

## *Malls of America*

If you saw a movie set in a mall, would you say “What’s that?” It’s likely you would if you are under 21!

Malls in America used to be a destination spot for families, teenagers trying to get away from their families, and individuals who wanted to while away a few hours shopping, eating, or being entertained by concerts, movies and limited-time attractions.



In just under a decade, that landscape has significantly changed.

- ✓ Starting in 2008 a recession and subsequent retail meltdown saw many retail merchants struggle to stay afloat. Many of the mall “anchors” remained – Sears, Macy’s, Nordstrom, JC Penney and the like – but smaller retailers quickly went under and mall vacancies began to rise.
- ✓ Social media made “hanging out at the mall” less necessary as teenagers could connect with friends virtually, via a multitude of apps (this was especially attractive when the mall was closed or no one was available to drive them); they didn’t have to make plans or invite anyone – their friends were just “there.”
- ✓ Online retailing enabled people to shop – and compare – without having to leave home. In order to remain financially viable retailers were forced to develop an online presence, which may have unwittingly undermined their brick-and-mortar retail model.

For many years malls helped specialty stores to thrive, but soon the reduced foot traffic impacted book sellers, music stores, sporting goods retailers, shoe stores, jewelers, clothing retailers aimed at a narrow market (such as teens or expectant mothers) and more. Other than the anchor stores, most mall-retailers have no outside entrances – they are wholly dependent on the foot traffic created by the anchor stores.

Now, in 2018, the anchor stores are closing as well (Macy’s closed 68 stores in 2017, Sears announced 68 closures by September of 2018) – which means that the elimination of malls won’t be far behind. With no retailers paying rent, malls themselves cannot maintain or improve their properties. A major Wall Street investment firm predicts that 25% of US Malls will be completely shuttered by 2022.

At the peak, there were slightly more than 1,200 enclosed malls in the United States –24 malls for every state. The end of this “American way of life” has far reaching impacts for commerce as well as communities.

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## Discussion Questions:

- ✓ A few consequences of the internet are mentioned in the article – what other affects has the internet had on malls, in particular?
- ✓ Are there other industries that are as vulnerable as malls seem to have been (one recession or one shift in consumer preference, away from failing)?
- ✓ What are the community impacts (both good and bad) of malls closing?
- ✓ While many retailers adopted an internet presence to keep up with the times, simultaneously they were saddled with an infrastructure they could not easily pivot away from (long-term leases, retail personnel, inventory requirements) – are there similar encumbrances in your organization that would prevent your company from adapting to necessary changes?
- ✓ What could malls have mitigated rather continuing business-as-usual and becoming the victims of their tenant's woes?
- ✓ Is there a vendor, supplier, customer or business practice that dictates the way your business is run? What risk does that pose?

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