Macerich Looks to Give Digital Brands Help With BrandBox

Shorter-term leases, modular storefronts and analytics software are part of the package being offered to businesses.

BY KARI HAMANAKA

Don’t call Macerich’s initiative for digital brands, BrandBox, a pop-up. These are real stores aimed at helping direct-to-consumer brands find their way in real life.

The shopping center owner, with a portfolio totaling some 52 million square feet of mostly retail, this weekend will roll out the BrandBox concept, which looks to streamline the expansion into physical retail for direct-to-consumer businesses looking to dip a toe into that world.

At the top of the pitch to these brands are short-term leases ranging from six to 12 months for space running from 500 to 2,500 square feet. The permitting is taken care of by Macerich. WiFi and analytics programs can be integrated into point-of-sale systems. That means brands can measure metrics such as how many people are walking into a store, where within a store they tend to cluster and also what zip codes around the center are responsible for lifts in online traffic.

“This is emulating a traditional retail store in a shopping center mall environment, so that’s why we think this is unique,” said Macerich executive vice president and chief digital officer Kevin McKenzie. “It’s not a pop-up; it’s a real store. It gives a brand an opportunity to have their own identity.”

BrandBox is to be tested at Macerich’s Tysons Corner Center in Virginia before it plans next year to begin rolling out to other company properties, such as Fashion District Philadelphia, Santa Monica Place, Scottsdale Fashion Square, The Shops at North Bridge, The Village at Corte Madera and Washington Square.

The company tapped Tysons Corner for the launch of BrandBox because of its market size. It’s also following lead of companies such as Apple and Dyson Demo, which opened their first stores there.

The concept, out of the gate, will make its debut with the Winky Lux makeup brand, ready-to-wear line Naadam, DKNY, flower delivery service UrbanStems, furniture company Interior Define and mattress brand Nectar Sleep.

McKenzie, who joined the company a little over a year-and-a-half ago, began his research profiling some 500 brands in the fashion, beauty, footwear and home goods space. He spoke with more than 50 founders and chief executive officers to pick their brains about whether physical retail was ever in the plans for them.

He heard interest from those digital brands about acquiring new customers through retail. However, they didn’t have the skill sets or tools in place to do so, and because their strategies are motivated by data, they needed those analytics in order to move forward.

“We gathered a team of technologists that came from the digital side and we paired them with architects that understand physical retail and we constructed a system,” McKenzie said.

He described the BrandBox physical space as something akin to the video game Tetris where walls can be moved in 500-foot increments and storefronts can be broken down into two, three or five doors.

“We thought about offering this to any tenant, but what we found is the brands that created the most cause are the digitally native brands because these are brands that literally built their business off of data,” he said.

Still, while BrandBox may be launching with direct-to-consumer brands in mind, McKenzie said the analytics offerings could very well have the potential to be tools relevant to the traditional Macerich tenant as well. Case in point would be DKNY, which is launching with BrandBox and not a born-online brand. However, McKenzie said there was interest in participating because of the flexibility of the space’s size and the possible learnings expected to come from the store.

“The world is changing. I think every company is turning into a data-driven company and has some aspect of technology behind them. It used to just be tech companies,” McKenzie said.

McKenzie said BrandBox reflects a continuation of other experiments the leasing team has done at Macerich centers to keep the company’s properties relevant in a shifting landscape. He pointed to the Candytopia experience at Santa Monica Place or the coworking space by Industrious set to open in Scottsdale that continue to provide something different beyond traditional retail.

“All of these changes are based on the changing consumer,” McKenzie said. “We see incredible traction and want to continue to do that.”