

Michael G. Jacobides
M. Dalbert Ma
Aryan Mittal

CCS-24-002
October 2024

Building Majid Al Futtaim's Phygital Future: Orchestrating a Retail Ecosystem (Abridged)

Majid Al Futtaim ("the Group") was an empire of shopping malls, retail chains and entertainment centres operating across the Middle East, Africa and Asia. The Group's ecosystem comprised operating companies including Majid Al Futtaim Retail, Entertainment, and Properties. During 2016-2020, Majid Al Futtaim faced challenges from the "retail apocalypse" as new competitors emerged and e-commerce giants posed formidable challenges. The Covid-19 pandemic further accelerated the shift towards online shopping, while the Group's finances came under strain as mall tenants grappled with their own competitive challenges.

Consumers increasingly demanded a "phygital" (physical + digital) experience that blended in-person browsing with online convenience and personalised offers. While Majid Al Futtaim recognised this future, it lacked detailed customer data and technical capabilities to gather and analyse it. These challenges preoccupied Ahmed Galal Ismail, the newly appointed CEO in January 2023, whose mission was to realign and futureproof the company's strategy. His key questions centered on how the Group could become a phygital ecosystem orchestrator, gather data from current and future partners, and build necessary digital capabilities.

How Majid Al Futtaim built its "phygital" ecosystem

The cornerstone of Majid Al Futtaim's new ecosystem was the SHARE digital loyalty program, launched in 2019. The mobile app allowed members to earn and spend points across the Group's ecosystem of 2,300 outlets in 29 shopping malls and seven hotels in the UAE. Members scanned receipts to obtain loyalty points, with additional features enabling point pooling amongst family and friends. Ahmed Galal Ismail saw SHARE's potential beyond a simple loyalty scheme (see **Exhibit 1** for MAF's portfolio of offerings). The app could become a central hub channeling data, strengthening partnerships, and fostering engagement with tenants and consumers.

Rewriting tenant relationships and building the data lake

The Group urgently needed to rethink tenant relationships as e-commerce growth threatened traditional retail models. The existing fee structure, comprising fixed rent plus variable fees based on store sales, was under strain as retailers diverted investment toward online channels, often redirecting sales data to Majid Al Futtaim's competitors.

Michael G. Jacobides is the Sir Donald Gordon Professor of Entrepreneurship and Innovation; Professor of Strategy and Entrepreneurship, London Business School and Lead Advisor, Evolution Ltd. The case was developed with the support of Dalbert Ma, PhD Student at London Business School, and Aryan Mittal, Research Assistant, and was copy-edited by Tom Albrighton. The case was developed with the support of Majid Al Futtaim and Evolution Ltd.

London Business School cases and teaching notes are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

© 2024 London Business School. All rights reserved. No part of this case study may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, photocopying, recording or otherwise without written permission of London Business School.