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MACERICH®

# HAPPENINGS

INSIDE: Enhancing the Consumer Experience | Meet Lynn Lovell, VP Tenant Coordination for Macerich | Macerich Goes Solar

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# New Text-the-Concierge Program is Fun and Fast

These actual text conversations with Tysons Corner Center say it all: The ability to have a quick text exchange with an on-site property expert who has all the answers is the latest customer experience innovation at Macerich malls.

Working with Kipsu, a company that focuses on guest engagement programs, Macerich has launched this fast, fun and effective text-based concierge service for shoppers to ask nearly any question about the mall, its retailers, events, activities and sales.

The majority of questions received pertain to store way-finding, to locating specific products, sales/deals and hours of operation. In addition to answering any questions shoppers may have, Macerich is utilizing the program to make dinner reservations for shoppers, book hair/nail appointments, call taxis, coordinate wheelchair/scooter services, offer delivery services for office tenants and act as an extension of guest services. The program is also set up to allow for simple feedback after a shopper's visit.

This quick user-based survey information can then be used to make adjustments to our services and deepen our relationships with our shoppers.

“Our new text-based customer service is the latest way we are responding to our shoppers’ digital lifestyles, providing information in a manner they’re accustomed to when and where they want to receive it,” said Kurt Ivey, Vice President, Marketing, Macerich. “Shoppers talk to real people, who answer any question they have immediately, with a personal and professional response that offers exactly what they’re asking for. This is an amazing tool that is part of our overall focus on enhancing the customer experience at our properties in ways that matter.”

Piloted first at Tysons Corner Center, the service is now in place at Broadway Plaza and Santa Monica Place with many more properties on deck. The program has proven especially useful as a tool to answer questions about the current redevelopments at Tysons Corner Center and Broadway Plaza. To date, these properties have engaged in over 1,300 conversations, sent/received over 5,600 texts and have developed a steady base of repeat users. Macerich looks forward to growing these numbers and evolving the service offerings as the program continues to gain momentum.

Hi – I’m wondering where I can get women’s sandals at the mall. Sales today would be great! Thx.

Well you can stop by Call it Spring and Aldo. They specialize in fab looks. One moment while I look into the details.-Adele

Thx! Especially curious about Bloomingdale’s...

Coach is having up to 50% off on shoes!! So you may want to check that out. Also download our Tysons app so you can see all the deals as they begin.-Adele

Perfect!

Let me see what Bloomingdale’s has going on today! -Adele

Bloomingdale’s is currently having an additional 20% off clearance shoes. -Adele

Super! Thanks for the help.

Happy to help! Please feel free to use this service for any further assistance ☺

We would like to know about your experience at Tysons Corner Center. Could you please rate your experience from 1-5; 1 being bad & 5 being great? Thanks! -Dani

5!

Great! Is there anything that stood out about your experience here? -Dani

I love how I can text and get a reply quickly.

Okay, I’m glad you enjoyed your visit here. Thank you so much for your feedback!:) -Dani



## Deliv Delivers the Goods for Retailers, Malls

### Deliv, the upstart same-day delivery company, is upending the battle for the final mile when it comes to retail delivery.

Founded by Silicon Valley veteran Daphne Carmeli, the headline-making Deliv uses GPS-enabled smartphones to crowdsource fully insured drivers, who hand-deliver merchandise purchased on a retailer's website, mobile application or in their brick-and-mortar stores to shoppers the same day purchases are made. Here's the kicker: With Deliv, the cost is much less than shipping anything overnight or even via more leisurely ground service. It is priced to be the obvious shipping choice.

Deliv's new service, now being embraced at 100+ national retailers and a number of malls owned by four of the nation's leading mall companies – Macerich, Simon, GGP and Westfield – couldn't come at a better time. Amazon recently declared its intention to own the sought-after final mile, with about 75 same-day fulfillment centers around the country.

"As it turns out, omni-channel retailers are sitting in the catbird seat," said Carmeli, Founder and CEO, Deliv. "These retailers generally have stores within five miles of their shoppers, and let's say the top 100

retailers each have 1,000 stores – that gives them a combined 100,000 storefronts compared to Amazon's 75. Suddenly traditional retailers with smart omni-channel strategies and same-day delivery can dwarf the size and scope of Amazon. This offers a tremendous competitive advantage."

For busy shoppers, Deliv meets multiple needs. For the mom in the mall with a stroller, a toddler and a sizable to-do list, Deliv lets her buy everything on her list and then keep going, hands-free. Packages are delivered home, at the time she chooses, for basically the cost of a Starbucks run. For the executive in the office buying a birthday gift on a retailer's website, Deliv can bring it, gift-wrapped and ready, to her desk before 5:00. The possibilities – and the newfound choice and convenience – are extremely appealing.

"Macerich is focused on enhancing the shopper experience and Deliv is an important new way to meet a changing set of customer expectations," said Ken Volk, Chief Marketing Officer, Macerich. "What makes Deliv work for us is that not only does this new service benefit shoppers, it also helps us help our retailers meet their omni-channel sales goals – and this is a major priority for Macerich."

To describe her view of consumer demand for Deliv, Carmeli quotes the founder of Apple. "As Steve Jobs said, people don't

know what they want until you show it to them, and once people know they have the option for fast, reliable and inexpensive same-day delivery, they love it. It's addictive."

Just as important as making same-day delivery easy for shoppers is making it an easy choice for retailers. Right now Deliv is working with market-leading technology partners to pre-integrate the Deliv option into retailers' ecommerce platforms out of the box so that retailers can easily offer the Deliv same-day delivery checkout option from their websites.

Another key benefit to retailers is that Deliv is inherently cooperative and unbranded, according to Carmeli. "We are just the delivery service; we're not a third-party middleman coming between retailers and their customers. We come into play after a transaction has already been made, and our same-day delivery becomes an extension of the retailer's brand," said Carmeli. "Even when packages are delivered, items come in the retailers' shopping bags and boxes – and this is what the customer experiences."

For Carmeli, "disrupting" an established industry (and she means that in the good, Silicon Valley-innovation way) is part of the excitement. "We're helping the retail industry to change the game and, as one of the newspaper stories said, 'out-Amazon Amazon.' This is hugely satisfying."

# Pipeline Progress at Macerich

## Key Updates at Fashion Outlets of Niagara Falls USA, Broadway Plaza and SouthPark Mall

### Significant expansions and new retailers are transforming three key Macerich properties this spring – Fashion Outlets of Niagara Falls in Upstate New York, Broadway Plaza in Northern California's East Bay, and SouthPark Mall in Moline, Illinois.

“Reinvesting in already successful, well-situated properties is part of the Macerich DNA,” said Edward C. Coppola, President, Macerich. “We have an excellent track record for taking high-performing retail settings and making smart, targeted changes to drive performance even higher, as these centers become more important to retailers and local communities.”

#### Fashion Outlets of Niagara Falls USA

At Fashion Outlets of Niagara Falls USA, Macerich is currently expanding the property to add nearly 175,000 square feet and 50 new tenants to create one of the largest outlets malls in the country with approximately 700,000 square feet of top designer brands. The expansion will open in winter 2014.

This destination property is adding an exciting mix of new outlet brands, including Disney, Forever 21, Helly Hansen, Kenneth Cole, Steve Madden, Swarovski, The Limited, White House Black Market and many others. To date, a total of 77% of the expanded gross leasable area is leased.

When complete, Fashion Outlets of Niagara Falls will boast more than 200

top retail names, including Saks Fifth Avenue OFF 5th, Barneys New York, Burberry, Hugo Boss, J.Crew, Kate Spade, Michael Kors, Nike Factory Store, Under Armour and others, in addition to appealing food court and dining options.

“Fashion Outlets of Niagara Falls USA is a major destination for shoppers in New York and eastern Canada, as well as visitors from around the world,” said Randy Brant, Executive Vice President – Real Estate, Macerich. “Our current expansion and enhanced retail lineup solidify the dominance of this outlet property in the Upstate New York/Toronto region. Exceptional outlet properties are a significant avenue of growth for Macerich, as well as for our retail partners, and we are very pleased to create new opportunities for top brands to become part of Fashion Outlets of Niagara Falls.”

The expansion of Fashion Outlets of Niagara Falls USA follows the stellar opening of Macerich's Fashion Outlets of Chicago last summer, and tracks with increasing shopper interest in designer brands at a value presented in beautiful amenity-rich settings.

#### Broadway Plaza

At Macerich's East Bay jewel, Broadway Plaza, a major update and expansion launched this spring. The master plan for the project includes demolishing about 80,000 square feet of existing retail space as well as two older, inefficient parking structures that will be replaced with a modern, five-level parking deck. Importantly, Macerich is adding approximately 235,000 square feet of net new shop space to the existing 776,000 square-foot center that is currently anchored by Nordstrom, Neiman Marcus and Macy's. The project, which also includes attractive, new pedestrian

amenities, will open in phases beginning in late 2015.

“There has always been more demand for retailers to locate at Broadway Plaza than available space,” said Robert Perlmutter, Executive Vice President – Leasing, Macerich. “This unique, open-air property serves some of the best demographics in the country. Our thoughtful expansion is designed to accommodate the country's leading specialty stores while maintaining the beauty, grace and scale that characterize Broadway Plaza.”

#### SouthPark Mall

SouthPark Mall in the Midwest Quad Cities area is also undergoing exciting change. This spring, Macerich broke ground on a focused redevelopment designed to refresh this classic shopping experience. The regional mall is anchored by Dillard's, JCPenney, Younkers and Von Maur.

A full slate of interior and exterior updates includes the demolition of the former Sears building, and has already drawn renewed retailer commitment, including brand-new prototype designs for Claire's, Christopher & Banks, Spencer's Gifts, MasterCuts, Journeys, Sprint, Payless, Lenscrafters, Dairy Queen, Bath & Body Works and Shoe Dept. Encore.

“A fresh look, new concepts and enhanced amenities are all part of the plan to build a better consumer experience at what is an extremely well-placed mall with a proven draw for shoppers from a wide area,” said Kathy Jurgens, Property Manager, SouthPark Mall. “People in our community are delighted Macerich is investing in this key property that they have been loyal to for many years.”

# Macerich's Lynn Lovell Knows How to Open



It's true: Lynn Lovell's Tenant Coordination team opened more than 500 stores for Macerich last year at properties all over the country. For Lovell, Vice President of Tenant Coordination, the pressure cooker of getting retailers open – on time, on budget and exceeding everyone's expectations – is part of the challenge and a big part of the fun.

Lovell's team of 32 professionals gets involved with retail partners before leases are even signed. The mission of Macerich's Tenant Coordination team is to efficiently coordinate the opening of the tenant's business in the shortest time possible, while maintaining the highest standards for design, construction and life safety. All of this while optimizing the customer service experience for Macerich's key customers – retailers.

Among the team's 500 openings in 2013 was the full retail lineup at Fashion Outlets of Chicago, Macerich's breakthrough outlet property minutes away from O'Hare International Airport.

"This was an exceptional experience for me that was full of new retail ideas," said Lovell. "Everything about this property moves outlets to a new level and the caliber of the store design is a major contributor. Stores like Prada and Forever 21 really stepped up to design phenomenal stores. They invested to create a great look and retailer build-outs here are much more in line with what you see in a top regional mall than a typical, plain vanilla outlet property. As a result, Fashion Outlets of Chicago is the nicest-looking outlet center in the country right now."

Grand openings like Fashion Outlets of Chicago are what Lovell likes best about his work. He counts the grand openings of key phases of Scottsdale Fashion Square, FlatIron Crossing and La Encantada among the highlights of his career. "I oversaw these properties early on and we were under pressure to get all the stores open for Grand Opening, so that on opening day every tenant would be open and the experience would

be complete," said Lovell. "The most satisfying thing for me is for customers to be amazed when they first walk through the brand-new doors."

It's not just grand openings, but any new store, that offers customers, and Lovell, the chance for reinvention and new excitement. "Retailers today are bringing new and interesting design elements to nearly every new build-out or renovation. Every time a retailer changes up a store with a focus on upping the quality of the experience, the entire mall benefits."

Lovell, who has been with Macerich for 26 years, has seen retail design styles come and go – remember when turquoise and coral was a popular color combination? – but what he finds inspiring about today's design is how it is integrating digital elements. "Retailers, and Macerich too, are sharply focused on omni-channel sales strategies. We see this impacting store design, including storefronts that now incorporate digital displays. A great example is Sunglass Hut, which features strong LED displays as a focal point of store windows. This not only advertises their products, but all the ways shoppers can buy their glasses, including online. This is definitely an exciting wave of the future."

## Macerich Powers 11 Centers with Renewable Solar Energy

This spring, Macerich celebrated the completion of large-scale solar energy installations developed in partnership with Panasonic at six major properties. Five more are set to be completed by the end of this year.

"Macerich has continued to reduce its use of natural resources in many ways and is making a positive impact socially and environmentally," said Jeffrey M. Bedell, LEED AP, CEM, CEP, Vice President of Sustainability at Macerich. "In 2013 we stepped up our commitment to sustainability to begin using renewable energy sources to now provide more than

5 MW (megawatts) of renewable power that is being produced and used at our centers."

By the end of 2014, Macerich will produce over 10 MW (megawatts) of renewable power at 11 of its centers, producing over 19.3 million kWh (kilowatts) of clean energy annually and reducing the company's carbon footprint by over 29 million pounds of GHG (greenhouse gas) annually.

In all, the participating properties will have installed more than 35,000 solar panels to boost energy efficiency and expand Macerich's corporate sustainability

efforts. The program includes mostly large-scale rooftop solar installations, as well as some carport solar structures.

Macerich solar properties include:

- Danbury Fair Mall in Connecticut
- FlatIron Crossing in Colorado
- Fresno Fashion Fair in California
- Inland Center in California
- Lakewood Center in California
- Los Cerritos Center in California
- Panorama Mall in California
- Queens Center in New York
- SanTan Village in Arizona
- The Oaks in California
- Twenty Ninth Street in Colorado



# Athleta and Gap Sprint Ahead

An Interview with Steve Rouman, Vice President of Real Estate, Gap Inc.

Cross-training is working for Gap Inc. With more than 3,500 stores for its iconic family of brands – Gap, Banana Republic, Old Navy, Piperlime, Athleta and Intermix – as well as a super-fit omni-channel strategy, Gap Inc. is looking good. *Happenings* talked with Steve Rouman, Vice President of Real Estate for Gap Inc., who is responsible for all stores in North America and Europe, about the exciting growth at Athleta and what shoppers want today.

**Q:** What is the biggest opportunity for Gap Inc. brands that you see for brick-and-mortar growth in the U.S. right now?

**A:** Our current focus for domestic growth is on Athleta, for which we plan to open about 35 new stores in 2014, as well as

on our Gap and Banana Republic Factory Store divisions. There is certainly growth for our other brands as well (Gap, Old Navy, Banana Republic, Piperlime and Intermix), but at a much more modest pace.

**Q:** What are your growth plans for Athleta?

**A:** It's no secret that this is a very popular segment of the consumer market – athletic/performance apparel – and we are riding that wave. This type of apparel has become kind of a “uniform” for many American women. It's not just for working out, but for everyday life.

Athleta has been around for a long time, almost 15 years. Athleta began as a catalog company, and has a very loyal and powerful following. Their customers told them they wanted stores. They wanted to experience the brand in-person and try the clothes on. Gap Inc.'s acquisition of Athleta was the perfect marriage at the perfect time – the segment was getting hot, their customers were clamoring for brick-and-mortar stores and there were lots of real estate opportunities. Gap Inc. is uniquely positioned to realize those opportunities, as we already have thousands of stores and deep relationships with multiple landlords.

So once we turned on the spigot, we knew we could take advantage of many great opportunities, especially when you have solid, receptive partners like Macerich. We will have approximately 100 stores by the end of 2014 and we're excited to continue growing.

**Q:** How are you choosing your markets?

**A:** With Athleta specifically, we had a lot more up-front information helping us because we weren't starting from scratch – we had a massive catalog distribution base. We knew exactly where the Athleta customer lives, what she likes to buy and when she buys it. So this made our first wave of stores pretty easy.

As we continue to evolve the real estate strategy, we intend to maintain a very balanced portfolio for Athleta across multiple real estate classes. Athleta started in open-air, off-mall real estate – lifestyle centers, street retail, and specialty grocery-anchored properties. However, the real estate team believed that regional malls also offered great opportunity. While the concept works in all types of settings, we're pleased with how the brand has been received at mall stores and we are clearly looking at regional malls more often.

## A Look at What's New

Some of the most recent openings across our portfolio

**ARDEN FAIR**  
Wetzel's Pretzels

**THE SHOPS AT ATLAS PARK**  
Payless ShoeSource

**CHANDLER FASHION CENTER**  
Boba Tea Company

**CROSS COUNTY SHOPPING CENTER**  
ZARA

**DANBURY FAIR MALL**  
Eddie Bauer • LEGO

**DEPTFORD MALL**  
life is PINK is life • Michael Kors

**FASHION OUTLETS OF CHICAGO**  
Etro • Great American Cookies

**FLATIRON CROSSING**  
HOUSE OF HOOPS by Foot Locker

**FREEHOLD RACEWAY MALL**  
Sunglass Hut • Gloria Jeans • Quails • Vans

**FRESNO FASHION FAIR**  
Sarku JAPAN

**GREEN ACRES MALL**  
Running Out of Time • Perfume Point • Justice



**Q: What about outlets and Gap Inc.?**

**A:** Outlets are a significant growth vehicle for us across all brands, especially for Gap and Banana Republic.

**Q: Is Intermix an outlet player?**

**A:** This is a very unique, niche brand and we are still learning what makes it work. For now we're focused on building out Intermix's own full-price fleet.

**Q: Gap Inc. has been a leader and early expert in omni-channel retailing. Can you tell us what's new about this aspect of your business?**

**A:** We believe we have a big head start on our competition in using omni-channel capabilities to bridge the growing digital world with physical stores to create world-class shopping experiences. It is a huge focus for our company. Over the last 12-18 months, we have started piloting and implementing a number of exciting initiatives. Among them are: Find in Store, Ship from Store and the latest, Reserve in Store, where customers can find an item online and easily place it on hold at their local U.S. Gap or Banana Republic store until the next business day.

I believe the word "omni-channel" will quickly go away. What we all choose to call omni-channel retailing today will eventually just be what is expected. We also believe that what we do digitally has an underlying strategy of driving traffic to our stores. Gap Inc. is about omni-channel, because that is what our customers want. Our entire approach to omni-channel is designed to strengthen and integrate the shopping experience. We believe it really sets Gap Inc. apart and will prove meaningful in driving customer engagement and loyalty with our brands.

**Q: How and why do you think the brick-and-mortar experience will continue to be important for Gap Inc. customers?**

**A:** We have more than 3,500 company operated and franchise stores, so I'm sure you can appreciate that we are as invested in the long-term success of physical stores as anyone. Because most of our stores are occupied by brands that we exclusively own, we have the ultimate say in when and how our customers interact with those brands. As long as we do what is necessary to keep our brands fresh, relevant, and covetable, our customers will seek us out in whatever venue they can, including stores. Ultimately, you can't shop from your cell phone or

computer all day, every day – it's not how people are wired. Physical shopping is important; it's human nature to want to interact. We opened about 200 stores last year globally, and we expect to come close to that number again this year. We are a company that always has and always will believe in brick-and-mortar.

**Q: What do you enjoy most about your work?**

**A:** I am definitely a people person and the shopping center industry is definitely a people business. For me, it's about building relationships (and friendships) and being able to use those very relationships in my everyday work. Retail is also a big part of what makes our economy go and I enjoy being part of that economic engine. Shopping centers themselves are gathering places that bring people together. Contributing to the communal experience that this provides has always appealed to me. But what is inarguably the best part of my job, is walking through a shopping center with my wife and kids, like Broadway Plaza in Walnut Creek, and to be able to tell them that I had a hand in making that new Banana Republic store happen. Our work has a very real and tangible result and I think that's just plain cool.

- KINGS PLAZA**  
FOSSIL • Chipotle Mexican Grill
- LA ENCANTADA**  
Savaya Coffee
- LAKEWOOD CENTER**  
Applebee's
- LOS CERRITOS CENTER**  
Coffee Bean & Tea Leaf  
• Green Crush

- NORTH BRIDGE**  
Eddie V's
- NORTHPARK MALL**  
Francesca's • China Max
- PACIFIC VIEW**  
Stir Krazy Mongolian Grill Express
- QUEENS CENTER**  
Time Warner Cable • Talk N Fix

- SANTA MONICA PLACE**  
Fresh Healthy Cafe
- SCOTTSDALE FASHION SQUARE**  
Tropical Smoothie Cafe  
• Crazy 8 • Zivelo
- SOUTH PLAINS MALL**  
Traffic
- SOUTH TOWNE CENTER**  
Brow Spa 24

- STONEWOOD CENTER**  
I Cell • Sweetness Delight
- TWENTY NINTH STREET**  
Protein Bar • Teavana  
• 29th Nail Spa
- VINTAGE FAIRE**  
Zee Jewelers
- WILTON MALL**  
Francesca's

# Macerich Sweeps ICSC Maxi Awards

Wins More Golds and Silvers  
than any Mall Company in 2014



Left to right- Kurt Ivey, Erica Strama, Melissa Eigen, Jim Anderson, Dawn Banket, Ken Volk, Bob Maurer, Nicole Flynn, Mechelle Peters, Jameson Valone, Front Row- Ann Ackerman , John Scaturro, Liz Pollack

With four Gold MAXIs and nine Silvers, Macerich won the night at the U.S. MAXI Awards at ICSC's RECon 2014, earning more total awards than any other mall company. These prestigious awards mark the highest level of achievement in shopping center marketing.

"Macerich Marketing is doing exciting things to connect with our shoppers and support our retailers' omni-channel sales strategies," said Ken Volk, Chief Marketing Officer, Macerich. "From our market-leading partnership with National Geographic Kids to enhance the quality of our Kids Clubs to our multi-faceted programs and investments that heighten the digital experience for shoppers, we are adding value with smart marketing. It is very gratifying to earn the recognition of our peers."

#### Macerich's four Gold MAXI Awards:

*NOI Enhancement – Marketing/  
Sponsorship*

**Macerich Kids Clubs Powered by National Geographic Kids**

With the new Kids Clubs Powered by Nat Geo Kids, we reinvented Kids Club across the portfolio – made world-class with content provided by National Geographic Kids – to better connect with young families and moms who control \$2.4 trillion in annual spending.

#### *New Media & Emerging Technology*

##### **Macerich's Digital Network and App**

We significantly elevated our digital platforms in 2012/2013 to enhance the mall shopping experience and retailers' omni-channel strategies. Sophisticated new, property-specific mobile apps set our malls apart as the most searchable properties in the country while large-format digital displays in high-visibility locations at select malls delivered added shopper engagement and new platforms for retailers and sponsors.

#### *Traditional Marketing – Cause Related Marketing*

##### **The Arts Initiative – Fashion Outlets of Chicago (with AWE Talisman)**

Among the project's many innovations is The Arts Initiative, which incorporated highly interactive visual arts into the architectural framework of the property. Popular contemporary artists, such as Daniel Arsham, Jen Stark and Bhakti Baxter, created art that ascends the sides of escalators, appears throughout

vestibules and entryways and is suspended from ceilings.

#### *Traditional Marketing – Cause Related Marketing*

##### **Danbury Fair Supports Sandy Hook**

After the tragedy at Sandy Hook Elementary School, Danbury Fair (just 13 miles away) launched a portfolio-wide partnership with National Geographic to raise \$41,000 toward a new school for Newtown, CT.

#### **Macerich's nine Silver MAXI Awards:**

- A Visual Transformation of the Next Tysons (Video)
- Fashion Outlets of Chicago Grand Opening
- Macerich Launches CultureArte (Hispanic Heritage Month)
- Christmas Comes Early: German Embassy Partnership at Tysons Corner Center
- Fashion Outlets of Chicago PR (Grand Opening)
- Yo-Yo Ma Pop-Up Performance at The Shops at North Bridge
- Cross County Shopping Center Sells Summer (Concert Series)
- The Vanguardia (Hispanic) Initiative
- Fashion Outlets of Chicago Facebook Program



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