

Text: Ekaterina Reutskaya
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Labyrinth vs. the “City of Professions”



Until recent times, Russia’s shopping and entertainment centers had almost no children’s centers or zones in the edutainment format. At the same time, the concept of “teaching through entertainment” has been so popular for many years in Europe and America, that even projects in small towns include this element. In the nearest future, Moscow, St. Petersburg and several other megalopolises will focus on edutainment, as several large market players announced their willingness to develop in this field of activity.

To begin with, we should say that entertainment parks are also a new thing for Russia, reminds Vitaly Survillo, chairman of the board at Espro GC, a company that is building family theme park projects such as the Masterslavi and the Mastergrad. Peculiarities of the Russian mentality affect this process as well: the very idea of learning in the game format is still facing difficulties in its implantation into Russian life. “Russia preserves its traditional reverent attitude to education: it must be received at either educational establishments or well-known circles or through hobby groups, but never at a shopping center,” Mr. Survillo reflected. “The attitude to non-professional educators is still much of the Pushkin-style ‘Monsieur l’Abbe, a poor Frenchman, to prevent the child from fatigue, taught him everything, but in a joking way...” The expert says that officers of the supervisory and licensing bodies maintain that spirit, too. For example, if you start introducing children to the poetry of the Silver Age or Perelman’s mathematics for fun, on your own initiative and in your own cellar, you will soon be visited by a company of women from the Ministry of Education and Science, escorted by men from the Russian Federal Consumer Rights Protection and Human Health Control Service. Then your “backstreet courses” will be over, because you organized them in the cellar, or because guys in the next apartment building drink

beer, or because you have no teaching qualifications. Tatiana Donskaya, Marketing Director at Resolution Property Management Russia, supports this opinion: edutainment is not developed because it is a more complicated format by itself than entertainment or teaching, when viewed separately. In fact, Russians tend to draw a too sharp a dividing line between learning and entertainment, Tatiana Donskaya says, and they believe that learning is compulsory, and entertainment is recreation and a reward for learning activity. “It is quite difficult to combine the two, and speaking of educational projects seriously, we need at least a minimal basis and personnel with adequate qualifications. The average price for such format will be higher in comparison with a merely entertainment activity.”

Vladimir Strigin, Vice President of Hals-Development, mentioned such reasons for Russia’s backwardness in this field: macroeconomic factors (higher credit rates, higher cost of coordination and construction, maintenance cost, land and property taxes, etc.), and lack of a habit to work for the long-term prospect. “We expect that this format will be represented at our “Central Children Store in Lubianka” and other projects we are planning to open in 2014–2015.” Vitalia Lvova, General Director of Promotion Realty, attributes the lack of such edutainment in the Russian market primarily to the deficit of operators capable of realizing it, but makes reservation by mentioning that the market is ready.

Alyona Marinicheva, Advertising Department Director, Adamant Management Company, agrees that there are almost no worthy offers in this segment today, but her company is ready to consider similar centers even as anchor tenants for Shopping and Entertainment Complexes. The situation with SCs abroad is quite varied, says Yevgeny Bylinskiy, managing partner of Happy Land children’s entertainment center chain. “In Europe they encourage children to think and develop; on the other hand, in China and Japan there is almost no educational component, but mere entertainment, with the exception of interactive museums created at government’s expense. Probably it depends on the local people’s mentality, because in the gambling business for adults we can see the same tendency – card games (that involve thinking) and slot zones with game machines. In today’s Russia, we can find something between the Western and Eastern models, with a slant towards game-machine practices, because the machines account for 70% of the profits,” Mr. Bylinskiy comments. “In addition, basic logistics issues and almost complete absence of the human factor. In

Note

Edutainment is a derivative from the English words ‘education’ and ‘entertainment’, thus meaning learning and entertainment combined. Nowadays, the notion of edutainment is understood all over the world as a concept of bright interactive learning, which combines impressive and effective presentation with a most useful and effective content.



matters of children's creativity and education, this factor is very important, and half of your success can be secured by the choice of staff who must have at least initial pedagogical training and a level of education higher than that of a "Mrs. Jones at the labyrinth". The popularity of this format for the target audience is also a topic for discussion: if a child sees a labyrinth and a boring circle with applique works, what would he choose?"

MUSEUM OF SCIENCE AND MARKETING

Anastasia Tsyganova, project supervisor at the consulting department of GVA Sawyer, enumerates the main formats of such centers that are now operating successfully all over the world: fairytale museum (an interactive theater-museum of fairytales and cartoons; its visitors get into a magic city populated by characters of well-known Russian and foreign fairytales), children's park city (featuring a real city model), a science museum (for exciting learning about laws of science and natural phenomena). In Russia, the science museum format is not represented full-scale primarily because of the large volume of investment needed and low rate of return from such projects. In St. Petersburg, there are some good permanent exhibitions (Umnikum or LabirintUm) featuring interactive exhibits, but they are only a part of a full-fledged science museum. Speaking of worthy international examples, Ms. Tsyganova mentions AXXAA (Estonia), Heureka (Finland), Zoom (Austria), Nemo (Netherlands), and Experimentarium (Copenhagen). The international practice shows that large science museums are usually subsidized from municipal budgets and developed with support from sponsoring institutions and charitable funds. The city park format suggests that parents may leave their children at a development center for three to four hours, so such facilities are created at a large SC's or nearby. "Many large children's entertainment formats in Europe are supported by parent companies (Disney and Warner Brothers animation studios,

Lego, and others)," says Yevgeny Bylinskiy. In addition, full-fledged children's parks are usually located 20 to 30 km from the city, and most of the smaller SCs have the same mini-labyrinths, children's rooms and rollers. In the suburbs of Berlin, on the territory of former plants, there are children's centers covering about 2,000 sq.m, but on the whole this is a different story – and it is not a Russian story so far."

In Russia, the brightest example is the currently operating KidBurg center at the "Grand Canyon" (St. Petersburg). In December 2011, it opened the "Fancy City" (21,500 sq.m) containing about 30 shops offering children's goods, a children's theater, various circles and hobby groups, a foreign languages school and the first Russian "city of professions" where children can become acquainted with basics of economics and society. "It has its own hospital, post office, airport, bank, police station and even a Civil Defense, Emergencies and Disaster Response service. The KidBurg is the only Russian project that allows introducing children to adult professions," says Vladimir Strigin. The northern capital of Russia will soon have the Mastergrad at "Peterland".

The Europa shopping and entertainment center (Kaliningrad) introduced the edutainment format in 2010, says Tatiana Donskaya. The children's zone is represented by two grounds fashioned like a city. One ground (the large one) includes a labyrinth, a small trampoline, and toys for smaller children (toy cars and slides). The other ground (the small one) is made to fit the edutainment format; in particular, they organize special classes here for the children to develop their creative abilities. Comparison of the two grounds shows the overwhelming popularity of the entertainment grounds, Ms. Donskaya added. The main argument for the parents is the price, which is a bit higher, and the idea that children are already tired after school classes. Nevertheless, the creative workshop also has its fans, and these children come there regularly as if it were a school circle. The cost of a single one-hour class is 200 rubles on weekdays, and 250 rubles on weekends. In spite of low profitability of the concept, the developer believes Europa has promising outlook and intends to pursue its further progress.

Yet most of Shopping and Entertainment Complexes have separate projects that enjoy tremendous popularity, as their organizers assure. For example, Alyona Marinicheva told us about children's creative competitions, a series of development games for schoolchildren, the Zvezdnyy Chas (Star Time) festival at Nevskiy Shopping and Entertainment Complex and Atmosfera Shopping and Entertainment Complex, the

Balkanskaya Zvezda (Balkan Star) creative competition at Balkansky Shopping and Entertainment Complex. In December, the Continent Shopping and Entertainment Complex will open in Bukharestskaya Street; the complex will feature a large Wonderland entertainment center with an area of more than 13,000 sq.m.

SOCIAL. INTERESTING. EXPENSIVE

Given the popularity of small entertainment stations, says Vitalia Lvova, the market is actually mature. Vitaly Survillo supports his colleague by stating that this is just the right time to begin working – and finding a corresponding place. This means not only a favorable location, but also the dimensions available. Most shopping and entertainment centers are built on the basis of a standard floor height of 4–5 m, which is unacceptable for a children's park. It is also important to refine the concept of making the project attractive for consumers. It is difficult to achieve success with only a small selection of educational entertainment or by blind emulation of the existing foreign parks, without taking into account the Russian specifics and engaging a professional management team or at least several specialists.

In addition, the most important thing is not to suppress the project with leasing rates. It is evident that a popular educational park will not only generate additional numbers of visitors for the shopping and entertainment center, but it will also be useful for all nearby sales outlets in terms of better recognizability of their brand among children. Most SCs who enjoy good demand for premises, admit parks at the rates offered to other tenants – at \$700–800/sqm and higher. Yevgeny Bylinskiy believes that today edutainment, in its pure form and at such leasing rates, is a social project at best, and its chances to be even a little profitable are almost minimal. Fundamentally, everything that is being done in Russia in this field, including the KidBurg, are more like venture projects with a complicated economy, Mr. Bylinskiy added.

Experts say that we need companies willing to invest into the creation of a new product with a rather long payback period. Vladimir Strigin thinks that the easiest way is to give small and non-liquid areas, no more than 5–7% of leasable floor space, for such centers. It will help to solve the "problem of today" – to achieve a certain level of rental income, but it does not allow for placement of a full-fledged format there, and in the end, it will reduce interest of the center's end-consumers. "By the example of the Central Children's Store in Lubianka we may say that the premises for such center are going to be small.

However, in the first place, we are planning to involve an operator who is new to Russia, and in the second place, to use atrium floor space for the placement of temporary expositions, exhibitions, and experimental grounds," Mr. Strigin specified. Anastasia Tsyganova supports him by saying that it is necessary to realize, from the very start, that the profitability of a children's development center is substantially lower than that of any commercial property segment. She assures us that such a center is bound to become a distinguishing feature of a shopping center and improve its success by generating large flows of visitors. However, with account of the need for moderate leasing rates, only owners of larger SCs will plant children development centers into their complexes, and they will do this on condition of tough competition in their regional segments. Thus, this format will be popular in capitals and million-plus cities at first. Vitalia Lvova shows her cards: unlike game machines, which also suffer from high leasing rates, the "learning through playing" format does not become less attractive with time, and permanently offers new things to its little visitors. This means that children will take their parents to the shopping center again and again. Viewing this format from the operator's angle, cooperation with well-known brands also allows attracting additional investments in project creation. For example, while creating a copy of the city, one may build a Sberbank instead of just a bank, or use the idea of an airport with Aeroflot planes. Such schemes are working successfully abroad, and allow for both investing more into the project at the opening stage, and for improving its profitability – which results in the opportunity of paying a higher leasing rate.

Meanwhile, market players mention a chain developed by Espro GC, among the Russian operators. Opening of its first "city" entitled "Masterslavl" is expected to take place in late 2012 in Moscow's Evolution Tower Multi-Purpose

Complex occupying 6,000 sq.m. In addition, a leasing agreement for 5,400 sq.m has been signed with the St. Petersburg shopping and entertainment center Piterland. A project with a similar name – Mastergrad – will be launched by Espro by the end of the 1st quarter of 2013. Agat Group, which is developing the HappyLyon entertainment center chain, has also announced opening several Minopolis theme parks in million-plus cities of Russia. Appearance of the first object of this chain is expected in the new Krasnodar-based shopping and entertainment center OZ Mall, already at the end of 2012. Its area is less than that of Espro grounds – only 4,700 sq.m. "Now we are waiting for the 'Gorod Masterov' (City of Artisans) to open in the Moscow-City in December and the Minopolis – in OZ Mall," says Vladimir Strigin. "After this happens, we may evaluate the effectiveness and state of demand for this concept and announce the coming of new players and new projects to the market."

No one dares to say that in today's Russia the edutainment has been successfully implemented, says Yevgeniy Bylinsky, "And even more – where else can it be implemented besides Moscow and St. Petersburg? The first answer is the cities with million plus population. Yet personally, I am scared of the universal appeal of Krasnodar and Sochi, where they are placing bil-



Vitaly Survillo
Espro GC
Виталий Сурвилло



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lions, but the income will only be reaped during the holiday season, with the purchasing power of indigenous population being very low." It is also unlikely that, for the sake of the children's center, people will travel there from other regions, for example from Adygeya and Abkhazia. "Now in one of the facilities in Kaluga, we are creating a zone with elements of edutainment," continued Mr. Bylinsky. "However, in this shopping center we created the best greenhouse conditions for implementation, which few can offer in Russia. Here, again, there is such a factor as the spending ability of parents. The children need to be brought to the zone in the shopping center, and not just be dragged through the stores, and so parents must purposefully seek this "smart" section. Consequently, we are faced with the general level of culture and quality of life of our citizens. How this will be in Kaluga – this is the big question."

In addition, announcing its interest in the development in Russia of the international network known as KidZania was the company Moneks Trading (Mothercare, Next, Body Shop, and other chains). Back in 2011, it became known that the company had purchased the franchise and started looking for appropriate areas. However, specific information on where to open Russia's first KidZania is not available yet.

THOUGHT AND ITS DEFICIT

What are "boys and girls" missing in Russian malls today, and how to provide this? Above all, the basic comfort, says Vitaly Survillo. It is not so much the availability of children's entertainment areas and their profiles, but rather a basic level of security. This is personal security (when you doubt that it is possible to leave your child alone, not knowing who will offer what to him/her), and education (is it a good thing that in a shopping center everything is oriented towards shopping?), and moral (if you start to reflect on the content and Russian forms of advertising,

especially in the SEC). Experts are also worried about the entertainment set up in the malls, 70% of which are oriented towards fostering the child's dependence on the virtual world. Tatiana Donskaya says that there is still one acute shortage in Russian malls – that of thought. This thesis is supported by Yevgeniy Bylinsky, who says that all Russian projects so far (including children's zones) are mere copies of Western developments, and with these "gourmet developments", in addition to the lack of thinking, there is the lack of service. "Entertainment for kids should achieve a new higher level, not only in terms of equipment, but also service," says Mr. Bylinsky. "I was recently at a site in a big shopping center in Moscow. Old stuff instead of modern equipment that costs 500 rubles an hour to visit (in Europe – from 4 euros). Then during peak hours, two workers "in the children's area" are standing next to an unfortunate, left-behind child that is shouting – 'Mama, Mama!' No one is paying attention to him. What edutainment is this?"

Vladimir Strigin believes that the Russian SECs lack almost everything, from rooms equipped for the mother and child, baby and children's individual toilets, to family centers where parents and children can spend the whole day together. He clarifies that TSDM has planned very specific childhood services: medical clinic for pregnant women and children, rental and storage of strollers, children's handrails, "children's" buttons in elevators, children's intuitive navigation, a specialized service for child protection, children's hairdressing and beauty salon, information points about children's activities and "children's" locations in Moscow, ticket sales for children's activities, children's theater, the "Jumble" studio, "Children's World" Museum, and a school of etiquette.

Which operators could theoretically enter the market in the near future? Either very large Russian companies or large international operators, ready to take these risks, say the market players. While the operators of children's entertainment, education, and goods

are on an equal footing with the producers of alcohol and cigarettes (in terms of taxation and crediting), so a very limited number of operators work in this segment – those who can afford to actually freeze huge credit resources for the realization of such large-scale projects. According to the experts, Russia is too well known in the world for its mega-profits: in the entertainment segment, the average checks in Moscow are higher than those in America and Europe – by three times. Thus to attract new international operators requires significant efforts on the part of the owner, who will consider the operator of a child training-leisure center as a full partner of the project, said Vladimir Strigin. However, apart from the financial component, you also need a creative part. The one for which "thoughts are in short supply". In addition, here is the easy way out – use international developments, i. e., open edutainment centers under a famous brand. However, while in Russia there is a very limited supply of this format, virtually any new edutainment center will have many visitors. In addition, given that the baby boom continues in Russia, this segment has good prospects in the next 10–15 years.

Yevgeniy Bylinsky believes that the future is relatively good for mobile mini- and midi-formats – came, opened, tried, and left if unsuccessful. Another thing is that Russian small businesses and private entrepreneurs "go as they can", and they often cannot afford to invest at least 6 million rubles into 200 sq.m. Therefore, they immediately start scrimping on security, staff and equipment, and parents prefer to drive an hour to another shopping center where all this is "lots better", and the entrepreneur goes bankrupt. Of course, where there is competition, in any case the user "gets what is available".

Europeans and Americans are afraid of entering the Russian market because of complicated laws and notorious corruption schemes. As a result, there are opportunities for middle-sized Russian companies, having both good professional experience and funding. An important condition is that such projects should rank as a priority line of development for those realizing them, and they should not be a non-core asset or a Russian traditional toy business "for wives and lovers".

And one more thing – let's cast the slop aside. No more than 10 percent of market players have come to understand the social importance of children's projects. All the rest will continue to view edutainment – for many years to come – exclusively as a link in the "generating more traffic – increasing object attractiveness – lifting leasing rates for everyone else" chain, without "children's professionals" behind it, or evaluating its importance through a distorting mirror. ◻|R|e