

Fitting Restaurants into the Mix

As dining becomes increasingly synonymous with success for shopping centers, Fessel International works to help restaurants and landlords find their perfect match.

Katie Sloan

The retail world is sharpening its focus on the millennial population, and in return, on the importance of experiential offerings.

As the days of the traditional big box soft goods retailer slip away, food and entertainment offerings are moving into the spotlight. For those looking to add dining into their tenant mix, or for restaurant operators looking to find their perfect retail environment, Fessel International, a full service-consulting firm specifically dedicated to the restaurant industry, is here to offer a helping hand.

“The old days of the traditional mall with the department store anchors have moved a little bit away, and restaurants are working on filling that void,” says Jeff McNeal, president of Fessel International. “About one-third of our business is working with real estate developers, either owners, malls or those working on a redevelopment, to try to figure out how to work restaurants into the mix in a more prominent fashion.”

Good restaurants typically draw 150,000 to 250,000 people per year, notes McNeal. “When you do the math on what a typical Macy’s used to do, good restaurants can draw comparable customer numbers. The transaction numbers are a little different, but it draws a steady crowd and liveliness to a center that typically landlords want because it allows them to charge rents accordingly for other retailers.”

Based in the greater Los Angeles area, Fessel works with clients around the world to develop food programs for their venues. The company works with developers, landlords, and restaurant opera-



Fessel International helped to create the restaurant masterplan at Butler Town Center in Gainesville, Florida.

tors to try to find each their perfect fit in the market. “We really work both sides of the coin,” says McNeal. “We’re working for landlords representing their best interests, but we also understand what it takes to be an operator. It’s a good challenge where we can help a restaurant operator get into a good location and also help a landlord get a great restaurant operator.”

While some markets are actively seeking local and regional operators, many are still seeking the big name concepts. “When it’s a smaller market, the developer or landlord often wants to be the first to get the big name concept, like The Cheesecake Factory, into the market,” says McNeal. “In

other markets, developers are looking a little more local and regional; they’re looking for something unique.”

Each market has one commonality, and that is a focus on millennials. “We’ve found everyone is gunning for the millennial, but we also know where the money really lies, and that’s with the baby boomers,” says McNeal. “We like to flirt right on the edge of being attractive to the millennial, but not at the expense of being so over the top that the baby boomers don’t come.”

“Millennials often live near the downtown environments,” says McNeal. “We’ve found that they started bringing their parents to the more edgy urban concepts, and the parents, who were typically paying the bills, would start saying ‘this is really good’ and would keep coming back. That’s really what’s been leading the edgy concepts to be successful across the country.”

While baby boomers remain in the picture, it is millennials that drive the current dining trends, notes McNeal. “The big trend we keep seeing is in technology; that’s going to change everything,” says McNeal. “Whether it’s tablets on the table through a service mechanism or increased minimum wages due to technology being involved in the kitchens to offset it.”

While restaurants are becoming increasingly relevant to the success of a shopping center, their life cycle remains more fickle than that of a soft goods retailer. “Social media is driving the decision factor on where people want to go to eat, whether it’s a quick Google search or hearing from a friend that a restau-



A project by Fessel International, The Tamarind of London restaurant in Orange County, California.

rant was great on Yelp,” says McNeal. “It all comes back to the food though. If you can keep high-quality food and stay in touch with the trends, your longevity will be much greater.”

When coming up with a food plan for a development, the first step for Fessel International is to determine the project’s goals. “We start with the basics; are they a commodity or big box retail center? Are they looking to have more of a town center feel? Is it currently operating or a totally new development? If it’s operating, are they looking for backfill?” says McNeal.

“Then, we begin the local market research with a visit to the market. We visit and eat at the restaurants within the market,” says McNeal. “We order a lot of food and see what is in the market, what is missing, what is working and most importantly who the operators are that are successful. We augment the local market research with industry and specific demographic research to determine the best direction for the market and where the trends are pointing to.” Fessel then creates a plan, and presents their top recommendations for the marketplace to the landlord or developer.

In terms of what types of restaurants, foods and cuisines seeing the most success in today’s market, McNeal notes that today’s consumer is far more adventurous. “There used to be an ethnic diversion, but now people are willing to eat food from the far reaches of Asia and have something a little less normal,” says McNeal. “Millennials are definitely driving that adventurousness. We keep hearing that Indian is the next big thing.”

Another trend in the food industry today is having the customer know where their food is coming from. “People like to know where their food is coming from, how it was grown, treated and transported,” says McNeal. “People are becoming more aware, and I don’t see that going away any time soon. Technology is going to drive that trend, and I believe there will be a point where you can look at a menu and scan it with your phone

to know the ingredients in what you’re ordering, the nutritional value and where the ingredients come from.”

The biggest overarching trend, in McNeal’s eyes, is that of restaurants as “anchor” tenants. It is happening now and will grow stronger in the future.

“Restaurants and entertainment are playing a bigger role everyday in the

development world, and that’s not just in the U.S.,” says McNeal. “We’re working on projects as far away as Egypt where you’re seeing that everyone is fighting for the same dollar or piece of the dollar and you have to do more to get people excited and keep them coming back to your shopping center often.” **SCB**

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