

RETAIL

## 4 trends shaping the future of shopping malls in China

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While it feels as if online shopping platforms are replacing them, shopping malls still play a crucial part in the luxury industry. Image credit: Global Harbor Mall's Weibo

By [Glyn Atwal](#)

Shopping malls in China have come to signify a burgeoning culture of ultra-consumerism, and newer luxury malls like SKP in Beijing or [Plaza 66 in Shanghai](#) showcase the quintessence of prestige. As such, many luxury brands have benefited from malls like these that provide an enchanting luxury retail destination. But is the mall retail model becoming stale now that luxury shoppers are switching to alternative channels where they can experience and ultimately purchase luxury brands? Here, we've outlined four trends shaping the future of shopping malls in China.

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### 1. Retail reach

Shopping malls per capita in Mainland China are surprisingly only 10 percent of the amount in the US. An undersupply of malls, especially in prime locations, has been a constant obstacle facing luxury brands in China. However, the demand for luxury goods in lower-tiered cities could drive the expansion of luxury retail infrastructure. UBS reports that more luxury malls double the number in 2025 versus 2020 will be needed due to an under-penetration of luxury brands in tier-2 cities. For example, SKP is expanding its reach into locations like Kunming and [Hohhot](#) that have, until recently, been virtually absent from the grid of luxury retail.

### 2. Story-living

The shopping mall is the first point of connection for many first-time luxury buyers, particularly the generation of post-1990 consumers who seek a physical brand experience. As the managing director at LVMH Antonio Belloni noted in a 2018 interview with the *Financial Times*: "We have a global strategy built around our stores as the best way to access customers, and China is no different. The store is the first point of contact for all our brands where its story-telling becomes story-living."

Digital channels may be effective for lower-priced and repeat purchases like beauty products. But the mall offers luxury brands a dedicated space to connect with first-time consumers tangibly and psychologically. A notable trend is that electric-vehicle showrooms have become integral in many upscale malls, including Tesla at HKRI Taikoo Hui

in Shanghai.

### 3. Destination extraordinary

Chinese shoppers venture to the mall not just to shop but to spend leisure time (and leisure yuan). The phenomenon of "retailtainment" is not new as upscale malls have slowly become leisure destinations. Destinations like indoor theme parks were always attractive to families. However, malls are investing beyond just a "wow" experience, hoping to incorporate something even more extraordinary. For example, **K11 Art Mall** is synonymous with the museum retail concept that allows shoppers to get inspired by artists like Damien Hirst, Olafur Eliasson, and Teppei Kaneuji.

The trend of themed malls will define the future of memorable shopping experiences while creating positive brand synergies. Recent openings in Shanghai include an esports-themed shopping mall at Global Harbor Mall and a wellness-themed concept at Taikoo Li Qiantan, with the latter boasting a 450 meter "Sky Loop" on which people can walk or run.

### 4. Blended spaces

It is an error for luxury brand executives to think of shopping malls merely as physical selling stages. In fact, the metaverse retail trend began to appear some time ago. For instance, blended virtual and physical experiences characterized Burberry's first-ever social **retail store in Shenzhen**. And according to a survey by Wunderman Thompson Data, 83 percent of respondents across the US, UK, and China agree that the future of shopping will be a hybridized experience. The emergence of so-called "smart malls" will continue to blur the boundaries between these physical and digital retail spaces. That has been the case with the collected knowledge on specific consumer preferences and how artificial intelligence can now personalize marketing offerings.

Physical shopping malls still matter in China, yet malls in the future will look quite different than malls of the past. Luxury executives should ask themselves if their brand footprint is ready to embrace this transformation and be proactive in implementing it. Otherwise, they may fall behind and get forced to play the risky game of catch-up.

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