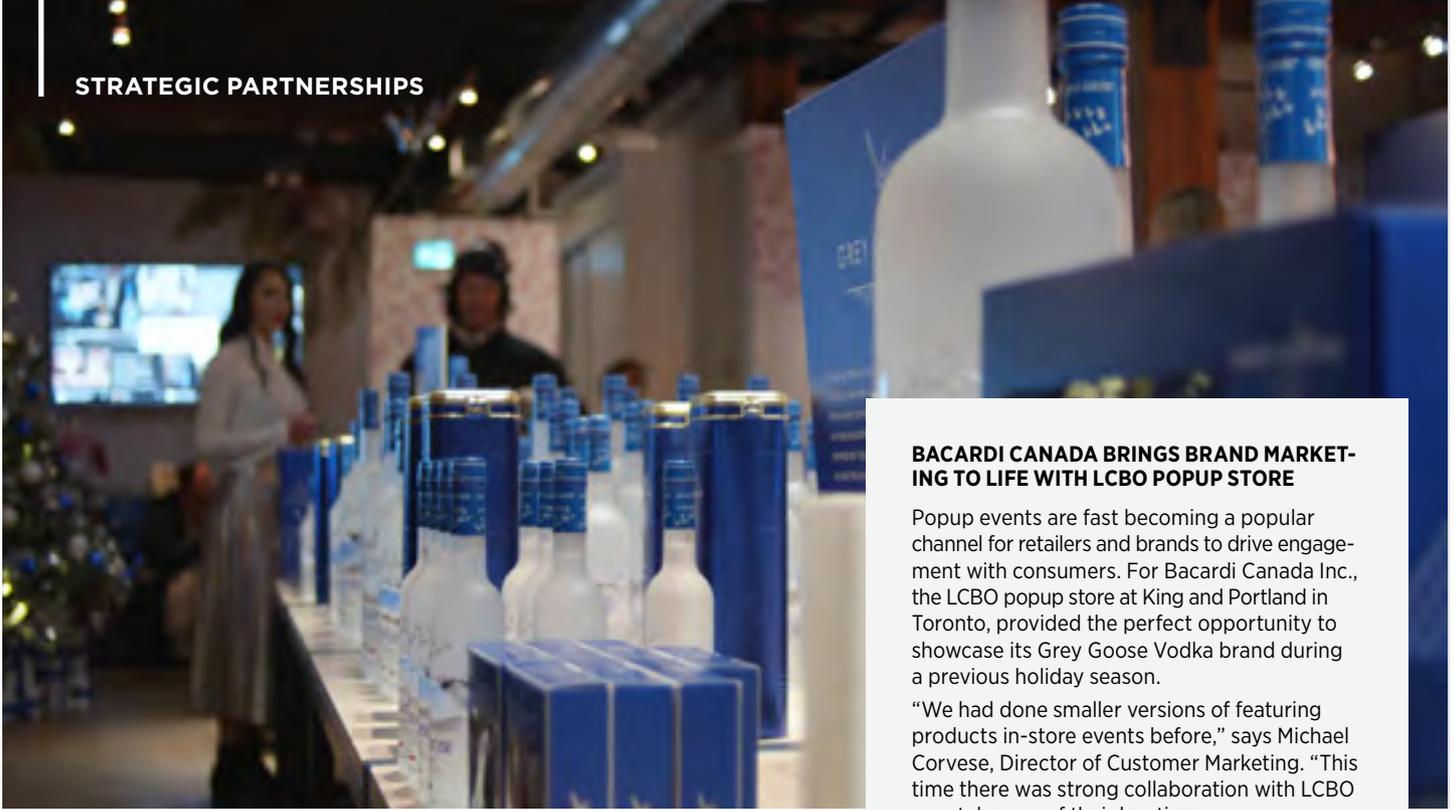
“By bringing in a complementary brand, retailers can get the halo effect of positive brand equity.”

PATRICK RODMELL
Rodmell & Company Inc.





◀ This Tiffany pop-up, one of many at Yorkdale Mall, provides customers with a glimpse of the brand, bringing increased traffic to the space.



BACARDI CANADA BRINGS BRAND MARKETING TO LIFE WITH LCBO POPUP STORE

Pop-up events are fast becoming a popular channel for retailers and brands to drive engagement with consumers. For Bacardi Canada Inc., the LCBO pop-up store at King and Portland in Toronto, provided the perfect opportunity to showcase its Grey Goose Vodka brand during a previous holiday season.

“We had done smaller versions of featuring products in-store events before,” says Michael Corvese, Director of Customer Marketing. “This time there was strong collaboration with LCBO on a takeover of their boutique pop-up space to create a unique store within a store experience, where we could run tastings and gifting events for three days. It fit perfectly with the brand’s gifting platform.”

Taking over the space brought the brand to life, he adds. “We decorated the space, featured exclusive holiday gifts, and brought in brand ambassadors and DJs. There was a lot of education happening as well on everything from tastings and cocktail demonstrations to hosting and entertaining tips.”

Corvese says retail partnerships of this kind can be an important channel for building brand desire and reaching a target demographic. “Having a spontaneous pop-up event creates a certain energy and excitement. It’s a great way to engage consumers in a hyper-targeted area with both our brands.”

With any partnership, the key is finding the ideal match, he adds. “We try to aim for mutually beneficial initiatives that are grounded in consumer and category insights. It’s the foundation of every partnership we choose to develop.”

Mall makeovers

Brand partnerships in shopping centres have evolved considerably from what they were in the past, says Mina Barbuto, Yorkdale Marketing Director, Yorkdale Shopping Centre. “If you look at eCommerce, there’s an appetite for brands to have the customer engagement they can’t have online. Partnerships are a way to do that, because they can deliver immersive experiences and activations.”

There have been countless partnership events at Yorkdale that run from high-end pop-up shops and the Tiffany Tree, to its CONCEPT space dedicated to pop-up activities, where consumers can experience products from newcomers on the retail scene.

“Where we have seen the biggest evolution is activations and partnerships through collaborations like designers OVO and Canada Goose, Knix and Nordstrom, LCBO and Johnny Walker and Moët-Hennessy. We’re even seeing Amazon do pop-ups for specific brands to encourage people to sign up for services. We expect to see a lot more of that.”

Lisa Hutcherson, Managing Partner with J.C. Williams Group, says partnerships are now replacing the old cart system. “That was the first evolution. Now pop-ups have gotten a lot more sophisticated.”

In-store pop-ups not only provide a revenue opportunity, they create buzz around new brands and drive fresh traffic, she adds. “It’s a great way for Nordstrom to have something

new and fresh taking up real estate that normally wouldn’t be as popular. The pop-up concept can also be beneficial to shopping centres because a retailer can try out the location for a few weeks or months to test the market before committing to a storefront.”

In some cases you don’t need to have an actual product, she adds. “An eCommerce retailer may just want to build brand awareness. In an online world there is still a need for brick and mortar to enjoy that experience.”



BEST BUY PUTTING BRAND PARTNERSHIPS FRONT AND CENTRE

Bringing the brand experience to life in stores is a key part of the Best Buy Canada retail model. “Based on our product categories that has made a lot of sense,” says Jason Abrams, Senior Vice President of Merchandising.

In 2015 the company launched its first Experience Store showcasing the connectivity of its product offerings. Today they have more than 30. “It’s much like a trade show atmosphere where it’s fun and interactive. It’s a place where people can experience how all the various ecosystems work together, whether it’s voice control, lighting, entertainment or major appliances. It’s very much like Best Buy is the in the background and the branding experience is more front and centre.”

Best Buy also partners with vendors to provide specialty training on their brands to staff members. “In addition, we have experts from brands like Microsoft and Google in the stores whenever there are product launches and other events. Some locations have an in-store brand representative all year round.”

Recently it has gone further afield with popup activations. A recent initiative is the Best Buy Warming Lounge at TD Union Holiday near the public skating rink, where they showcase top tech gifts in an Advent Calendar format, among other indoor interactive activities. “We’ve also partnered with Google at the Toronto Eaton Centre for a Frozen 2 activation,” Abrams says. “Those grass roots kind of activities are really about creating an experience with the right intent.”

“We try to aim for mutually beneficial initiatives that are grounded in consumer and category insights. It’s the foundation of every partnership we choose to develop.”

MICHAEL CORVESE
Bacardi Canada Inc.

The digital divide

In-person engagement isn’t the only route for retail partnerships. Digital coop is transforming in response to a shopper-led digital revolution, says John Fanous, Business Lead, Retail & Shopper Marketing for @Google Canada.

“Shoppers went digital before retailers and brands did. Even the most mundane things people buy—toothbrushes, deodorant, shower curtains—are hyper-researched online.”

More and more vendors are now switching to digital coop marketing to drive purchases. “Omnichannel or eCommerce retailers offer some things that vendors can’t,” Fanous explains. “They have about 50 times the data of vendors. Their eCommerce infrastructure allows them to do certain kinds of digital marketing that vendors can’t gain access to. Retailers also have tracking capabilities to understand how many go online.”

In the past, brand decisions ended when they decided on an end cap and/or a front-page spot on a flyer. “Now we’re seeing merchants amplifying the message/value proposition on digital channels, such as online videos featuring preferred products to create more connection moments with shoppers.”

Beginner basics

While there are partnership opportunities aplenty to be had, a successful one is rooted in some important principles, Rodmell says.

First determine the business goal. “Put aside the real estate issue—that’s a tactical thing. Do you want to grow your existing segment, attract a new one, or simply keep the ones you have in the face of growing competition?”

Second, does the partner share the same values? Even when products may seem disparate, the common factor to look for is target audience. A high-end grocery store with a premium branded café makes sense. Partnering with a discount brand would not because the brands would be too disparate, Rodmell notes. “Your really do get judged by the company you keep.”

While brand partnerships may not be new to retailer circles, the experiential aspect will continue to be a focus for some time to come, he adds. “There will only be an acceleration in partnerships going forward. This is not a fad. It’s a trend that will last a very long time.” 

RETURN OF THE MALL

For years, the North American shopping mall was said to be dead on its feet. Now, a new generation of developers and retailers are bringing them back to life as vibrant community spaces.

BY JESSE DONALDSON





“**ONE** of the first jokes I ever heard back in planning school,” chuckles Brent Toderian, “was that if you want to know what’s happening in Canada, take a look at the United States 10 years ago.”

Although Toderian, Founding President of the Centre for Canadian Urbanism (and former Chief Planner for both the city of Vancouver and the province of British Columbia), is referring to his own profession, the same could be (and has been) said about the world of retail, in terms of everything from shopping habits, to eCommerce, to the adoption of IoT and RFID technology. However, as Toderian points out, there is one area where Canada is leading the charge: spearheading the transformation of shopping centres—long considered to be in decline—into vibrant, community live/work spaces, to the benefit of retailers, landlords, and for the entire community.

“Unlike in the U.S., in Canada, we didn’t wait for our malls to fail before we recognized their opportunities,” Toderian explains. “They’re the low-hanging fruit for suburban transformation if we understand that it’s critically important to transform the suburbs into places that are more multi-mobile and more urban. And you have these malls—they’re large land holdings, they’re under single ownership, and they have a bunch of wasted land because they overbuilt parking. They’re also usually in areas conducive to rapid transit and LRT.”

Turning Inside Out

Fortunately, Canadian shopping centres already had a head-start. In the United States, Toderian notes, the power of the urban planner is considerably more limited, and as a result, American shopping malls sprung up at rates four- or five-times higher than they did north of the border.

“The United States was the Wild West of retailing,” he grimaces. “You’d have these ludicrous scenarios where brand-new malls popped up right across the street from a mall built the year before—and neither of which had the market support necessary for them to survive.”

But following the global financial crisis of 2008, and the steady encroachment of eCommerce, American malls began to shut down at alarming rates. In 2017, Credit Suisse predicted that inside of 5 years, up to a quarter of America’s malls could close. By contrast, Canada’s top malls are stronger than ever; according to Retail Council of Canada’s *Canadian Shopping Centre 2018*, while US shopping centres have seen declining sales per square foot since at least 2014, Canadian

malls have recorded substantial gains (in the case of Toronto’s Yorkdale Mall and Vancouver’s Pacific Centre, those gains have been as much as 10-15%). Retail space left vacant by large brands like Sears are now being filled by more than 50 international brands entering the country. But it’s more than that, Toderian explains; the very concept of the suburban shopping mall is in the midst of an evolution, with the addition of rapid transit, mixed-use space (including condo towers), and various community amenities.

“They’ve started to be reconsidered as fundamentally different, denser urban places that also involve housing. And not just on top of all that parking, but as part of the mall itself.”

BRENT TODERIAN
Centre for Canadian Urbanism

“Can they become more community spaces?” he muses. “Can they involve things like library branches or community centres? Can they be turned inside out, to become more like a Main Street? Can their hallways be outdoor and be more street-like? And beyond that, some places have even started sprouting towers. They’ve started to be reconsidered as fundamentally different, denser urban places that also involve housing. And not just on top of all that parking, but as part of the mall itself. The final evolution is for it not to even be a mall anymore—not just a different kind of mall, but a totally new kind of urban place. A piece of city in the suburbs.”

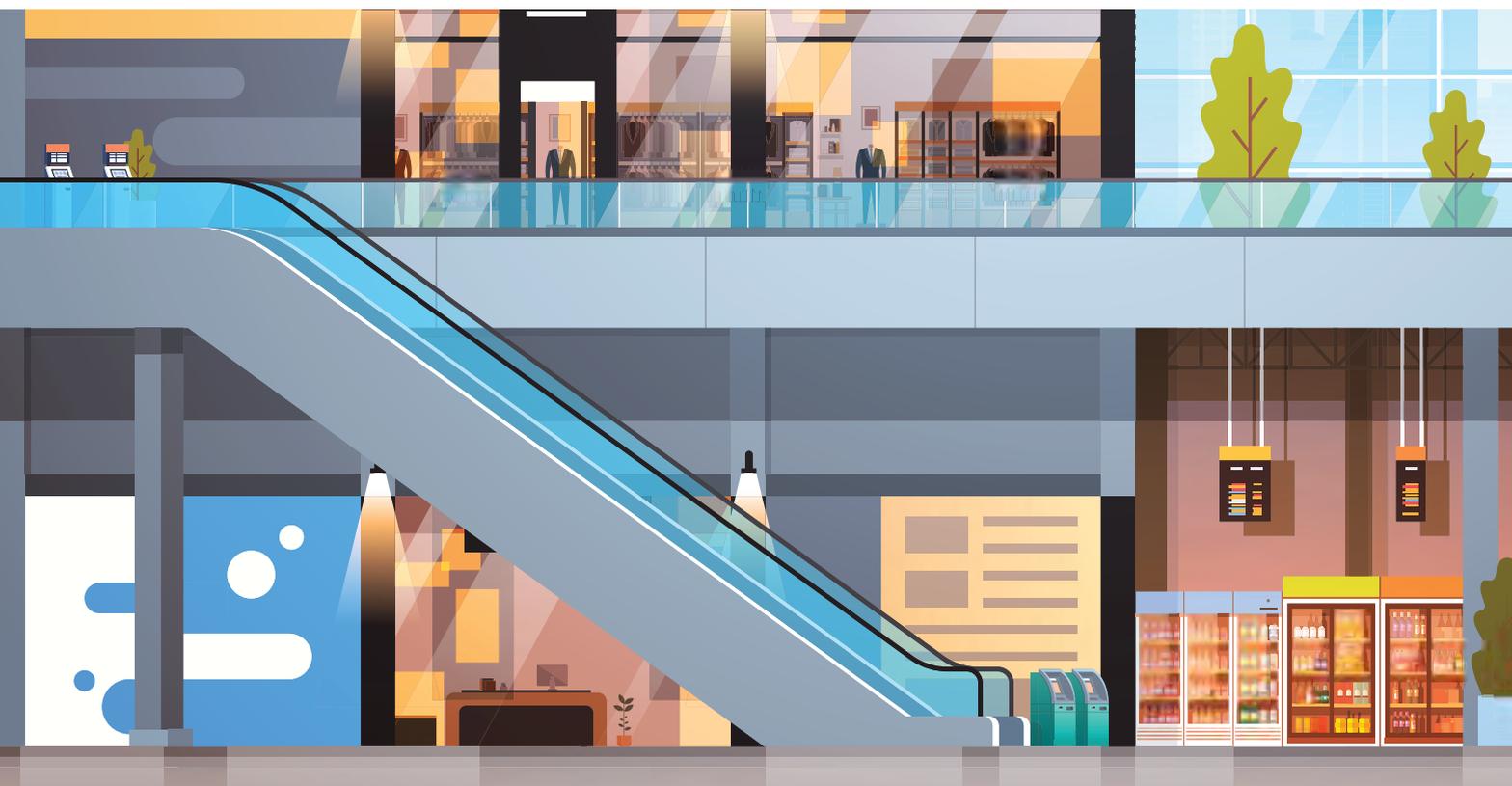
One site in the middle of such an evolution is Edmonton’s Bonnie Doon Shopping Centre. Built back in 1958, the mall took a series of hits in the early-and-mid 2010s, with major retailers like Sears, Target, and Zellers all closing up shop. However, as Margaret Knowles, Senior VP of Development with Morguard (who own the Bonnie Doon development) explains, these temporary setbacks actually provided an opportunity to reimagine the site as a bustling live/work district—one that will one day include rapid transit, business, public parks, and up to 4,000 units of residential housing.

“It started in the 1950s as a great community

mall, but then it tried to be bigger than that,” Knowles says. “One developer after another expanded it, and then it got a bit too big [...] And then in the early 2000s, Target went down, and within a few years, Sears went down, and it wasn’t obvious to anybody what to do with either of those boxes.”

Taking into account Bonnie Doon’s location—close to Edmonton’s French Quarter, and near all manner of public amenities—Morguard went into community consultation with a multi-decade plan to fully redevelop the site, incorporating not just those existing amenities, but the region’s geography—physical and social.

“We’ve got the valley, and the river nearby,” Knowles adds. “There’s a lot of natural geography. People are hiking through there. And then, where our transit is going in, there’s been a major investment by the city in things like community centres and state-of-the-art sports facilities. To the north of us, we have a library and a health clinic. We have so many great amenities around us, we’re in a great area. I can tell you after coming through two years’ worth of rezoning and community consultation, it’s so beloved by the community itself. That can be a constraint on one hand, because you have to work within that, but because it’s so beloved,



you're starting with this tremendous amenity in your back pocket, and our job is just to make everything that's great about it even more dynamic."

And, Knowles says, Bonnie Doon has also recently invested even further in community building through a partnership with Makami College, a homegrown educational institution that aims to bring business savvy to a new generation of entrepreneurs.

"[Makami] are the kind of entrepreneurs of the kind you seem to only find in Alberta. They're a family business that just keeps growing, in teaching skill sets in high-growth areas like therapeutic massage and things like that. They're in the business of getting both new Canadians and existing Canadians into business life and helping them earn good incomes."

And even though the completion of the project is decades away, Knowles has confidence the project will succeed, in part because it's able to build on an existing and vibrant community.

"One thing about Bonnie Doon that's unique is that, although ultimately it will be a complete teardown and rebuild, we have the ability within the plan to keep the really good parts of the retail environment alive," she says, "and in fact, even strengthened by the fact that we'll soon have transit at our doorstep."

Sprouting Towers

As Toderian points out, the transformation of Canadian shopping malls is somewhat unique—not just in North America, but worldwide. And within Canada itself, the epicentre of retail redevelopment is Metro Vancouver. Of the ten top-performing shopping centres in Canada, four are in the Metro Vancouver area, and after Yorkdale Mall, Cadillac Fairview's Pacific Centre is the second most profitable shopping centre (outpacing Yorkdale by five million annual visitors).

"Metro Vancouver in particular is the hotbed for this in all of North America," says Toderian. "There are more transforming malls in Metro Vancouver than probably anywhere else in the world. You can't swing a stick without hitting a mall that's either turning itself inside out, sprouting towers, or both."

In large part, Toderian notes, this has to do with the city's sky-high property values, but also because of a growing awareness of traditional mall owners of the potential to turn their underutilized areas into property goldmines.

"When we first started talking about this, most mall owners weren't interested," he recalls. "But now, with land values what they are, it's such a no-brainer, even if it wasn't their thing, it's become increasingly dumb not to at least consider it. So today, some mall-owners are rethinking their business model. Some malls are being bought by developers who do both. But in other cases, the easiest thing might be a joint venture."

Toderian goes on to cite examples of innovative partnerships—some between commercial developers and residential ones—but notes that ultimately, the reimagining of today's shopping centres will be a partnership between developers and cities, a community-building exercise that will, in the likely event it succeeds, put Canada's malls a decade ahead of their American counterparts—and not the other way around.

"It's not just a game-changer for retailers," he concludes. "It's a game-changer for the entire suburban experience. It's a game-changer for mobility, because you're putting density on top of transit. It's a more efficient usage of land. There are so many public interest reasons to want to do it, beyond just developer profits—although there's that, too." 

"It's not just a game-changer for retailers. It's a game-changer for the entire suburban experience. It's a game-changer for mobility, because you're putting density on top of transit."

BRENT TODERIAN
Centre for Canadian Urbanism



For more on the future of the Canadian shopping centre, see 'Looking Ahead' on page 50.

DISCOVERY, EXPERIENCE AND FULFILLMENT

Despite the proliferation of eCommerce and the potential posed by digital technologies, the physical retail store remains critical in satisfying consumer wants and needs

COMPILED BY SEAN C. TARRY

THE retail shopping experience is an evolutionary one. It's constantly changing, at times impacted by and a reaction to consumer behaviour. And other times, the evolution is trailblazing, influencing the way we view, interact with and purchase product.

One of the most evident examples of this evolution is the explosion of eCommerce. Today, consumers don't have to leave the comfort of their own house to browse, compare product and price and make a purchase on their tablets, home computers or mobile phones, providing a plethora of ways to connect with retailers and their offerings. And, just as plentiful, are their options concerning the way they want to receive product. eCommerce and digital technologies have opened up a whole new world of possibilities for consumers, and for retailers to continue satisfying their needs.

However, as incredible as the eCommerce and digital revolution has been, providing consumers with the ease and convenience that are becoming synonymous with today's shopping journey, the tactile, human elements that can only be enjoyed within a physical retail store are still very much a critical part of the Canadian retail experience.

This is one of the key findings that's found within the third edition of Salesforce's *Connected Shoppers Report*. What follows are some of the report's statistical insights that help support this claim. **CR**

To download the Salesforce's full third edition *Connected Shoppers Report*, visit www.salesforce.com/connectedshoppers



Top Reasons for Shopping in a Physical Store

- 1 To touch and feel merchandise
- 2 The overall in-store experience
- 3 To get merchandise immediately
- 4 To take advantage of in-store discounts
- 5 To avoid shipping fees

The store is a fulfillment hub

67% have ended up buying something else while returning an item in-store

59% have purchased a product online for in-store pickup

62% have arranged shipping for a product they want that is unavailable in-store

The store is a community hub

81% go into physical stores in order to discover and evaluate new products

62% tend to buy more than intended when shopping in physical store

57% have researched products online with a mobile device while in-store

Mobile mindsets redefine in-store experiences

57% have researched a product with a mobile device while in-store

55% like to receive offers or experiences from retailers based on their location

32% have received an SMS or push notification with offers/messages while in/near a store

27% have purchased a product from their mobile device while in-store



International Retailers Enter Canada at a Rapid Pace

BY CRAIG PATTERSON

ACCORDING to research by *Retail Insider*, more than 50 international brands entered the Canadian market in 2017 by opening stores, and in 2018, more than 30 planted their flag in this country. The momentum is ongoing and the number of international retailers entering Canada in 2019 has surpassed that of the year before.

Shopping centres play a key role in international retailer expansions, with brokers and landlords partnering to bring the latest concepts to Canada. Toronto's Yorkdale Shopping Centre is the launch point for more international retailers entering Canada than any other place in the country, ranging from innovative concepts such as Dyson and KitKat to luxury brands such as Valentino, Balenciaga and Bottega Veneta.

In many cases, international retailers have aggressive growth plans for Canada which is adding competition to homegrown chains. Men's fashion brand UNTUCKit, which opened its first Canadian store in 2018, has already opened five Canadian stores in less than a year, with more to come. Disruptors such as French sporting goods retailer Decathlon are choosing shopping centres for some of its Canadian locations as it heats up competition in the sports category. Beauty retailers such as Korean brand Innisfree will continue to rapidly open stores in Canada into 2020. And, there are many other examples.

International retailers are coming from far and wide, particularly from the United



States, Europe, and Asia. L.L. Bean has opened its first Canadian store in a shopping centre in Oakville, Ontario, and is planning to open about 20 stores nationwide over the next decade. Asian brands such as Uniqlo and Muji have expanded into the Canadian market and are negotiating more locations in major shopping centres. European retailers such as Amsterdam-based HEMA are about to make inroads into the Canadian market, not to mention a roster of luxury brands opening stores particularly in the Toronto and Vancouver markets.

One notable trend is when international brands enter Canada, they often open direct-to-consumer brick-and-mortar stores as well



as dedicated eCommerce websites. In some instances, the multi-brand retailers that have carried these brands could risk losing them. As the brands themselves go direct-to-consumer, they are competing with the multi-brand retailers that may have initially introduced them to local consumers.

Luxury brands continue to target Canada

International luxury brands continue to target Canada by opening new stores. At a time when Canadian households have record-high debt levels, spending in luxury stores remains strong in several major centres. Canada is home to a substantially high number of high-net-worth individuals

who are increasingly shopping in Canada as brands establish a presence here at a time when the Canadian dollar is low. The country has also seen rapid growth in international students, some of which have substantial allowances that luxury brands are targeting.

Toronto and Vancouver are the primary target cities for luxury brands in Canada currently, with Montreal, Calgary and Edmonton also seeing increased activity.

In Toronto, luxury brands have opened stores in the city's Bloor-Yorkville area, which is home to numerous standalone luxury flagship stores as well as the flagship location for multi-brand luxury store Holt Renfrew. Recent flagship additions to



Yorkville Avenue include Brunello Cucinelli and Versace, which joined Chanel and Christian Louboutin on the street which will see several more luxury brand stores added in 2020 and 2021. Bloor Street West, which has been dubbed the 'Mink Mile', saw US-based luxury brand St. John Knits open a flagship store next to Gucci—the stretch of Bloor Street between Avenue Road and Yonge Street is home to several luxury brand flagships. Italian grocerant concept Eataly opened at the Manulife Centre in November of 2019, increasing footfall to the area. Further, the Holt Renfrew flagship's renovation will be completed by the spring of 2020 and will include a new facade for the first time in 40 years, as well as new luxury boutiques contained within.

Toronto's Yorkdale Shopping Centre, which ranked top again as Canada's most productive shopping centre in terms of annual sales per square foot in Retail Council of Canada's 2019 Canadian Shopping Centre Study, also features the largest clustering

of luxury brands of any location in Canada. Recent additions include Valentino, Bottega and Balenciaga, joining a highly productive Holt Renfrew store as well as more than two dozen other luxury brand boutiques. More luxury brands will open at Yorkdale in 2020 as the centre finds its place as one of the most prominent clustering of luxury stores anywhere in North America.

Downtown Vancouver's Alberni Street 'Luxury Zone' has seen numerous luxury brands open stores over the past five years, with some boutiques said to be seeing astronomically high sales. The 1,000 block of Alberni Street transformed in a relatively short period of time to become a clustering of luxury boutiques that include a strong focus on jewellery and watches. Vancouver's Holt Renfrew store is also highly productive and includes nearly 100 luxury brand concessions across its 190,000 square feet.

Calgary and Edmonton have also seen growth in luxury retail. In Calgary, Louis Vuitton relocated from a concession space at Holt Renfrew in the city's downtown core to CF Chinook Centre in October of 2018. It joined brands including Tiffany & Co., Burberry and Canada Goose in the busy shopping centre. West Edmonton Mall, which is North America's largest shopping centre, added a Louis Vuitton store in the summer of 2019 along with Canada Goose and a new Rolex boutique. A Gucci boutique will join the mix in 2020, joining leading brands such as Tiffany & Co. and Coach.

Looking to the future, Canada is expecting even more luxury brand nodes as shopping centre developers target top brands to overhauled and newly built centres. In Vancouver, landlord QuadReal is redeveloping the Oakridge Shopping Centre which will include a luxury retail wing that will be part of a massive mixed-use project. Landlord SHAPE, in partnership with L Catterton, is developing 'The Amazing Brentwood' in Burnaby which is also targeting luxury brands. In Montreal, L Catterton partnered with developer Carbonleo to create the new 'Royalmount' project. The massive mixed-use Royalmount development will include a luxury retail wing with several brands either confirmed or in advanced discussions, and they could be joined by an upscale international department store chain which is said to be looking at entering the Canadian market as well. **CR**

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SPECIAL EDITION

CANADIAN SHOPPING CENTRE STUDY 2019

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CANADIAN SHOPPING CENTRE STUDY 2019



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Introduction



Retail Council of Canada and Engagement Agents are pleased to bring you the fourth edition of the *Canadian Shopping Centre Study*. Not only are Canada's top malls continuing to make substantial capital investments to meet consumers' hunger for retail innovation, enterprising landlords are also looking at unprecedented ways to add value and expand productivity, through impressive mall renovations and increasingly with easily accessible and integrated "live, work, play and shop" developments.

This year's study consolidates year-over-year information on Canada's top 30 shopping centres (2017 to 2019), ranks the 10 busiest centres, and provides an overview of notable future development projects across Canada. There is no question that these developments

will dramatically transform the Canadian shopping centre landscape over the next 5, 10 and 20+ years.

As *The Voice of Retail™* in Canada, Retail Council of Canada advocates passionately to keep retailers in Canada strong. The new and exciting shopping centre developments will create amazing opportunities for retailers to play even more important roles in communities across Canada.

To download this year's report or access previous years' issues of the *Canadian Shopping Centre Study*, please visit RetailCouncil.org/research. Members can also take advantage of a full library of other retail industry resources. Membership information can be found at RetailCouncil.org/join-today.

Thank you to all who have contributed to this study. What an exciting time for retail in Canada!

Kind regards,

Diane J. Brisebois
President and CEO,
RETAIL COUNCIL OF CANADA



About the Author

Craig Patterson is a retail analyst and founder of the Canadian retail industry news publication, *Retail Insider*. He holds Bachelor of Commerce and Bachelor of Law degrees from the University of Alberta and is also a Director at the University of Alberta School of Retailing. He has been studying the retail industry for over 25 years and has a keen interest in shopping centre real estate.



Not only are Canada's top malls continuing to make substantial capital investments to meet consumers' hunger for retail innovation, enterprising landlords are also looking at unprecedented ways to add value and expand productivity, through impressive mall renovations and increasingly with easily accessible and integrated "live, work, play and shop" developments.

- Diane J. Brisebois

Executive Summary

Retail Council of Canada's *Canadian Shopping Centre Study 2019* analyses Canada's top 30 shopping centres based on annual sales per square foot productivity and annual visitor counts.

Specific shopping centre data was collected directly from landlords while general reference data was collected from several sources as noted. Canadian shopping centre productivity numbers were provided by landlords for non-anchor reporting commercial retail units (CRUs) for the 12 months ending June 30, 2019

This year, the study also compares Canada's top 10 busiest malls to the top 10 busiest malls in the United States and explores some of the most anticipated shopping centre redevelopment plans across Canada, regardless of their current productivity or annual visitor count rankings.

Canada's shopping centres will see dramatic changes in 2020 and beyond.

With 87% of Canadian adults saying they would consider residing in "live, work, shop, play" environments¹, it is clear shopping centre owners are listening carefully to consumers' desire for easier access, more simplicity, greater convenience and fabulous shopping experiences.

Landlords are not only investing in superb shopping spaces, they are increasingly also adding more non-retail amenities such as destination entertainment attractions, food markets and restaurants, fitness centres, parks, offices and residential towers that are transforming their shopping centres in all-encompassing community hubs.

Canada's shopping centres will see dramatic changes in 2020 and beyond.

KEY OBSERVATIONS

- Canada's top shopping centres continue to report strong sales per square foot numbers.
- Ongoing investment, innovation, new retail mixes and attractions at shopping malls are required to keep visitors coming back and productivity per square foot high.
- Despite closures, many former Target and Sears spaces in Canada have been tenanted. (Source: ChainXY, September 2019)
- Many existing shopping centre properties in Canada, particularly in markets where land prices have risen, are considering proposals to create mixed-use communities (residential buildings, parks, retail and food-and-beverage options).

¹International Council of Shopping Centres, 2019



With 87% of Canadian adults saying they would consider residing in “live, work, shop, play” environments¹, it is clear shopping centre owners are listening carefully to consumers’ desire for easier access, more simplicity, greater convenience and fabulous shopping experiences.

¹International Council of Shopping Centres, 2019

Top 30 Shopping Centres in Canada by Sales Per Square Foot

Rank	Shopping Centre Name	City/Province	Productivity*
1	Yorkdale Shopping Centre	Toronto ON	\$1,964.00
2	CF Pacific Centre	Vancouver BC	\$1,865.00
3	CF Toronto Eaton Centre	Toronto ON	\$1,592.00
4	Park Royal	West Vancouver BC	\$1,342.00
5	Southgate Centre	Edmonton AB	\$1,121.00
6	CF Chinook Centre	Calgary AB	\$1,119.00
7	Square One	Mississauga ON	\$1,108.00
8	CF Sherway Gardens	Toronto ON	\$1,099.00
9	CF Richmond Centre	Richmond BC	\$1,073.00
10	Metropolis at Metrotown	Burnaby BC	\$1,042.00
11	CF Rideau Centre	Ottawa ON	\$1,020.00
12	CF Fairview Mall	Toronto ON	\$987.00
13	Montreal Eaton Centre	Montreal QC	\$983.00
14	CF Masonville	London ON	\$974.00
15	Conestoga Mall	Waterloo ON	\$936.00
16	CF Market Mall	Calgary AB	\$914.00
17	Guildford Town Centre	Surrey BC	\$906.00
18	Mapleview Centre	Burlington ON	\$882.00
19	CF Polo Park	Winnipeg MN	\$879.00
20	CF Markville	Markham ON	\$872.00
21	Scarborough Town Centre	Toronto ON	\$870.00
22	Vaughan Mills	Vaughan ON	\$870.00
23	CF Carrefour Laval	Laval QC	\$858.00
24	Coquitlam Centre	Coquitlam BC	\$851.00
25	Bayview Village	Toronto ON	\$815.00
26	Place Ste-Foy	Quebec City QC	\$806.00
27	Halifax Shopping Centre	Halifax NS	\$799.00
28	CF Limeridge	Hamilton ON	\$785.00
29	Mayfair Victoria	Victoria BC	\$783.00
30	Upper Canada Mall	Newmarket ON	\$773.00

* The 2019 Canadian Shopping Centre Study is based on 12-month data collected as of June 30, 2019 for centres with GLA exceeding 250,000 square feet in size.

Retail Council of Canada Analysis

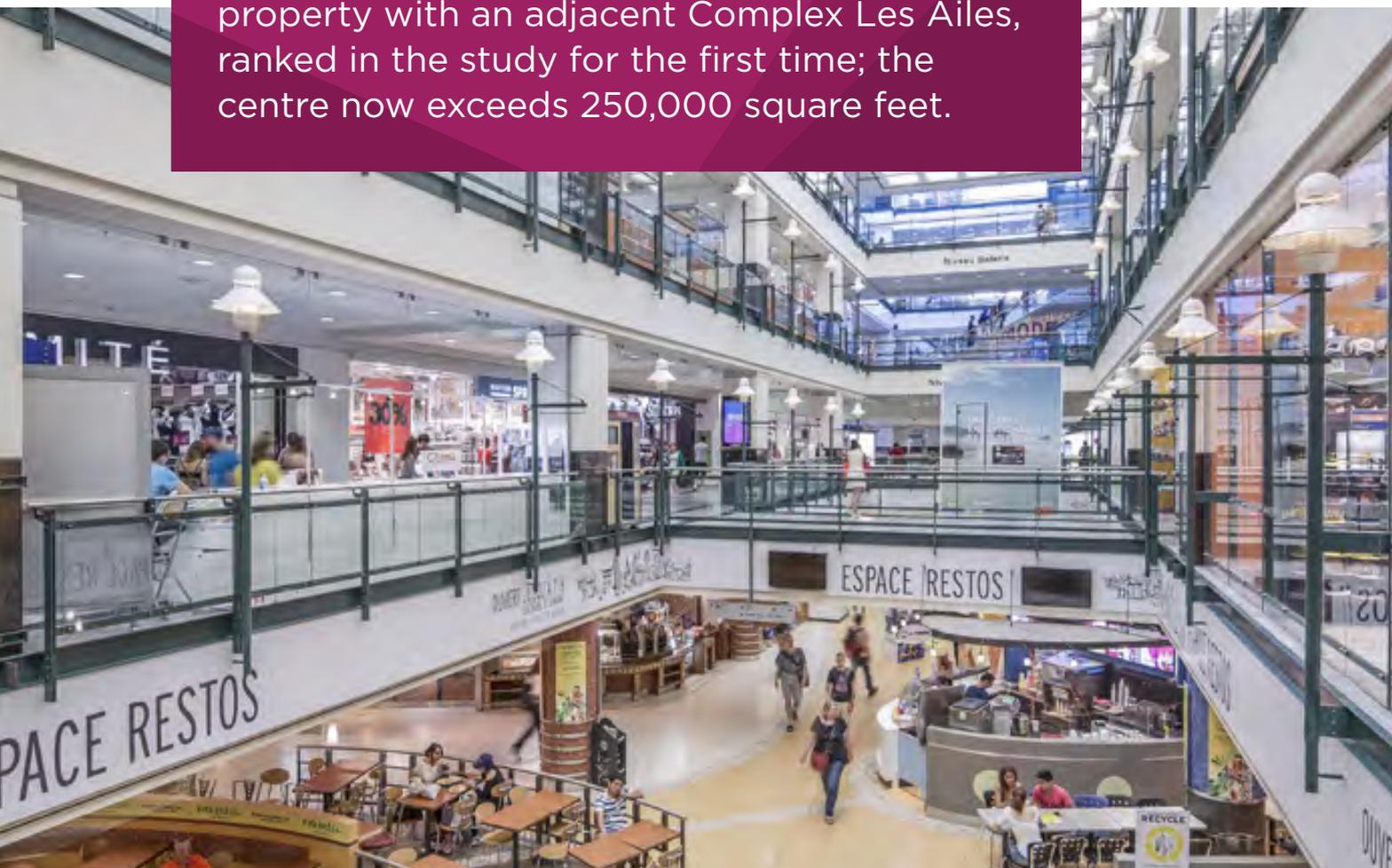
- For the fourth year in a row, Toronto's Yorkdale Shopping Centre ranked as the most productive shopping centre in Canada with annual sales per square foot of \$1964.
- As of June 30, 2019, 11 shopping centres in Canada had annual average sales per square foot surpassing \$1,000. Given growth projections for 2020, as many as 14 Canadian shopping centres could see their annual sales per square foot exceed \$1,000.
- The top three most productive centres in Canada rely heavily on spending from out-of-town visitors.
- Vancouver/Lower Mainland has more shopping centres per capita ranking among the top 30 most productive malls in Canada.
- While West Edmonton Mall did not make it into the top 30 rankings, its 'centre run' is highly productive and demonstrates the great potential for entertainment in shopping centres to drive both traffic and sales.
- Montreal Eaton Centre, which recently saw the merger of a smaller Eaton Centre property with an adjacent Complex Les Ailes, ranked in the study for the first time; the centre now exceeds 250,000 square feet.
- Of the top 30 ranked shopping centres, only five do not house Apple stores. It is estimated that if Apple were to locate in those centres (Park Royal, Montreal Eaton Centre, Scarborough Town Centre, Vaughan Mills, and Bayview Village) each could see an annual per square foot sales lift in excess of \$100. Apple stores are reported to be the most productive stores in the world.
- Tesla showrooms also generate high annual sales per square foot. (Yorkdale Shopping Centre, Park Royal, and CF Sherway Gardens currently have Tesla stores)
- Known retail banners such as Aritzia and Lululemon can be found in most of the top 30 ranked shopping centres.
- While the suburbs are typically home to major shopping centres, four of the top shopping centres are in downtown cores (CF Toronto Eaton Centre, CF Pacific Centre, Montreal Eaton Centre, and CF Rideau Centre). This demonstrates the continued strength of Canada's downtowns when compared to cities in the United States.

Given growth projections for 2020, as many as 14 Canadian shopping centres could see their annual sales per square foot exceed \$1,000.

- Many of the top centres are planning major additions including residential and office space in the next 5, 10, and 20 years.
- Canadian shopping centre landlords are adding entertainment centres to existing properties to further drive traffic, recognizing the success of centres such as West Edmonton Mall. Ivanhoé Cambridge's Vaughn Mills, for example, has announced a Cirque du Soleil family entertainment centre. Oxford Properties, which will announce two more entertainment centres for 2020, already has a major entertainment complex at its Galeries de la Capitale centre in Quebec City, a Dr. Seuss experience centre at Square One in Mississauga, as well as a butterfly-themed interactive centre called bFly at Quartier DIX30 in suburban Montreal. The bFly concept is directing further shopping centre expansion, according to its real estate partner Oberfeld Snowcap.



Montreal Eaton Centre, which recently saw the merger of a smaller Eaton Centre property with an adjacent Complex Les Ailes, ranked in the study for the first time; the centre now exceeds 250,000 square feet.



3a. Comparison

2019 Canadian Shopping Centre Productivity Annual Sales per Square Foot vs. 2018 and 2017

Rank	Shopping Centre	City/Province	2019		2018		2017
			Sales/sf	% Change from 2018	Sales/sf	% Change from 2017	Sales/sf
1	Yorkdale Shopping Centre	Toronto ON	\$1,964.00	▲ 3.10%	\$1,905.00	▲ 15.25%	\$1,653.00
2	CF Pacific Centre	Vancouver BC	\$1,865.00	▲ 10.36%	\$1,690.00	▲ 10.39%	\$1,531.00
3	CF Toronto Eaton Centre	Toronto ON	\$1,592.00	▲ 2.31%	\$1,556.00	▲ 1.83%	\$1,528.00
4	Park Royal Shopping Centre	West Vancouver BC	\$1,342.00	▲ 46.83%	\$914.00	▲ 4.58%	\$874.00
5	Southgate Shopping Centre	Edmonton AB	\$1,121.00	▼ -0.62%	\$1,128.00	▼ -1.66%	\$1,147.00
6	CF Chinook Centre	Calgary AB	\$1,119.00	▲ 3.52%	\$1,081.00	▲ 0.56%	\$1,075.00
7	Square One Shopping Centre	Mississauga ON	\$1,108.00	▲ 1.95%	\$1,086.78	▲ 2.14%	\$1,064.00
8	CF Sherway Gardens	Toronto ON	\$1,099.00	▲ 9.68%	\$1,002.00	▲ 2.35%	\$979.00
9	CF Richmond Centre	Richmond BC	\$1,073.00	▲ 1.23%	\$1,060.00	▲ 13.13%	\$937.00
10	Metropolis at Metrotown	Burnaby BC	\$1,042.00	▲ 0.19%	\$1,040.00	▲ 0.87%	\$1,031.00
11	CF Rideau Centre	Ottawa ON	\$1,020.00	▲ 0.29%	\$1,017.00	▲ 3.04%	\$987.00
12	CF Fairview Mall	Toronto ON	\$987.00	▲ 0.10%	\$986.00	▲ 3.14%	\$956.00
13	Centre Eaton de Montréal	Montreal QC	\$983.00				\$865.00
14	CF Masonville	London ON	\$974.00	▲ 2.96%	\$946.00	▲ 1.39%	\$933.00
15	Conestoga Mall	Waterloo ON	\$936.00	▼ -7.87%	\$1,016.00	▲ 10.55%	\$919.00
16	CF Market Mall	Calgary AB	\$914.00	▲ 1.67%	\$899.00	▲ 1.35%	\$887.00
17	Guildford Town Centre	Surrey BC	\$906.00	▲ 2.60%	\$883.00	▲ 0.91%	\$875.00
18	Mapleview Centre	Burlington ON	\$882.00	▼ -2.11%	\$901.00	▲ 0.67%	\$895.00
19	CF Polo Park	Winnipeg MB	\$879.00	▲ 1.97%	\$862.00	▼ -6.41%	\$921.00
20	CF Markville	Markham ON	\$872.00	▲ 1.99%	\$855.00	▲ 5.69%	\$809.00
21	Scarborough Town Centre	Toronto ON	\$870.00	▼ -2.35%	\$890.93	▲ 2.88%	\$866.00
22	Vaughan Mills	Vaughan ON	\$870.00	▲ 5.58%	\$824.00	▲ 4.04%	\$792.00
23	CF Carrefour Laval	Laval QC	\$858.00	▲ 0.00%	\$858.00	▲ 1.18%	\$848.00
24	Coquitlam Centre	Coquitlam BC	\$851.00	▼ -0.35%	\$854.00	▲ 3.77%	\$823.00
25	Bayview Village	Toronto ON	\$815.00	▼ -1.81%	\$830.00	▲ 2.09%	\$813.00
26	Place Ste-Foy	Quebec City QC	\$806.00	▼ -2.30%	\$825.00	▲ 1.23%	\$815.00
27	Halifax Shopping Centre	Halifax NS	\$799.00	▼ -1.48%	\$811.00	▼ -1.22%	\$821.00
28	CF Lime Ridge	Hamilton ON	\$785.00	▲ 2.48%	\$766.00	▲ 2.27%	\$749.00
29	Mayfair	Victoria BC	\$783.00				\$737.00
30	Upper Canada Mall	Newmarket ON	\$773.00	▼ -1.93%	\$788.19	▲ 1.18%	\$779.00

(Source: Retail Council of Canada Shopping Centre Study, 2019 vs 2018 and 2017)

Note: Numbers above do not take into account factors such as the addition of space or replacement retailers made to a centre. Data should be interpreted accordingly.

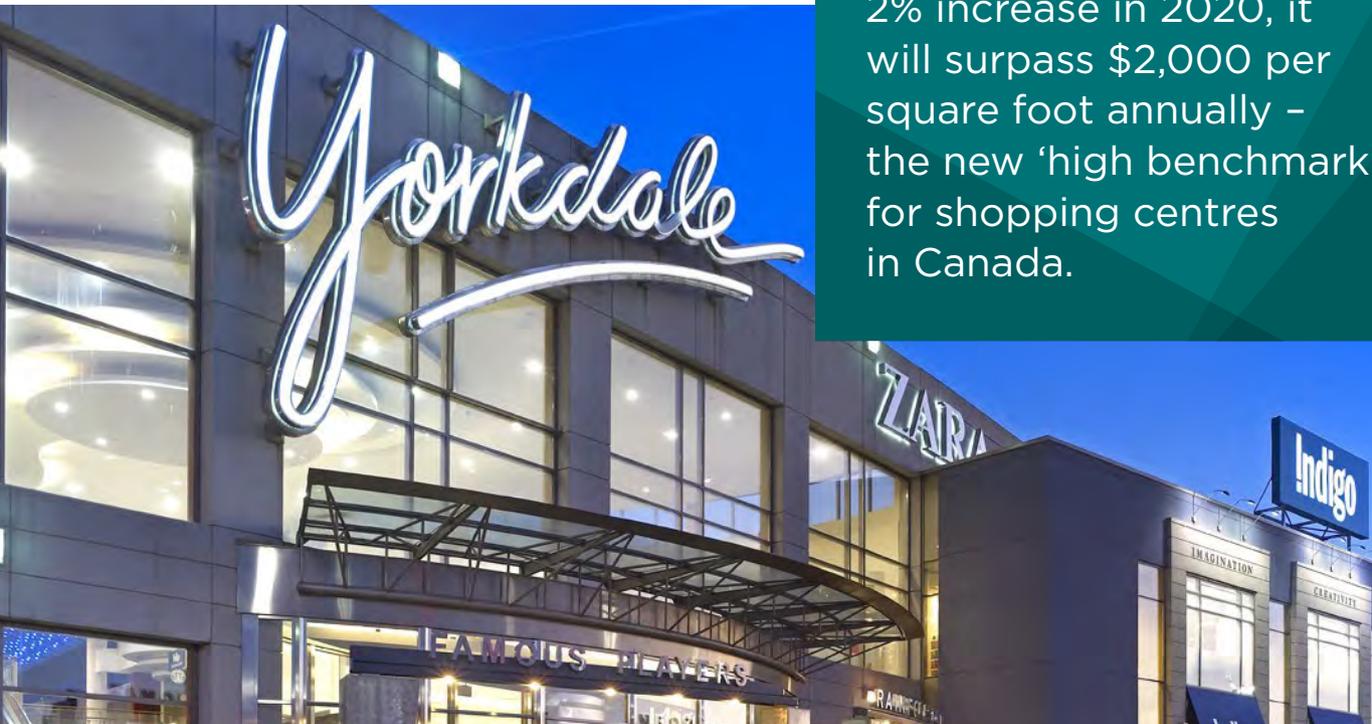
*2018 productivity numbers for Mayfair Centre in Victoria BC were not available for this study.

Retail Council of Canada Analysis

- While many of the top shopping centres have seen year-over-year gains, maintaining growth momentum is challenging in light of the impact online shopping has and continues to have on foot traffic. Landlords are therefore actively leveraging several strategies in tandem: securing the most profitable mix of retailers, phasing out underperforming tenants, adding novel attractions and keeping up with ongoing facility upgrades.
- Toronto's Yorkdale Shopping Centre saw a 3.1% increase in annual sales per square foot in 2019 compared with the prior year. If Yorkdale sees just a 2% increase in 2020, it will surpass \$2,000 per square foot annually - the new 'high benchmark' for shopping centres in Canada. In the United States, only a handful of centres have surpassed the \$2,000 benchmark (in US Dollars), including Bal Harbour Shops in Florida, The Grove in Los Angeles, and the Mall at Rockingham Park in Salem New Hampshire.
- Park Royal in West Vancouver saw an incredible increase of 46.83% in annual sales per square in 2019 - the highest increase tracked over the past four years in this Retail Council of Canada study. Landlord Larco attributes the gain to increased foot traffic from a newly opened VIP Cineplex Cinema, highly productive retailers such as Tesla, and the addition of new retail tenants.



If Yorkdale sees just a 2% increase in 2020, it will surpass \$2,000 per square foot annually - the new 'high benchmark' for shopping centres in Canada.





Even with Calgary's challenging economy, both CF Chinook Centre and CF Market Mall experienced productivity gains in 2019.

- Vancouver's CF Pacific Centre saw a substantial 10.36% increase largely driven by the addition of new retailers such as Canada Goose, as well as strong performance from existing retailers such as Harry Rosen. Nordstrom's top-selling store in the entire chain is currently at CF Pacific Centre, though the retailer's New York City flagship which opened October 24, 2019, is expected to surpass Vancouver's numbers.
- Even with Calgary's challenging economy, both CF Chinook Centre and CF Market Mall experienced productivity gains in 2019.
- Square One in Mississauga surpassed the annual sales per square foot benchmark of \$1,100 for the first time. Landlord Oxford Properties noted that the centre saw a boost after the opening 'The Food District', The Rec Room and in the arrival of new retailers such as Uniqlo.
- CF Chinook Centre also surpassed the annual sales per square foot benchmark of \$1,100 for the first time after adding retailers such as Louis Vuitton and Saks Fifth Avenue.

Park Royal in West Vancouver saw an incredible increase of 46.83% in annual sales per square in 2019 - the highest increase tracked over the past four years in this Retail Council of Canada study.

3b. Profile

Updates on Canada's Top 10 Most Productive Shopping Centres

The millions of dollars Canada's top malls have recently invested in upgrades are continuing to make these malls more productive and attractive to shoppers. The top 10 most productive shopping centres are profiled based on:

1. Yorkdale Shopping Centre
2. CF Pacific Centre
3. CF Toronto Eaton Centre
4. Park Royal
5. Southgate Centre
6. Chinook Centre
7. Square One Shopping Centre
8. CF Richmond Centre
9. Metropolis at Metrotown
10. CF Rideau Centre

Considerations in the evaluation include:

- Shopping centre manager;
- Size (Gross Leasable Area);
- Annual Visitor Count;
- Number of Stores;
- Parking Spaces;
- Highway/Transit Access (including roadway and mass transit);
- Annual sales per square foot, for the 12 months ending June 30, 2019 for reporting non-anchor commercial retail units;
- Anchor tenants (over 50,000 square feet);
- Tenant/merchants mix analysis (types of stores and overall quality of offering);
- Upcoming renovation or expansion plans or added attractions to drive traffic (such as food halls/markets, major restaurants, amusement centres)

Yorkdale



The millions of dollars Canada's top malls have recently invested in upgrades are continuing to make these malls more productive and attractive to shoppers.



#1

Yorkdale Shopping Centre, Toronto

Mall Manager:

Oxford Properties Group

Size (Gross Leasable Area):

2 million square feet

Annual Visitor Count:

18 million

Number of Stores:

270

Parking Spaces:

8,000

Highway/Transit Access:

Yorkdale is accessible via two major highways and is also on a major subway line as well as regional 'Go Transit' train network with a stop at the shopping centre

Annual sales per square foot:

\$1,964

Anchors (over 50,000 square feet)

Hudson's Bay	300,870 sq ft
Nordstrom	199,000 sq ft
Holt Renfrew	129,000 sq ft
Restoration Hardware	69,000 sq ft
SilverCity Theatre	68,470 sq ft
Sporting Life	50,000 sq ft

In 2020, a first-in-the-world entertainment concept, spanning more than 25,000 square feet, will open at Yorkdale.

Tenant and merchandise mix overview

Yorkdale Shopping Centre is Canada's most productive centre in terms of annual sales per square foot. The centre is approaching \$2 billion in annual sales by offering shoppers a wide range of options, from fast fashion to luxury retailers and many food and beverage choices.

Upcoming renovation or expansion plans

Plans for further expansions will add more retail space and there is a proposal for mixed-use site intensification. Many first-to-Canada retailers have opened in Yorkdale. In 2019, luxury brands such as Bottega Venetta, Valentino, Balenciaga, TAG Heuer, and Hublot opened, along with unique brands such as Kit Kat and Canada's first by Chloe vegan restaurant location. In 2020, Canada's first stand-alone storefront for Celine will open at Yorkdale, and Louis Vuitton will also build a freestanding flagship store. Nike will also open a large 'Niketown' concept store and other negotiations are underway. In 2020, a first-in-the-world entertainment concept, spanning more than 25,000 square feet, will open at Yorkdale.



#2

CF Pacific Centre, Vancouver

Mall Manager:

Cadillac Fairview

Size (Gross Leasable Area):

678,377 square feet

Annual Visitor Count:

23 million

Number of Stores:

98

Parking Spaces:

1,558

Highway/Transit Access:

Urban core roadways, rapid transit stations adjacent (called 'Skytrain'), regional buses

Annual sales per square foot:

\$1,865

Anchors (over 50,000 square feet)

Hudson's Bay	637,000 sq ft
(separate ownership/building)	

Nordstrom	230,000 sq ft
-----------	---------------

Holt Renfrew	190,000 sq ft
--------------	---------------

Tenant/merchandise mix analysis

CF Pacific Centre features a wide assortment of best-in-class retailers. Anchors Nordstrom and Holt Renfrew are top sellers in their respective channels. The centre recently added new premium brands including Sandro, Maje and Canada Goose. Fall 2019 openings included a 'Dyson Demo' store as well as new storefronts for Ever New, SoftMoc, and Geox.

Upcoming renovation or expansion plans

Big things are planned for the centre. A large new flagship Apple Store will be built as the adjacent Four Seasons Hotel is set to close in 2020.



#3

CF Toronto Eaton Centre, Toronto

Mall Manager:

Cadillac Fairview

Size (Gross Leasable Area):

2,042,410 square feet

Annual Visitor Count:

52.3 million

Number of Stores:

215

Parking Spaces:

1,300

Highway/Transit Access:

Urban core roadways, bus access,
subway (two major stations), street cars
(two major lines)

Annual sales per square foot:

\$1,592

Anchors (over 50,000 square feet)

Hudson's Bay:	~800,000 sq ft
Nordstrom:	220,000 sq ft
Saks Fifth Avenue/ Pusateri's Fine Foods:	142,000 sq ft
H&M	58,000 sq ft

Tenant/merchandise mix analysis

CF Toronto Eaton Centre offers a range of tenants from value-priced to upscale. Luxury brands are found in the major anchor stores at Saks Fifth Avenue, Hudson's Bay, and Nordstrom, though a handful of brands pulled out in 2019. Recently opened retailers include Canada's first flagship Under Armour store, Korean beauty brand Innisfree, and Canadian brand Soya & Kyo.

Upcoming renovation or expansion plans

CF Toronto Eaton Centre continues to add updates. Cadillac Fairview's 'Ravel by CF', includes a new 'Streaming at CF' podcast/radio component that is open to the public, Lyft drop-off points, and other innovations to test emerging technologies and explore ways to drive greater value. Landlord Cadillac Fairview is also creating new commercial space by repurposing the heritage façade and the northwest corner of Queen Street West and Yonge Street. The Apple Store will be relocated at a lower level with space almost triple its current size in early 2020.



#4

Park Royal, West Vancouver

Mall Manager:

Larco

Size (Gross Leasable Area):

1.5 million square feet

Annual Visitor Count:

15.5 million

Number of Stores:

280

Parking Spaces:

5,715

Highway/Transit Access:

Major roadway, buses,

Annual sales per square foot:

\$1,342

Anchors (over 50,000 square feet)

Hudson's Bay:	165,000 sq ft
La Maison Simons:	102,000 sq ft
Home Depot:	72,000 sq ft
Sport Chek:	51,000 sq ft

Tenant/merchandise mix

Park Royal is home to a range of retailers, from relatively affordable to pricier brands. The north section of the centre includes a grocery store, Saks OFF 5TH off-price store and a fitness facility. Recent additions to Park Royal include Kit and Ace, a Simons store – the only one in British Columbia – and a Cineplex VIP cinema. The centre has seen increased productivity with the addition of new retailers and the closure of less productive ones. Further productivity gains are anticipated with the recent closure of a large Forever 21 store.

Upcoming renovation or expansion plans

Larco is negotiating to add new retailers to the centre. Two new residential buildings will be also added to the site.



#5

Southgate Centre, Edmonton

Mall Manager:

Ivanhoé Cambridge

Size (Gross Leasable Area):

918,800 sq ft

Annual Visitor Count:

9 million

Number of Stores:

160

Parking Spaces:

4,385

Highway/Transit Access:

Freeway, major roadway, LRT station, buses

Annual sales per square foot:

\$1,121

Anchors (over 50,000 square feet)

Hudson's Bay: 236,551 sq ft

Safeway: 52,571 sq ft

Tenant/merchandise mix analysis

Southgate Centre offers a mix of mid-to-high priced retailers that cater to the regional population. The centre is home to Edmonton's only Restoration Hardware, Crate & Barrel, and Lego Store.

Upcoming renovation or expansion plans

A proposal is in place to redevelop Southgate's former Sears space to include a community gathering place as well as new retailers and restaurants.



#6

CF Chinook Centre, Calgary

Mall Manager:

Cadillac Fairview

Size (Gross Leasable Area):

1,328,300 sq ft

Annual Visitor Count:

16 million

Number of Stores:

200+

Parking Spaces:

5,500

Highway/Transit Access:

Highway, major roadway, bus, and 'C-Train' light rail transit station connecting to the centre via a pedestrian bridge.

Annual sales per square foot:

\$1,119

Anchors (over 50,000 square feet)

Hudson's Bay	203,342 sq ft
Nordstrom	140,000 sq ft
Saks Fifth Avenue	115,200 sq ft
Cineplex (movie theatre)	90,000 sq ft

Tenant/merchandise mix analysis

CF Chinook Centre features a wide range of retailers, including fast fashion and luxury brands. Anchor stores Nordstrom and Saks Fifth Avenue are upscale draws, and a stand-alone Louis Vuitton store opened in 2018. Other new upscale retailers include Mackage and Matt & Nat.

Upcoming renovation or expansion plans

The centre's food court recently underwent a \$17 million overhaul. Future plans include a south expansion that could include mixed-use and an indoor-outdoor retail configuration. New tenants will soon be announced.



#7

Square One Shopping Centre, Mississauga

Mall Manager:

Oxford Properties

Size (Gross Leasable Area):

1,905,505 sq ft

Annual Visitor Count:

23 million

Number of Stores:

330

Parking Spaces:

8,700

Highway/Transit Access:

Freeway and roadway, on several bus routes (including an on-site Go Transit station).

A light rail transit network in the city of Mississauga is being planned.

Annual sales per square foot:

\$1,108

Anchors (over 50,000 square feet)

Walmart	224,015 sq ft
Hudson's Bay	203,516 sq ft
Holt Renfrew	140,694 sq ft
La Maison Simons	109,408 sq ft

Tenant/merchandise mix analysis

Square One's diversity of tenants is unmatched in Canada. It houses the value-priced Walmart as well as luxury retailers such as Holt Renfrew and is filled with many first-in-class Canadian and international retailers. Several full-service restaurants include Jamie's Italian and Moxie's. Recent additions include a 40,000 square foot food hall as well the entertainment concept 'The Rec Room' and a new Uniqlo store.

Upcoming renovation or expansion plans

Square One will feature two exciting new destination entertainment attractions. One will be a temporary Dr. Seuss and the other a first-of-its-kind centre. Both are expected to create more foot traffic.



#8

CF Richmond Centre, Richmond British Columbia

Mall Manager:

Cadillac Fairview

Size (Gross Leasable Area):

653,231 sq ft

Annual Visitor Count:

17.9 million

Number of Stores:

160

Parking Spaces:

3,500

Highway/Transit Access:

Major roadway and rapid transit station for regional 'Skytrain' line.

Annual sales per square foot:

\$1,073

Anchor (over 50,000 square feet)

Hudson's Bay: 162,000 sq ft

Tenant/merchandise mix analysis

CF Richmond Centre includes trendy fashion brands to upscale retailers such as Hugo Boss and houses Canada's only stand-alone storefront for Clinique.

Upcoming renovation or expansion plans

Landlord Cadillac Fairview is planning a significant south-end expansion to replace a former Sears store. Included will be a new retail indoor-outdoor configuration and several multi-family residential buildings on current surface parking lots.



#9

Metropolis at Metrotown, Burnaby British Columbia

Mall Manager:

Ivanhoé Cambridge

Size (Gross Leasable Area):

1,795,326 sq ft

Annual Visitor Count:

28.1 million

Number of Stores:

330

Parking Spaces:

8,300+

Highway/Transit Access:

Major roadways, bus, rapid transit 'Skytrain' station access.

Annual sales per square foot:

\$1,042

Anchors (over 50,000 square feet)

Hudson's Bay	132,465 sq ft
Real Canadian Superstore:	128,617 sq ft
Walmart	116,700 sq ft
Winners	64,916 sq ft
Silver City Cinemas	60,000 sq ft
T&T Supermarket	59,651 sq ft

Tenant/merchandise mix analysis

Metropolis at Metrotown offers a wide range of affordable to mid-priced retailers and is known for attracting first-to-market retailers.

Upcoming renovation or expansion plans

New retailers will be added including Korean beauty brand Aritaum. Landlord Ivanhoé Cambridge recently released an RFP for a major entertainment centre. An adjacent site formerly owned by Sears will include new retail and residential space.



#10

CF Rideau Centre, Ottawa

Mall Manager:

Cadillac Fairview

Size (Gross Leasable Area):

1,005,579 sq ft

Annual Visitor Count:

24 million

Number of Stores:

150+

Parking Spaces:

1,330

Highway/Transit Access:

Urban core roadways, bus, future light rail transit access.

Annual sales per square foot RUs:

\$1,020

anchors (over 50,000 square feet)

Hudson's Bay/Saks OFF 5TH 330,000 sq ft
(across the street from main shopping centre)

Nordstrom 157,000 sq ft

La Maison Simons 103,874 sq ft

Tenant/merchandise mix analysis

CF Rideau Centre features a dynamic mix of retailers, which includes first-in-class retailers, trendy fashion, and upscale retailers such as Harry Rosen, Tiffany & Co., Nordstrom, and La Maison Simons.

Upcoming renovation or expansion plans

A transit station will be added in 2019 as part of the 'O-Train Confederation' LRT line.

Top 10 Busiest Shopping Centres in Canada vs. USA by Annual Visitor Count

Canada's Busiest Shopping Centres

Rank	Shopping Centre	City/Province	Annual Visitors (millions)
1	CF Toronto Eaton Centre	Toronto ON	52.3
2	West Edmonton Mall	Edmonton AB	30
3	Metropolis at Metrotown	Burnaby BC	28.1
4	CF Rideau Centre	Ottawa ON	24
5	Square One	Mississauga ON	23
6	CF Pacific Centre	Vancouver BC	23
7	Scarborough Town Centre	Toronto ON	22
8	Montreal Eaton Centre	Montreal QC	21.5
9	Yorkdale Shopping Centre	Toronto ON	18
10	CF Richmond Centre	Richmond BC	17.9

Note: Montreal Eaton Centre, currently under major renovation, could see substantially higher numbers in 2020.

Source: Retail Council of Canada Canadian Shopping Centre Study 2019

United States' Busiest Shopping Centres

Rank	Shopping Centre	City/State	Annual Visitors (millions)
1	Ala Moana Centre	Honolulu HI	52
2	Mall of America	Bloomington MN	40
3	Houston Galleria	Houston TX	31
4	Aventura Mall	Miami FL	28
5	Del Amo Fashion Centre	Torrance CA	27.6
6	Woodfield Mall	Schaumburg IL	27
7	Sawgrass Mills	Sunrise FL	26
8	Palisades Center	West Nyack NY	24
9	Gurnee Mills	Gurnee IL	23
10	King of Prussia Mall	King of Prussia PA	22

Source: Landlord leasing websites/information supplied, 2019

Retail Council of Canada Analysis

- Canada's top 10 busiest shopping centres (by annual visitor count) have comparable traffic to the top 10 centres in the United States.
- CF Toronto Eaton Centre in Toronto remains the busiest shopping centre in North America. West Edmonton Mall is the third busiest shopping centre in North America.
- Ala Moana Centre in Honolulu, which is the most visited attraction in Hawaii, sees almost as many visitors as CF Toronto Eaton Centre.
- American Dream Meadowlands (owned by Canadian landlord Triple Five) opened in October 2019 and is projected to see 40 million annual visitors. (Landlord Triple Five, who also owns West Edmonton Mall and Mall of America, will own three of the top 10 busiest shopping centres in North America once the retail component of American Dream opens in March of 2020.)
- Increasingly entertainment-rich centres like West Edmonton Mall are becoming holiday destinations and include hotels and restaurants. In the next two years, Square One, Yorkdale, Scarborough Town Centre, and Metropolis at Metrotown will also be adding major new entertainment attractions. These destination attractions will make these busy malls even busier.
- Montreal Eaton Centre, currently under a major renovation, could also see substantially higher visitor numbers in 2020. A new Time Out food hall, a Decathlon sports store, and Uniqlo (the latter will open its largest Canadian storefront at the Montreal Eaton Centre) will draw crowds. The completion of Ste-Catherine Street West upgrades will also further boost visitors to the Montreal Eaton Centre as well as strengthen Montreal's overall downtown vibrancy.

Canada's top 10 busiest shopping centres (by annual visitor count) have comparable traffic to the top 10 centres in the United States.

Making Mall Marketing More Effective

Engagement Agents help retailers across North America fully leverage their already-paid-for shopping centre marketing dollars

By Sean C. Tarry

When retailers make investments to bolster their business - whether the investment involves acquiring the latest technological gadget, employee training, sustainable practices, or anything else - they generally want to make sure they squeeze the most value out of every penny spent. The same is true when it comes to their marketing dollars.

It's the reason most retailers are stunned when they find out that they are not seizing all of the opportunities available to them to optimize the marketing dollars they are allocated as part of their lease agreements with landlords and shopping mall developers.

"Every retailer located in a shopping centre pays significantly for marketing opportunities through their leases; whether built into total lease dollars, CAM fees, marketing/promo/ad funds, merchant association fees and/or percentage rent agreements," explains Sean Snyder, President of Engagement Agents. "However, 90% of retailers never take advantage of the benefits of these investments."

The fact that benefits are not taken advantage of is, of course, not intentional on the part of the landlord or retailer. These missed opportunities occur due to the fact that they are often deep within the lease agreements. And, because the retailer's real estate team and the retailer's marketing team are not effectively communicating, the opportunities are often not realized. As one of many examples, by pointing out these marketing dollars within the lease agreement, Engagement Agents was able to help a 1,000-store retailer identify \$26 million which they were incurring every year within their leases, but not effectively utilizing.

The next challenge is an inherent executional gap that exists between the shopping centre landlords and the retail marketing teams. It's a gap Snyder experienced for himself while working as Sales and Marketing Director at Stitch It, which has 85 shopping centre-based locations across the country.

"One of the hurdles that needs to be overcome with respect to marketing and promoting the store through the shopping centre's marketing channels is the fact that each shopping centre uniquely manages and executes its own marketing.

Every retailer located in a shopping centre pays significantly for marketing opportunities through their leases.



As one of many examples, by pointing out these marketing dollars within the lease agreement, Engagement Agents was able to help a 1,000-store retailer identify \$26 million which they were incurring every year within their leases, but not effectively utilizing.



The challenge for shopping centres is that it's "like pulling teeth" to try and get the content from the retailers.

Additionally, they all have different opportunities to promote retailer marketing campaigns; whether it be their mobile site, website, app, social media, email lists, events and/or onsite digital signage.

On top of that, retailers may task their store managers with the responsibility of supplying the individual shopping centre that its operating in with their marketing and promotional materials. But the store managers are already busy enough as it is. If you're a retailer with 50 locations, do you really want 50 store managers doing the same thing every week? That becomes very expensive in terms of the salary costs as well as the opportunity costs concerning the missed sales that the store manager can't generate because of time spent in the backroom."

Snyder, who has over twenty years of retail experience, recognized these challenges when he tried to take on the responsibility of managing all of Stich It's shopping mall advertising. What he found was the need to engage 85 different malls, many with multiple marketing contacts, provide each of them with more than 85 packages of marketing and promotional collateral, of which many required multiple images of varying sizes and formats. He'd then be required to follow up with each one of the 85 shopping centres to ensure the marketing and promotions were posted properly and in time.

"It was a nightmare for me to manage," says Snyder of the ordeal. "I soon realized there's no way any one person or team could effectively accomplish it all without technology. Not only was it very time-consuming, it was not within the skill sets of most store managers who were already very busy with their core responsibilities. Furthermore, the shopping centres want the retailers' content and campaigns, as they all have marketing channels to promote what is new and exciting at their retailers! The challenge for shopping centres is that it's "like pulling teeth" to try and get the content from the retailers.

This left a lasting impression on Snyder. He reached out to other retailers and shopping centres and soon realized the extent of the challenge and opportunity for a far more efficient, centralized approach. Engagement Agents was born out of this insight with a clever solution that's centred around a Software as a Service platform which standardizes, manages, automates and tracks the marketing and promotional efforts for retailers operating in shopping centres.

By working with Engagement Agents, retail marketing teams simply upload their marketing and promotional materials to Engagement Agents' marketing platform, which manages the complex distribution of campaign content and image assets to each shopping centre.

Today, a number of the world's most recognizable retailers partner with Engagement Agents to maximize and monetize their already-paid-for shopping centres' marketing channels to drive traffic and sales, while saving tremendous amounts of time, money and resources.

"By using Engagement Agents, we can quickly distribute our marketing and promotional information across multiple locations with consistency, for all our stores at once," says James Connell, Chief Ecommerce & Customer Experience Officer at Roots Canada. "By providing updates more often, we ensure each property has current and relevant Roots content, which is more impactful to shopping centre visitors and therefore drives more traffic to our stores."

In a hyper-competitive retail environment, optimizing every opportunity to get in front of customers and bring them into your store is paramount. Engagement Agents removes the guesswork and effectively execute retailers' mall marketing campaigns for them.

"Retail frontline staff can be a competitive advantage when they are able to focus on creating exceptional in-store shopping experiences," says Snyder. "Engagement Agents helps retailers drive these invaluable customers into their stores through their already paid for marketing investments."



Engagement Agents removes the guesswork and effectively execute retailers' mall marketing campaigns for them.



For more information about the ways Engagement Agents can help your business maximize its marketing dollars and drive more traffic to your shopping centre locations, visit www.EngagementAgents.com.

Looking Ahead

Canadian Shopping Centres of the Future

Shopping centres are enjoying a renaissance. Recognizing the need to provide meaningful experiences and choice to build and grow traffic and sales, they are increasingly going to be the anchors of mixed-use developments. Canadians are craving the convenience and time efficiency options – and shopping mall owners are responding by making sizeable capital investments.

According to a recent study by International Council of Shopping Centres (ICSC), 87% of Canadian adults polled said that they would consider residing in “live, work, shop, play” environments that have a variety of housing, workplaces, dining, and recreational outlets for entertainment within close proximity.

The exit of anchor tenants such as Sears Canada and Target has provided landlords with the opportunity to capitalize on acres of under-utilized real estate. Covenants held by some of these core retailers made it, at times, challenging for landlords to make sweeping changes. The elimination of such agreements has unlocked an unprecedented amount of value that will result in the transformation of many shopping malls.

The following section explores the regional intensification overviews in:

British Columbia
Alberta
Manitoba

Ontario
Quebec
Maritimes

The information on the featured properties has been gathered and consolidated from a variety of sources including discussions with landlords, leasing and redevelopment websites and a review of rezoning applications. While this is not a comprehensive list of all projects, what can clearly be seen is that shopping centres across Canada will look very different in the years to come and will become robust community and activity hubs.

Projects have been ordered according to roughly anticipated timing of redevelopment completion.



ROYALMOUNT

ROYALMOUNT

BRITISH COLUMBIA



The Amazing Brentwood, Burnaby

Landlord SHAPE partnered with investment firm L Catterton to reconfigure the 28-acre shopping centre property formerly known as Brentwood Town Centre. Construction is ongoing at The Amazing Brentwood, with sections to be completed in 2020. It will offer about 1.1 million square feet of retail space, both indoor and outdoor. A food hall, a Cineplex VIP Cinema, The Rec Room entertainment centre, an upscale fitness facility, office space including co-working concept WeWork, and a public plaza with several full-service restaurants is expected to attract new visitors. A total of 11 tall residential towers will be built on site with approximately 6,000 homes for 10,500 residents. Developers are also building around the centre to create a new residential node for the region. Like Oakridge Centre, The Amazing Brentwood will span 4.5 million square feet when finished.

Timing: Retail completed in 2020. Residential and other construction ongoing for 2 years+. Surrounding neighbourhood construction ongoing for 5+ years.



Park Royal Shopping Centre

The unique Park Royal Shopping Centre in affluent West Vancouver is seeing intensification investments by owner Larco Investments. The first phase, a residential tower, will include more than 200 residential units. Consultants Bealeigh were retained to reconceptualize the centre's retail offerings. Given the stunning views this ocean location provides, more intensification is anticipated in the area.

Timing: Residences tower completed by 2021, ongoing redevelopment expected over decades.

British Columbia

The rapidly growing British Columbia market has some of Canada's highest residential real estate prices. At the same time, the Vancouver/Lower Mainland is constricted in developable land, creating an ideal opportunity for shopping centre landlords to capitalizing on their real estate assets through multi-use intensification.



CF Richmond Centre

In 2019, the City of Richmond approved 12 new residential towers on the 27-acre site. This will provide 2,300 new homes, including 141 affordable housing units. The redevelopment will begin in an area once occupied by Sears. The landlord will also add 2.27 million more square feet to the property, including 1.91 million square feet of residential and 362,000 square feet of new retail and restaurant space. The current indoor shopping centre will remain operational while a new outdoor retail space is being added. Enhanced access to public and other new transit options will also help attract new customers from the surrounding area. Landlord SHAPE, also a developer in The Amazing Brentwood, partnered with Cadillac Fairview on the CF Richmond Centre redevelopment.

Timing: 3 + years



Lougheed Town Centre

The entire Lougheed Town Centre Core area master plan, including the current centre, spans 72 acres and will become one of several planned

urban cores in the Lower Mainland. The existing Lougheed Town Centre shopping complex will be integral to the creation of a new \$7 billion 'City of Lougheed' urban centre. On the 37-acre site, landlord SHAPE will add more than 20 towers (some as high as 82-storeys), including 10,000+ housing units in almost 11 million square feet of residential space. The retail space will be more than double reaching close to 1.5 million square feet. A 1000 ft pedestrian-only "galleria spine" will become a glass-covered outdoor retail strip. The adjacent 'Skytrain' rapid transit line will also provide additional new retail options. Five acres of parks, plazas and public spaces will also enhance this new community.

Timing: First phase, housing for 1,500 should be completed by 2023. Subsequent redevelopment, 5-10 + years.



Coquitlam Centre

A proposed master plan on Coquitlam Centre's expansive 60-acre site will help revitalize this downtown core. Retail will be key to the new street network that will include an entertainment district with movie theatres, live performance venues, restaurants, nightclubs, and lounges. The project will also see an extension of both of High Street and the 'Skytrain' rapid transit line run through the existing centre. Redevelopment will begin with the 16 acres of under-capitalized space (once occupied by Sears) on the northeast corner of the property. The Coquitlam Centre site, owned by Morguard, is part of a much larger vision for the area.

Timing: Phased development in 5 years +, with city centre completion in approximately 60 years.



Oakridge Shopping Centre, Vancouver

Landlord QuadReal is overhauling the 28-acre Oakridge Shopping Centre property to create a robust mixed-use community. The site will have about 4.5 million square feet of space, including 2,600 residential units in a partnership with Westbank. The redevelopment includes about 100,000 square feet of 'culinary experiences', nine acres of park space, a ballet school, an entertainment centre, and almost doubling of the centre's current 574,000 square feet of retail space that will incorporate 'five-star concierges' and valet parking. An entire run will feature luxury brands, including the recently renovated Tiffany & Co. store. Pre-construction sales have also been strong for the many new condominium towers that will be built on the site.

Timing: Completion anticipated by 2026



Metropolis at Metrotown

The massive Burnaby shopping centre is expected to see significant changes as its landlords capitalize on a central 'Skytrain' rapid transit line. Confirmed plans will include a new entertainment component. The mall's former Sears space and adjacent parking lot will be revitalized by developer Concord Pacific, adding seven residential towers (35 and 65-storeys), nearly two-million square feet of space to its property with more than 660,000 square feet of commercial space.

Over the long-term, landlord Ivahnoé Cambridge is developing a master plan for its 38-acre shopping centre site that will eventually see new high rises, plazas, public parks, and streets built to replace the existing shopping centre. A network of streets with ground-level retail as well as other amenities will serve thousands of new residents, with at least 20% of the housing units dedicated to rental units. The major redevelopment won't begin for at least 10 years, and the phased rollout for a dense downtown core will include a smaller enclosed shopping centre.

Timing: 5-80 + years

ALBERTA

Edmonton



Bonnie Doon Mall

Landlord Morguard is turning Bonnie Doon Centre, located in a growing affluent area of Edmonton, into a district with housing, offices and retail space. The 30-acre site could see more than 4,000 high and low-rise residential units and townhomes as well as a new light rail transit network. Assisted and independent living, health and wellness facilities, grocery retail, a public park and gathering spaces area also planned.

Timing: Phased development over 20 + years



Millwoods Town Centre

RioCan plans to build a new low-density single level shopping centre in Edmonton's suburban Millwoods area. The same rapid transit line to pass by Bonnie Doon Centre will lead to Millwoods Centre. The 62-acre site will eventually house new retail, restaurants and other commercial uses along with a new state-of-the-art transit centre serving two 18-storey residential towers as well as a mix of low-rise and mid-rise apartments that will add 1,750 units to the area. A 'green pedestrian street' on the southeast portion of the site will have room for a basketball court and public art is also expected to be part of the mix. The development will progress in phases.

Timing: 20 + years

Alberta

With lower real estate prices and more developable land than in British Columbia, landlords are investigating opportunities that will likely transform Alberta shopping centres into more expansive properties.

Calgary



Co-Op Store Site Redevelopments

Calgary Co-Op is investing \$2.25 billion into several multi-use projects that will create 2.4 million square feet of new retail, restaurant, office, and residential space. Some sites include stand-alone Co-op stores as well as small format strip malls that will see intensification. Key projects include **Mission Landing, Boulevard at Dalhousie, Oakridge Landing, and Winston on Sixteenth**, in partnership with residential developer Quarry Bay. New office buildings, liquor stores, retail spaces (including possibly cannabis), restaurants, gas bars, and other uses anticipated.

Timeline: Construction ongoing, completion for most projects 5 + years.



Stadium Shopping Centre

Northwest Calgary's 60,000 square foot Stadium Shopping Centre will eventually include new retail spaces, office and residential buildings as well as restaurants, a hotel, and a medical centre.

The phased project by Developer Western Securities will span approximately 800,000 square feet including 85,000 square feet of retail space, 300,000 square feet of office space, 300,000 square feet of residential space (with up to 300 units), and 120,000 square feet of hotel space. The centre will have easy access to the rapid transit bus station and will cater to the nearby medical centres, University of Calgary and upscale communities.

Timing: 3-5 years



CF Chinook Centre

As Calgary looks to create a new town centre, its productive CF Chinook Centre will see a huge metamorphosis. A \$14.5 million pedestrian bridge will connect the existing shopping centre to a nearby light rail transit station as part of the 'Chinook Station Area Redevelopment Plan'. Managed by Cadillac Fairview and jointly owned by Ivanhoé Cambridge, the existing property has received approval to add more than 1 million square feet of extra density that could include more retail, residential, and office space, as well as hotel and entertainment.

Timing: 5 + years

MANITOBA

Winnipeg

CF Polo Park

Landlord Cadillac Fairview is proposing adding residential towers around the existing CF Polo Park in a partnership with Towers Realty Group. If approved, Cadillac Fairview will make this development a lower density version of the what is being planned for CF Richmond Centre

Timing: 5 + years

Portage Place

The downtown shopping centre, built in 1987 to revive Winnipeg's downtown core, has lost retailers over the years. Starlight investments acquired the centre in 2019 and could invest \$300 million towards a mixed-use space that is proposed incorporating commercial space, rental residential units and possibly student housing. Downtown Winnipeg is also seeing other new developments, including a nearby \$400 million 'True North Square' that will feature new retail spaces, a food hall, grocery stores, an office tower and recently completed, a rental residential building. A Sutton Place Hotel and Residences will be added in a five-tower configuration around a public plaza.

Timing: 3-5 + years

ONTARIO

Toronto



Yorkdale Shopping Centre

Canada's most productive shopping centre will transform itself into a neighbourhood. The new complex will cover more than 7.3 million square feet with a mix of retail, food and beverage, residential, offices, and a hotel. Up to 1,500 rental residential units are proposed. Retail space could be added on the north and west sides of the centre below multi-story buildings and a park and gathering spaces are also be planned. More food and beverage options are expected in addition to the centre which will see a first-in-the-world entertainment concept that will open mid-2020.

Timing: Next 1-20 + years



CF Shops at Don Mills

The attractive 40-acre outdoor shopping centre began residential intensification almost a decade ago. Parcels of land on the site will eventually see several new buildings housing 2,800 residential

units. Landlord Cadillac Fairview has invested heavily to create a unique shopping experience in the area which delivers a pedestrian realm along park space, an entertainment zone, art installations, and several popular restaurants.

Timing: next 1-5 + years



Bayview Village

QuadReal, who is also leading the transformation of Vancouver's Oakridge Centre, is turning Bayview Village into a community. Surface parking lots surrounding the existing shopping centre will be replaced with five new residential/commercial buildings (from 6 to 33-storeys). Two buildings will house 760 residential units and add 52,500 square feet of retail space. The outdoor plaza

will get access to a new subway entrance. At the north end of the site, two 6-storey mid-rise towers and a 25-storey tower will contain 372 units plus 94,600 square feet of retail space. There will also be an outdoor street of 'lifestyle' retailers.

Timing: 3-5 + years



Cloverdale Mall

Landlord QuadReal has plans to redevelop the 32-acre Cloverdale Mall site. Retail as well as multi-generational residential buildings, parks, arts and culture programming, fitness and wellness facilities, restaurants, and open spaces are being considered.

Timing: 3-5 + years

Toronto

The Greater Toronto Area is the second-fastest growing region in North America with more than 125,000 new residents moving into the area last year. Toronto proper is the fastest growing city in North America with more than 77,000 new residents calling it home in 2018. Land prices have escalated amid a serious housing shortage while the city also experiences an unprecedented tech employment boom. With the City of Toronto's strict zoning regulations, the population density in certain areas will increase aggressively.

Many shopping centre property land value assets are also growing exponentially making it very attractive for landlords to optimize their investments through redevelopments that include residential towers, office and other commercial uses, as well as community amenities including parks and schools.



Dufferin Mall

Toronto's Dufferin Mall will be adding new buildings (housing more than 1,100 residential units) on the 4.45-acre north part of the existing shopping centre site, as well as parking spaces and a new park. The new development will be called 'Dufferin Grove Village'. More than 75,000 square feet of additional retail will also be added to the mall. Construction will be led by developer Primaris Management.

An adjacent complex will also help create a new community area, with a 7.3-acre area of seven additional towers (up to 47-storeys) with more than 2,200 residential units and new office and retail facilities.

Timing: 3-10 + years



Galleria Mall

The 20-acre Galleria Mall will be renamed 'Galleria on the Park' and see an impressive renewal. Developer ELAD Canada will kick-off the project with the construction of a new community centre, a daycare and two mixed-use towers. The existing

one-level mall will eventually be demolished and replaced with eight mixed-use towers housing 2,846 condominium units. More parking, new office and retail space, and a new park will also be constructed. While many of the planned shopping centre redevelopments in Toronto are located on existing subway lines, Galleria Mall is a 15-minute walk from the nearest station; Toronto Transit Commission and the City of Toronto are exploring public transportation options to better to serve this growing new community.

Timing: 1-10 + years



Promenade Mall

The existing mall will be modernized and expanded by Liberty Development. The edges of the site will see mixed-use buildings (between 28 and 35-storeys). The first phase includes three residential towers with more than 1,000 units as well as an office structure and a hotel. Improvements will include pedestrian-friendly walkways and parks and a new outdoor neighbourhood amphitheater.

Timing: 2-5 + years



CF Fairview Mall

Landlord Cadillac Fairview, in partnership with TD Greystone Asset Management, will repurpose 230,000 square feet of space for new retail and restaurants in an area that once housed Sears. Longer-term, new residential and office towers, parks, community spaces, and a hotel are being considered.

Timing: 3-10 + years



Agincourt Mall

Redevelopment plans for the 26-acre site by North American Development Group include a two-acre public park with pedestrian-friendly streets surrounded by 13 towers ranging between 20 and 45-storeys. This new zone will span more than 4.3 million square feet with additional space for offices and other commercial use. New spaces will include street-facing shops, restaurants and a community centre.

Timing: 5 + years



CF Sherway Gardens

The large CF Sherway Gardens shopping centre near the Mississauga border in Toronto will see the addition of eight residential towers on land surrounding the mall that is currently used for parking. Offices and a hotel are also planned. The buildings will range from 28 to 33-storeys, and a public park will also be included in the mix. While Cadillac Fairview's proposal does not impact the existing shopping mall, future renovations to the mall can be anticipated.

Timing: 3-5 + years



Eglinton Square/Golden Mile

KingSett Capital's **Eglinton Square's** parking lots will include five mixed-use towers (two proposed to be 38 and 40-storeys) as well as two mid-rise buildings, adding more than 1,800 residential units. In the surrounding area, **Golden Mile Shopping Centre** will also add about 2,500 new residential spaces in 11 new buildings (up to 32-storeys). Other adjacent low-density retail sites will be transformed into mixed-use projects with thousands of new units. The proposed overhaul of the **Golden Mile Walmart** store site is

expected to also add more than 5,500 residential units in 23 buildings, more than 200,000 square feet of retail space (possibly for Walmart), office space, and parkland.

Timing: 5-10 + years



Scarborough Town Centre

Not only will this massive 1.6 million square foot shopping centre be renovated to include modern entertainment facilities, it will also become the heart of a new City of Toronto master planned city-centre. The proposed area will be a “vibrant, urban, pedestrian-friendly”, mixed-use community, anchored by transit, an enhanced public realm, and compact development. Replacing the current parking lots (which will be relocated underground) will be 36 towers (20 to 65-storeys) on the 99-acre site. This new construction will bring thousands of residents and workers to the area which could become one of the most populous urban cores in Canada.

Timing: To be determined

Mississauga



Square One

Oxford Properties Square One Shopping Centre, situated on a 130-acre site in rapidly growing Mississauga, could become another very dynamic and densely populated Canadian downtown centre. Planned intensification includes housing and other uses, with some towers exceeding 50-storeys. The existing shopping centre will continue to see updates, with recent additions including a food hall, The Rec Room entertainment centre, and retailers Holt Renfrew and La Maison Simons. Square One will also be adding two new entertainment concepts. The landlord recently announced a temporary ‘Dr. Seuss’ experience centre plus another innovative, first-in-Canada destination entertainment concept in 2020.

Timing: 1-5 + years

Ottawa

Lincoln Fields

RioCan acknowledges this property has struggled and plans to build an entirely new neighbourhood on the site that could include a mix of high and mid-rise residential buildings (with between 3,000-4000 units) and new retail and office space. The 16.2-acre site currently has a major transitway link that will be converted to a light rail transit station.

Timing: 2-5 + years



Elmvale Acres

Plans include four mixed-use buildings (9 to 16-storeys) and housing 570 new rental apartments. Most of the current 146,000 square feet of retail space will be retained, though further densification is expected.

Timing: 2-5 + years

Westgate Shopping Centre

Presently housing a Shoppers Drug Mart and Service Ontario, Westgate will be redeveloped in phases. The existing retail mall will remain for the time being while surface parking lots and a pad restaurant are demolished to make way for a 24-storey building with 216 rental units and 20,000 square feet of retail. Four more buildings, between 24 and 36-storeys will also be added.

Timing: 2-5 + years

Shoppers City East

The rehaul of this property will include mixed-use towers with up to 540 residential apartments, a large new retail building as well as nearly 30 town homes.

Timing: 2-5 + years

Ottawa

Canada's capital city and its surrounding suburbs will see dramatic changes to its shopping centre landscape as owners reconsider how their properties can be more optimally leveraged. As an example, Landlord RioCan, which owns 32 retail properties in the Ottawa area, has plans to redevelop many of them to become 'RioCan Living' communities with housing and other uses.

QUEBEC

Montreal



Champlain Centre*

Landlord Cominar plans to add 1,100 residential units with additional residential towers to be built by another developer on an adjacent site.

Timing: 2 + years

Place du Commerce

This property, also owned by Comiar, will see 1,200 residential units added to the area.

Timing: 2 + years

Place Longueuil

Another Cominar property will also add 500 new residential units added.

Timing: 2 + years

Montenach Shopping Centre

This site, also owned by Cominar, will see intensification with the addition of 500 residential units.

Timing: 2 + years

Centropolis

In the Montreal suburb of Laval, Cominar will add 2,500 residential units to this site.

Quartier Laval

Cominar will also add 500 residential units to Quartier Laval.

Timing: 2 + years

Montreal

The Greater Montreal area is one of the fastest growing regions in North America. Amid substantial change, shopping centre landlords are eager to increase per square foot productivity which, when compared to Toronto and Vancouver benchmarks, shows potential for improvement. Owners are also heavily capitalizing on site intensification opportunities that could transform Montreal into one of Canada's most exciting regions for retail and shopping innovation.



Royalmount

While not a redevelopment of an existing shopping centre, the incredible Royalmount project will create a massive mixed-use community that developer Carbonleo says will become Montreal's 'midtown'. Royalmount will become a lifestyle and shopping hub on a former 74-acre industrial site. The 3.6 million square feet of development will feature a blend of first-to-market retailers, both mass and luxury market stores, fitness facilities, more than 100 food and beverage choices - including a food hall - plus new entertainment options. Between five and seven hotels with 1,400 rooms and office buildings spanning 1.5 million square feet will also become part of the new "midtown" as will about 6,000 homes. A school plus other amenities are also proposed.

Timing: 1-5 + years



Wilderton Shopping Centre

The aging shopping centre in Montreal's Cote-des-Neiges will be replaced with a mixed-use development. Landlord First Capital Realty is creating a pedestrian-friendly neighbourhood that will include 500,000 square feet of housing and 150,000 square feet of street-level retail. A grocery store, daycare and cafes will encourage locals to visit more frequently.

Timing: 3-5 + years

CF Fairview Pointe Claire

The Cadillac Fairview/Ivanhoé Cambridge-owned shopping centre will undergo significant updates that are expected to create a new 'downtown' for the area. Starting on the west side and on an adjacent 50-acre Cadillac Fairview owned site, the redevelopment will see a blend of condominiums, office buildings, and hotels over more than 4 million square feet. The centre will also become the site of a new light rail transit station.

Timing: 10 + years



Dorval Gardens

The 365,000 square foot property, owned by North American Development Group, will see intensification in the coming years. The landlord will create a mixed-use development on an adjacent parcel initially with 950 residential units in six apartment and condominium buildings, the tallest being 16-storeys. The Dorval Gardens shopping centre itself will be overhauled in a subsequent phase.

Timing: Phase one 3 + years, full shopping centre redevelopment to be determined.

For more details on the exciting plans at Montreal Eaton Centre and Holt Renfrew Ogilvy, refer to the editorial section in this special edition of *Canadian Retailer* (page 70).

MARITIMES

Halifax

Penhorn Mall

Crombie REIT, which acquired the shopping centre property from Empire (owner of Sobeys) in 2016, will transform the struggling Penhorn Mall in Dartmouth. The front of the site will feature a prominent Sobeys store and a residential neighbourhood - greenspace and a new bus station will be added at the back. The landlord also owns an adjacent 31-acre parcel of land which will be turned into new retail and a mixed-use community.

Timing: 3-10 + years

Mic Mac Mall

The Ivanhoé Cambridge-owned centre has seen substantial investments and will become home to the first Decathlon sporting goods store in the Maritimes. New residential housing will also be added, including tall towers which would offer spectacular views and could command high prices.

Timing: To be determined

To read more about shopping centre redevelopment in the Maritimes, refer to the editorial section in this special edition of *Canadian Retailer* (page 69).

Maritimes

The Maritimes will also see shopping centres add density though fewer details are available when compared to other regions in the country. It is expected that many shopping centres in the region will eventually be transformed into higher-density mixed-use communities as is seen in other parts of Canada.

Conclusion

The evolution of shopping centres in Canada, in many ways, is heading in the direction of what they were originally conceived to be - a special place at the heart of a community where people can find comfortable spaces to meet, do errands, shop and enhance their lives.

While retail sales in Canada continue to grow, albeit at a slower pace than in previous years, productivity and traffic have not seen significant improvements. Increased competition, growing online sales, reduced consumer discretionary income, over-saturation of retailers in some categories and more spending on lifestyle experiences, are all placing significant pressures on shopping centres and retailers.

The movement towards “experiences” is an opportunity that both retailers and landlords are enthusiastically embracing, especially as value in real estate assets continues to grow exponentially. By carefully curating compelling and productive retailer mixes, upping square footage devoted to food and beverage options, introducing innovative, one-of-a kind, destination-worthy entertainment attractions, and building more residential and office complex options on their properties, shopping centre owners in Canada are setting the groundwork for a renaissance. Redevelopments will ensure shopping centres become, as they expand beyond pure retail, even more relevant, functioning as integrated community hubs.

Smart landlords understand the need for mixed-use retail complexes, connecting digital driven customers and offering the ultimate “single channel” where consumers can get whatever they want, how and when they want it. And, while shopping centres have traditionally been a suburban phenomenon, many are becoming new amenity-rich “urban” hubs that will anchor growing neighborhoods.

It is as if we can hear the words of Victor Gruen, the inventor of the shopping centre while we watch the many changes now taking place in our retail environment. Victor saw the shopping centre as a “gathering place with town squares that would include multi-family residential buildings, schools, medical facilities, parks and lakes”. We think he would approve of this sector’s metamorphosis, one that is indeed responding to the changing nature of the Canadian shopping environment and our consumers. Both shopping centre owners and retailers are listening very closely to what consumers need and, in the process, continuing to transform and build an even stronger retail landscape in Canada.

The movement towards “experiences” is an opportunity that both retailers and landlords are enthusiastically embracing.



Smart landlords understand the need for mixed-use retail complexes, connecting digital driven customers and offering the ultimate “single channel” where consumers can get whatever they want, how and when they want it.



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REGIONAL FOCUS: GO EAST: SHOPPING CENTRE REDEVELOPMENT IN THE MARITIMES

BY CRAIG PATTERSON

Avalon Mall in St. John's, Newfoundland is receiving more than \$100 million in investment, coinciding with the centre's 50th anniversary.

SHOPPING centre landlords in the Canadian Maritime provinces are investing heavily into their centres to maintain market share.

The Halifax area, which is the largest metro region in the Maritimes, has seen millions of dollars of investments in shopping centres including the Halifax Shopping Centre and Mic Mac Mall in Dartmouth.

The Halifax Shopping Centre has seen interior renovations as well as the addition of various new retailers with a similar mix seen in shopping centres in larger markets. More than \$70 million was spent on a mall makeover that included renovated common areas as well as an additional 75,000 square feet of retail space. Enhanced food and beverage offerings have been added to increase dwell time as well as visitor frequency.

Mic Mac Mall, located in Dartmouth, is also seeing substantial investments which next year will include a location for French sporting goods behemoth Decathlon, a first for the region. Landlord Ivanhoé Cambridge is investing over \$55 million

in the centre which will include a renovation to its common areas, washrooms, and a relocation of the centre's foot court, among other changes. Other new retailers are being added as well, no doubt to keep up with the competition across Halifax Harbour.

In Newfoundland, landlord Crombie REIT is investing well over \$100 million in its Avalon Mall property in St. John's, coinciding with the shopping centre's 50th anniversary. Included are new retailers such as H&M and Old Navy, while other retailers such as Winners/HomeSense relocate as part of a centre redesign. Common areas are seeing renovations while a former Sears box was demolished, and new space is built. In keeping with the trends of food and beverage and entertainment, Avalon mall is adding new restaurants. And in 2019, Cineplex-owned entertainment concept 'The Rec Room' opened to the public. Avalon Mall is one of the most productive shopping centres in Canada and its most recent updates will solidify its position as the dominant shopping centre in Newfoundland and Labrador. 

Downtown Montreal is seeing significant investments amid an incredible transformation, including public realm updates and overhauled retail properties that will make central Montreal one of North America's most desirable urban destinations.

LANDLORD Ivanhoé Cambridge is leading the transformation of downtown Montreal with investments surpassing \$1-billion for several of its properties. That includes the Montreal Eaton Centre, which has seen an overhaul making it almost unrecognizable. A smaller Montreal Eaton Centre was recently merged with the adjacent Complex Les Ailes to create a multi-level 475,000 square foot shopping complex anchored by a recently opened 40,000 square foot Time Out Market food hall as well as a 38,000 square foot Decathlon sporting goods store. In addition, a Sephora store was also renovated to reflect its flagship status. In the fall of 2020, Japanese fashion retailer Uniqlo will unveil its largest Canadian flagship at Montreal Eaton Centre, again solidifying the shopping centre's presence as being the heart of Montreal's downtown retail scene. The unified Montreal Eaton Centre features three spaces for brand activations, including a 'central square' as well as two other areas to host temporary tenants. Large windows overlooking busy Ste-Catherine Street West animate the centre which could see more than 30-million visitors pass through in 2020.

Food and beverage is a significant trend amongst landlords in Canada, and Ivanhoé Cambridge is also adding a 'gourmet biergarten' to its Place Ville Marie property. The 35,000 square foot space will be located under a glass pavilion space which will be built as part of the updated Place Ville Marie Esplanade, and will be named *Le Cathcart Restaurants et Biergarten*, according to the landlord. It will be able to accommodate more than 1,000 patrons at a time and will have 15 unique restaurant concepts such as resto-bars, bistros and cafés, and will include three restaurants that will have table service. The entire Place Ville Marie complex, which includes a major office tower, is seeing significant updates.

Iconic Canadian jeweller Maison Birks completed a renovation of its downtown Montreal flagship store in the summer of 2018, which was followed by the addition of a restaurant and a boutique hotel within the 58,000 square foot heritage building. The Birks store itself is stunning, housing in-store boutiques for brands such as Rolex and Cartier.

Around the same time, Montreal-based luxury retailer SSENSE opened a five-level flagship store in Old Montreal, which continues to see a rotation of unique brand activations. SSENSE is an example of an online retailer opening a physical retail space with considerable success. Locals and visitors to the city can book appointments with stylists to try on limited edition pieces from some of the world's best-known luxury brands, and a top-level restaurant space is part of the minimalist, concrete-heavy ambiance.

Downtown Montreal is undergoing a significant transformation, enhancing an already desirable destination.





**REGIONAL FOCUS:
DOWNTOWN
MONTREAL SEE-
ING INCREDIBLE
RETAIL BOOM**

BY CRAIG PATTERSON



The Holt Renfrew Ogilvy facade is set to become one of Montreal's most stunning pieces of architecture.

Ste-Catherine Street, itself, is seeing the addition of new retailers. In the fall of 2019, Michael Kors opened its Canadian flagship store on the street, spanning three levels and 9,000 square feet. The highly experiential store is unlike any other Michael Kors store in Canada, featuring a private VIP shopping floor as well as a juice bar.

Michael Kors joined other recent retailers on Ste-Catherine Street West, which is undergoing a multi-year public realm renovation. Outerwear and fashion brand Canada Goose opened an 8,000 square foot flagship on the street in the winter of 2018, joining other additions that include Canadian fashion brand Mackage as well as H&M sister label COS. More retailers are expected to descend on Montreal's Ste-Catherine Street in 2020 and beyond as the street's renovations are completed. Investments in other shopping complexes in the area are also adding to the attractiveness of the shopping area which serves Canada's second-largest city.

Holt Renfrew Ogilvy

One notable downtown Montreal retail project is Holt Renfrew Ogilvy. When completed, it will become one of the finest multi-brand luxury stores in the world, boasting stunning architecture as well as an impressive roster of

luxury brand concessions contained within.

Creating the 250,000 square foot Holt Renfrew Ogilvy store involved expanding the 160,000 square foot Ogilvy building at 1307 Ste-Catherine Street West, which also included the addition of an adjacent Four Seasons Hotel and Private Residences. Holt Renfrew Ogilvy saw the merger of the city's iconic Ogilvy department store with the Holt Renfrew store located two blocks north at 1300 Sherbrooke Street West—the Holt Renfrew store will close in March of 2020 to coincide with the completion of the massive Holt Renfrew Ogilvy.

In the spring of 2019, the retailer unveiled two of its six renovated retail levels to the public. That included a basement-level beauty hall spanning 25,000 square feet, carrying some of the world's leading cosmetic, beauty brands, and fragrances. At the same time, the company also debuted its 40,000 square foot fourth-floor men's store, which houses 25 luxury brand concessions for some of the world's biggest names. An expansive footwear area and VIP shopping suite all add to the mix which has created one of the most comprehensive luxury brand offerings for men anywhere on the continent.

Holt Renfrew Ogilvy's business model includes a considerable amount of retail space

that has been dedicated to leased concessions. The model involves brands operating their own stores which includes dictating store design, merchandising and staffing. It's a smart move on the part of the Holt Renfrew chain as brands seek to sell direct-to-consumer at a time when brands are engaging directly with consumers through digital and social channels.

The highly anticipated ground floor luxury hall of Holt Renfrew Ogilvy has seen several concessions already open, with more on the way ahead of the store's spring 2020 completion. Stunning boutique concession spaces for brands such as Tiffany & Co., Bottega Veneta, Prada and David Yurman opened over the past several months, with Chanel joining them in a beautiful 3,300 square foot bi-level space in November of 2019. Other luxury brands will join the main-floor luxury hall including Hermes, Louis Vuitton, Dior and others.

By the spring of 2020, Holt Renfrew Ogilvy will feature six levels of retail space. That will include an expansive women's shoe hall and fashion and jewellery on the second floor of the store, as well as a world-class luxury

women's fashion floor on the store's third level. The store's fifth level will include personal shopping suites, restaurant, and a renovated 'Tudor Hall'—the latter being a music venue that was built in 1928 and will be repurposed as an event space.

The completed Holt Renfrew Ogilvy store is expected to become an international retail destination for affluent shoppers and fans of the world's top luxury brands. The dramatic architecture, including the restoration of heritage elements of the original Ogilvy building, will further amplify Holt Renfrew Ogilvy's presence as Montreal's primary luxury retail node. The department store also acts as a high-end anchor to the immediate area, which is expected to see other high-end brands target Ste-Catherine Street as well as Rue de la Montagne, which extends northward to Sherbrooke Street and upwards to beautiful Mount Royal. Downtown Montreal's multi-year retail transformation will become an attraction for a new generation of shoppers, as the city of Montreal finds itself again as an important global fashion destination. 



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TRANSFORMATIVE APPROACH:
REIMAGINING OF RETAIL
DESTINATIONS CREATING
EXCITING IN-STORE
EXPERIENCES



BY SEAN C. TARRY

FOLLOWING months of buildup and anticipation, Eataly—the fast-growing authentic Italian marketplace—opened the doors of its Manulife Centre location in November 2019.

The space utilizes three floors of the Centre previously occupied by the Bank of Montréal and Manulife’s management offices. It features a combination of restaurants overseen by the talents of many chefs, cafés, to-go eateries, fresh counters, a grocery market as well as a lower-level brewery. It’s being hailed as the future of food and grocery retail, presenting visitors with a unique retail experience while satisfying the need for speed and convenience.

“It’s a unique retail destination,” says Marcelle Rademeyer, President & CEO of Beaul Leigh, the retail consultant firm that worked with Manulife over the course of the last seven years in efforts to develop the strategy and retail vision of the ground-breaking Manulife Centre.

“It’s a space that will provide exciting shopping experiences for guests, creating opportunities for Instagrammable moments and a place where customers can come and have fun, not just shop.”

Rademeyer explains that the approach the firm took to this project was to use the same philosophy that they apply to each project they encounter.

“We never think about just filling a space. We always look at enhancing what’s already there, focusing on many factors starting with the market, understanding not just who the existing customer is but who is the customer outside of the immediately surrounding area. Is there an opportunity to attract from a broader spectrum and market segment such as tourism for example? And what role does the proximity to transportation play? How do you capitalize on the advantages of having connectivity to the PATH system? All of this influences the placement of various concepts as well taking into account existing and future traffic patterns.”

Rademeyer continued, “Then we take a look at the bones of the building that we’re hoping to transform. How does the architecture and design of the building work with a concept that requires maximum visibility and exposure to drive traffic and, in this case, can the brutalist architectural design do justice to not only the Eataly brand but

any other retail brand and, importantly, to the building as well? Can we enhance what’s already there? From there, we start to explore ways that we can create something cool and compelling and put a stamp not just on the building but the larger market.”

The firm’s major focus is working exclusively with landlords and real estate developers on specific mixed use and retail projects across the country.

“We don’t want to give our clients, the customer, or the market what they’re used to getting. We want to bring change to every project we work on. We want to make a difference.”

MARCELLE RADEMEYER
Beauleigh

“We currently have approximately three million square feet of retail that we consult on across Canada, working with major landlords, developers and cities, including Manulife, Brookfield, Osmington, Manulife, Larco, Ivanhoe Cambridge, Tricon, True North, Sunlife, Cominar, the City of Toronto and the City of Hamilton.”

The firm is also responsible for conceptualizing the vision and redevelopment strategy for the 170,000 square feet of retail space which is part of the rethinking revitalization of Toronto’s Union Station.

“We don’t want to give our clients, the customer, or the market what they’re used to getting,” explains Rademeyer. “We want to bring change to every project we work on. We want to make a difference. So we reimagine the space, and take a very strategic and deliberate approach to achieve that goal—always with the objective that the retail must be fun, engaging and experiential; places where customers will want to return to again and again with their friends and family.” 

For more information about Beaul Leigh, the work the firm has been responsible for, and the ways in which it can help turn your space into an exciting retail destination, visit <https://beauleigh.com>



ARE IN-STORE AND ECOMMERCE EXPERIENCE ALIGNED?

E RCE ES

BY STUART FOXMAN

DAYS before U.S. Thanksgiving, Sandra Duff got a call from Aritzia. As a valued customer, she had earned early access to Black Friday sales. She just had to log onto her account and sign up for promotions and could find deals online or in store. The call came from store level, but it didn't matter where Duff shopped.

"It was totally unexpected, and I felt special," says Duff, SVP, Activation and Operations at Jackman, a retail strategy consulting firm.

Contrast that with Nith Nadarajah's experience. Last summer, Nadarajah, Founder and CEO of Helios Retail Consulting, was looking for a big-ticket item online (at a major retailer to be unnamed). He ordered it, and a few hours later got an email saying it was ready for pickup. So Nadarajah hitched his trailer to his car and headed to the store.

When he inquired, a sales associate disappeared for 20 minutes. The product couldn't be located. The manager joined in and walked the entire store. No sign of the item. By now an hour had passed. Finally, the item was found, but couldn't be released. It lacked a pre-delivery inspection, something neither the online nor in-store teams had flagged.

Nadarajah left and cancelled the purchase. "This isn't the kind of process you want," he says. "I won't do 'buy online, pick up in store' there anymore."

As consumers, Duff was thrilled and Nadarajah was frustrated. As industry consultants, they also understand the challenges any merchant faces. How can retailers connect the in-store experience with eCommerce to drive growth on both channels? What are some principles behind this strategy, and what must be in place to make it work?

To explore the issues, we talked to Nadarajah; Duff; her colleague Keefe Lee, VP, Digital Activation at Jackman; and John Torella, marketing advisor at J.C. Williams Group, a retail and marketing consulting firm.

Nadarajah focuses on strategy and technology implementations. Before Helios, he held senior roles at Walmart, Loblaw's and Deloitte Canada. Duff has built branded customer experiences across channels, and prior to Jackman led integrated marketing for a grocery chain. Lee has experience across retail and CPG. And Torella has worked with some of the world's top brands and written four books on retail branding and marketing.

HOW DO IN-STORE AND ONLINE TEAMS TEND TO VIEW EACH OTHER?

Torella: It's hard to generalize, but sometimes there's real conflicts. That comes out of not being aligned. Those that get it, there's a real sense they're a team, and integration on everything they do—particularly the seamless experience online and in store.

Duff: I don't think at the store level the associates even think of the digital team or the digital experience of the customer.

IS THERE FINANCIAL COMPETITION BETWEEN IN-STORE AND ONLINE TEAMS? IS THAT HEALTHY?

Nadarajah: There's a certain level of cannibalism. When you're buying online and picking up in store, you're taking inventory from the store. The store is paying for the resource to pick that thing off the shelf, but the sale is attributed to online. Store management might feel they need to schedule extra people and budget for this. They're not getting the ROI, but they are getting KPI on it, like if they're running behind schedule. It's like taxation without representation.

THERE ISN'T A THOUGHT OF BEING ONE BIG HAPPY RETAIL FAMILY?

Nadarajah: At the management level, there's that view. But at the tactical level, it's easy to forget the expectation that it's one customer.

Duff: I haven't seen competition as much as not being aligned. Ten years ago, there was a fear that online would steal sales. What I do see now are siloes.

Lee: At the end of the day, you have one customer, and the goal is to maximize your efficiency in getting that transaction. The right view to take is to put the customer first, rather than planning by channel, which is where some biases can come.

THE ONE CUSTOMER VIEW CAN FALL APART IN EXPERIENCES LIKE NITH'S, WITH THE BOTCHED IN-STORE PICKUP. WHERE DOES THE FAULT LIE?

Nadarajah: I don't blame the store. I blame central operations or the management team. There's an expectation on the consumer side to have seamless experience. But on the store side there's also an expectation that bricks-and-clicks works seamlessly internally. The reason a manager might be prickly about buy online and pick up in store is because it's not smooth for them. Head office has engineered a process but hasn't refined it in way that seamless for the staff. They release it to public, and say they'll work out the kinks later.

IS THAT A PROCESS ISSUE? A TECHNOLOGY ISSUE? A TRAINING ISSUE?

Nadarajah: It's all these things. Retailers don't map out the process 100%, or make sure there's an understanding at store level, or make sure the technology is 100% stable. If data and processes aren't aligned properly, you're going to have problems.

TO STAY COMPETITIVE, THE MANTRA IS THAT RETAILERS MUST PROVIDE ENGAGING SHOPPING EXPERIENCES THAT ARE CONSISTENT ACROSS ALL CHANNELS. WHAT DOES THAT MEAN?

Duff: What does your brand stand for? How are you pushing out an experience or proposition that's resonating with the customer, that's satisfying what the customer is looking for? Consistency is tailoring according to the channel but having the core of what you stand for still there.

Torella: Break down the path to purchase in detail—the search, the buying experience, the delivery experience, the product in use experience—and try to get at the friction points for the consumer.

Nadarajah: It's just buzzwords. If you're going to engage people, you need the ability to have information available to frontline staff that's also available online, all to help consumers make decisions.

DO IN-STORE TEAMS NEED TO BE INCENTIVIZED TO SHOWCASE AND EFFECTIVELY PROMOTE ONLINE INITIATIVES?

Torella: If people see the value, they just do it intuitively. If you have to incent them, there's an issue.

Duff: If you're a commissioned salesperson, this conversation's more complicated. If you're not commissioned, it just has to be part of the brand persona. You need to build that into your process.

Lee: If you have a great story to tell, your people will be champions.

IS THERE A DISCONNECT BETWEEN DATA COLLECTION ONLINE AND IN-STORE? IF SO, WHY?

Lee: Data should be a business function that exists within leadership teams. If you centralize transactional data and customer behaviour data, you can become smarter in how you talk to that customer and find more pockets of opportunity. You want centralized data and centralized measurement and analytics.

IN CREATING THE PILLARS OF A TRUE OMNICHANNEL STRATEGY, WHAT'S THE FIRST CHALLENGE?

Torella: Define the strategy. Then determine if you can deliver a compelling and competitive point of difference that's meaningful to the customer. It might be a price strategy, or the broadest assortment, or a service strategy, or an experience strategy. The principles don't change. But it's interesting to see how often they're ignored.

Duff: To me it's having one view of the customer. The connective tissues between the teams is where there are gaps.

Nadarajah: The pillars are always people, processes and technology. They have to all work together to execute a seamless customer experience. You always want to keep the customer in the centre of your focus and make staff experiences as important as customer experiences.

CONSUMERS OFTEN WANT CONVENIENCE ONLINE AND MORE PERSONALIZATION IN THE STORE. BUT THE OPPOSITE CAN BE TRUE TOO. HOW HAS THE RISE OF ECOMMERCE ALTERED WHAT'S EXPECTED FROM THE IN-STORE EXPERIENCE?

Duff: People use the platforms differently. It's more than just one simple equation.

Lee: Ecommerce has changed how people want brands to show up for them. You always find something you're looking for. You know it's available, and it's there the next day. At retail sometimes, not knowing what's on shelf causes more friction. So how can we bring an eCommerce-like experience into the physical space?

Nadarajah: We need a mind shift at the store level. Now, people are more order takers instead of thinking how to help customers get the most out of their visit.

AND IF IN-STORE SHOPPING PATTERNS ARE CHANGING BECAUSE OF ECOMMERCE?

Nadarajah: We need to empower people at the floor level to give a really good experience whether people are coming in for a minute or an hour. There's a thought process that having more product data in the system will help solve customer service issues. But most problems in retail can be solved with intelligent process design, people and a lot more soft skills training.

WHAT'S NEEDED TO CONNECT THE PHYSICAL AND ONLINE?

Duff: A centralized chief customer officer. We want a robust understanding of the customer, and a unified view of the brand.

NO MATTER THE DELIVERY CHANNEL, WHAT'S THE KEY THING TO HAVE IN PLACE?

Torella: Enlightened and inspired leadership that recognizes the importance of alignment and puts the resources in place. If you do that, you start to get the end experience you're aiming for. 

WITH the modern consumer becoming increasingly desensitized to traditional storefront advertisement, it has become more apparent than ever that retailers must adjust their strategy with respect to the physical retail space in order to compete. According to research presented in Retail Council of Canada's *Canadian Shopping Centre Study 2019*, Canada's top-tier shopping centres continue to see increase in sales per square foot. In order to capitalize on this, brands must now ask themselves the following question when conceptualizing a retail environment: what does the customer see when they approach our space?

The answer to the question is everything. Customers are no longer fixating on an isolated aspect of the space but are instead viewing the whole environment as an experience. With this demand for an enhanced shopping experience, brands are forced to adapt a strong omni-channel approach that is visual and interactive across all touch points. One of the most effective ways to capture this within physical retail is to enhance the visual space through dynamic, light driven displays.

Many small retailers may view lighting within their stores as an afterthought. While others may simply use it to set the atmosphere of the physical space. However, dynamic lighting

within the store can have a strong impact on the overall experience. In fact, research has shown that it can have an effect on the cognitive purchasing habits of the consumer as well.

Finding the right balance of high-quality graphics and inviting store lighting can sometimes be tricky. One of the most effective, yet overlooked solutions is the proper integration of soft signage lightboxes. As many within both the visual communication and retail industries know, the combination of lightbox technology with captivating imagery is an attention-grabbing alternative to traditional store signage. Perhaps less known is the importance of utilizing the benefits of light box technology to complement existing in store lighting.

The visual communication industry was previously limited to the dated technology of the time and offered a "one size fits all" approach to this solution. However, with today's light-emitting diodes (LED) technology, including programmable moving sequences, lightbox graphics have taken on a new meaning when it comes to fully integrated illumination. Like the space itself, not every LED lightbox is designed the same. Many retailers already have a general understanding as to why light temperature throughout their space is conducive to consumers spending

LET THERE BE LIGHT

Soft signage lightboxes and the role they play in the retail experience.

SPECIAL FROM IAC



time and money within their stores. In order to maximize both of these metrics, retailers must evaluate how they want their customer to feel within their environment. Studies have indicated that cool white lights can make a space feel more spacious and inject a modern, clean look. On the other end of the spectrum, warm inviting lights can make a customer feel safe, creating a comfortable environment, prolonging their time in the store. Marrying the two aspects of proper lighting and captivating graphics can make all the difference in the consumer's buying potential.

While lightbox technology is viewed as a premium alternative for in-store signage, it is important to view the solution from a different angle rather than that of consumer facing media. Due to the utilization of soft signage (fabric printing) as the primary graphic application, LED lightboxes allow for logistical efficiencies across multiple physical locations. While companies throughout the visual communications industry will reserve the right to first round installations, the typical daunting task of campaign transitions can now be easily facilitated by a store employee.

With respect to logistical efficiencies, one of the most important aspects of soft signage lightboxes are a major decrease in campaign

graphic fulfillment costs, primarily with respect to shipping. Traditionally, the fabric utilized with lightbox technology required that the company roll the graphic on a rigid core to minimize defects. This resulted in increasingly large packages as retailers began to expand the size of their graphic needs. With the advancements in dye sublimation fabric printing, the visual communications industry is now able to offer high quality backlit material that folds into a neat and tidy package that is more than half the size of a rolled graphic.

As one of the leading lightbox providers, IAC understands the ever-changing landscape of physical retail. We have partnered with associations like Retail Council of Canada to ensure that we offer brands across the nation an alternative to their traditional in-store POP signage. With over 50 years of combined experience servicing the retail industry, we are dedicated to helping brands capture and maintain the ever-diminishing attention of the consumers. As a company, we live by the motto "Make A Statement"—and we want to pass that along to our customers. 

For more information about IAC and how it can help you enhance your in-store experience, visit www.iacgobig.com



◀ Dynamic in-store lighting impacts the customer shopping experience, influencing cognitive purchasing habits.

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Top 10 reasons businesses should outsource payroll

One of the most deceptively complex tasks in running a business is managing payroll, and ensuring your staff are compensated accurately and on-time for their hard work is imperative. Managing the administration of these tasks can be cumbersome, complex and ultimately stressful. And while processing payroll is critical, it's almost certainly not the "why" of your business. In the spirit of helping business owners get back to doing what they love, we've compiled the top 10 reasons why you should consider outsourcing your payroll:

1. CONTRARY TO POPULAR BELIEF, YOU ACTUALLY CAN BUY TIME...

Engaging a third-party payroll expert gives you access to workforce management solutions and knowledgeable advice about how to complete these tasks most effectively. This saves you from having to discover these best practices the hard way, and allows you to focus your strategic attention on what got you into business in the first place.

2. ...AND STILL SAVE MONEY IN THE PROCESS

While outsourcing payroll obviously carries a financial cost, a time/cost analysis often indicates the benefits of engaging an affordable and qualified payroll provider. The maxim "time is money" is indeed true, and the time you spend calculating payroll, preparing and distributing pay statements, creating reports to better understand overtime pay, or preparing and remitting taxes to government agencies may very well be costing you valuable time which could otherwise be focused on sales, customer service or other areas core to your business.

3. YOU'LL BE CURRENT AND COMPLIANT...

One less thing to watch for in the news cycle - when federal and provincial legislation changes, a good payroll solution will flag that rates need to be adjusted based on jurisdiction. It should also provide insightful year-end reports each pay run with details on overages or shortages pertaining to Canadian Pension Plan (CPP) or Employment Insurance (EI) remittances.

4. ...AND NEVER MISS A TAX REMITTANCE

Speaking of CPP and EI, whether you have thousands of employees or just one, you can choose to partner with a payroll solutions provider that submits directly to the Canada Revenue Agency (CRA) and Revenu Québec on your behalf. Late remittance penalties can be costly. Your annual payroll fees through a third party may end up being less than one substantial penalty.

5. YOUR TEAM DESERVES TO BE PAID ACCURATELY AND ON TIME...

A payroll application will stay on top of statutory holidays and bank closures in your jurisdiction, setting and providing the year's resulting pay schedule to keep everyone on the same page. It also allows for quick and automated direct deposits, eliminating the manual work of writing a cheque or the risk of cheques arriving late. Custom implementation options also exist to ensure your wage calculations, accruals and deductions meet your business's specific needs.

6. ACCESS INFORMATION EASILY, BUT SECURELY

Empower your employees to access their own pay stubs, tax forms, schedules and time off requests. Look for a provider that offers the convenience of self-service options - it saves time and means a smaller carbon footprint. As a bonus, your team will appreciate the convenience of having their own information stored securely online but also accessible anytime, anywhere, rather than having to wait for subs to be mailed or handed out.

7. NOT TOO TECHIE? NOT A PROBLEM

Rather than having to purchase, install, learn, update and license constantly-evolving software for multiple devices, find a payroll provider that serves their clients the latest and greatest version of their solution every time they log in via a cloud-based system. Not being tethered to a particular computer to access your payroll account not only means a better user experience; it also means the freedom to do so from wherever your day takes you.

8. YOUR ACCOUNTANT MIGHT HUG YOU

Payroll processing companies can provide you with a wide array of reports to address the most common and comprehensive reporting requirements, many of which may not be available within your generalized software or take a long time to figure out or develop. These providers can likely also develop reports specific to your company as needed. Your accountant will appreciate both the clarity and the consistency provided by these reports - no more fiddling with Excel, wading through a shoebox of paperwork or trying to decipher a messy notebook.

9. LOOK FORWARD TO YEAR-END AGAIN

Wouldn't it be great if the end of the year could go back to simply being a time for reflection on the past 12 months and goal-setting for the year to come (or even a vacation)? Outsourcing your payroll could mean guidance through each step and development of a complete, hassle-free year-end package that you know is in full compliance with all the necessary standards without eating up those valuable first weeks of the new year.

10. YOU'RE NOT ALONE!

Being an entrepreneur is incredibly rewarding, but the pressure to become a subject matter expert on every area of your business can be a tremendous weight. Selecting a payroll partner will allow you to take a breath and share the load with someone dedicated to helping you succeed. Find added value in providers that offer a personal service model, where each customer is assigned a knowledgeable contact they can reach out to anytime they have a question on payroll or about the provider's products.



A Program Designed For Retailers

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