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Challenges Facing Shopping Malls *Opportunities for Downtowns and Community Business Districts*

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Shopping malls around the country have been experiencing difficulty in recent years. People are spending less time in malls due to changing preferences and new shopping alternatives. Some of the weaknesses of the malls are market opportunities for downtowns and community business districts.

Consumers are spending less time at traditional shopping malls. A 1994 Roper Starch Worldwide survey found that only 10 percent of American consumers say they shop at malls very often, down from 16 percent in 1987. Almost a quarter of the people surveyed say they do not go to malls at all, twice the number of eight years earlier. One third of all adults say they shop at enclosed malls less frequently than they used to according to a 1994 survey by Maritz Marketing Research Inc.

Those shoppers that do visit the mall are spending less time there. According to the National Benchmarks of Shopping Patterns study, in 1982 shoppers spent an average of 90 minutes on each visit to the mall. By 1994, the average visit was 68 minutes, down 25 percent.

Time-Starved Consumers

Consumers are finding it more difficult to shop at the regional shopping mall. Instead, shoppers want to run out at lunch or make a quick stop on their way home

from work. According to a recent survey by WSL Strategic Retail, a New York consulting firm, 61 percent of the respondents said convenience was the most important reason why they choose to shop at a certain store.

Disenchanted with Mall Experience

Owners and developers place blame for the decline in mall patronage on a number of factors. Some say that Americans have simply become disenchanted with the mall experience. Malls are too big and too crowded and furthermore, they all look the same. The idea of an enclosed mall was novel back in the 1970's, but that novelty has worn off.

Safety has become a concern to shoppers and owners. A recent survey by American Express and Coopers & Lybrand offers insight into the safety issue, as it found that 58 percent of respondents rank safety as important and 53 percent of consumers feel that shopping malls are not as safe as they used to be.

New Competition

Increasingly, malls are threatened by other retail choices, particularly power centers. These centers are large, unenclosed shopping centers with parking in front of each store. A large retailer like Wal-Mart, Home Depot, or Comp USA usually anchors them.

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Often these centers build near established malls and siphon off their sales.

Consumers are growing more interested in new, more convenient and less time-consuming ways of shopping. Home shopping and electronic shopping addresses the time-constraint problem facing many consumers. Furthermore, companies continue to invest more in direct mail, like catalogs, which also siphon off business from traditional malls.

A History of Overbuilding

During the late 80's, after 30 years of mall growth, owners became acutely aware of the many adverse circumstances affecting their profitability. A Price Waterhouse study concluded that to regain the sales per square-foot activity of the 1970's, the square footage of the nation's 35,000 shopping centers and 1,800 regional malls would have to shrink by 10 percent. This oversupply of space has caused mall anchor stores to experience financial problems and began consolidating and restructuring. This affected both profitability and mall image.

Many developers also encountered financial problems due to carrying too much debt. As these centers aged, many lenders turned down their requests for financing mall refurbishment, leaving the mall in an even more vulnerable position.

How Malls are Responding

Shopping center owners are not giving up on the traditional enclosed mall. Many malls have excellent locations and lack competition from new mall construction. Many of these facilities are being renovated and updated.

Mall owners are attempting to reposition themselves in the ever-changing retail market. Some traditional malls with mid-price department stores are transforming into alternative shopping centers focusing on a precise niche (value-oriented shoppers, working woman, African Americans, etc.).

Many mall owners have been adding more entertainment options such as family activity centers, theaters, food courts and other enhancements. These additions have helped renew interest in the mall while extending the length of each visit.

Other shopping center owners are trying innovative ways to bring in more customers by providing community meeting facilities or space for libraries, health services, churches, museums and police substations.

Opportunities for Downtowns

According to Stan Eichelbaum of Marketing Development Inc. in Cincinnati, some of the mall's vulnerabilities are also the strengths of downtowns. According to Eichelbaum, malls:

- are aesthetically boring
- do not offer street front exposure
- are limited in terms of events they can host
- do not offer parking that is convenient to the shoppers destination.
- have retail-mix problems due to the rise of category killers
- are not real streets (American's are attracted to the concept of "Main Street").

Downtowns have a distinct advantage in each of these areas. Eichelbaum recommends that downtowns take advantage of their competitive strengths in these areas by providing specialty retail, parking, safety, cleanliness, street-level activity, management, marketing and a blend of worker and residential populations.

Sources:

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- 2 *The Capital Times*, Madison, WI, "Shoppers Want Quick-Easy," May 13, 1998, p. C1.
- 3 *Leading Edge*, "The Fall of the Mall," April 1996, p. 13.
- 4 *Downtown Idea Exchange*, "Trends in Retailing," July 15, 1997, p. 1.
- 5 *Journal of Property Management*, "The Reinvention of Retailing," January/February 1993, p.40.
- 6 *Marketing News*, "Niche Malls," February 26, 1996, p. 1.
- 7 *Real Estate Review*, "Revitalizing Regional Malls," Summer 1993, p.25.

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