

## 20015      Retail isn't dead. It's just changing.

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The last decade dramatically shook the retail sector. Almost 10,000 stores closed in 2019 alone. Much of this has been blamed on the popularity of online shopping. But today's brick-and-mortar retailers are also grappling with a host of other challenges, including aging malls and fickle consumers who are demanding more from their shopping experience. While many retailers haven't been able to survive these changes, brick-and-mortar retail overall isn't dying — it's just entering a new era.

The first indoor mall in the United States opened in 1956. This mall and its many successors opened as baby boomers were growing up, often decimating traditional downtown storefront retailers in the process. Like the generation that created them, these malls themselves have reached retirement age, giving new and old shoppers few reasons to patronize them over more convenient online options. But some malls are finding new life by evolving from the traditional model. For example, the former Mall in downtown Phoenix is now part of Arizona State University's high-impact urban campus.

Other malls are diversifying and expanding their offerings to satisfy consumer desire for experiences, not just bargains. For example, malls that offer an indoor soccer facility and coworking space.

In wealthier areas mall owners are revamping aging shopping structures into streetscaped "lifestyle centers" with tree-shaded lanes, smaller store footprints, and full-service restaurants instead of food courts.

Another sign that retail isn't quite dead yet: Today's consumers are also drawn to the street retail experience that the suburban mall, ironically enough, helped drive into decline. Historic Main Street retail corridors are seeing something of a renaissance. Even big-box retailers, are adapting to this competitive reality by building smaller urban store formats. In fact, growth in digital shopping is actually promoting retail growth in some locations.

American retail is also drawing inspiration from traditional global retail models. Market halls have become the hottest trend in soft goods, especially food. Markets also promote innovative business models that expand opportunities for local entrepreneurs and the sale of locally crafted goods by restructuring the way risk, infrastructure, marketing and operations are shared between landlord and tenants. This can include leases with rents based on a percentage of sales rather than a per-square-foot figure, or short-term licenses instead of more standard five- to 10-year commitments.

Despite all these positive trends, ongoing disruptions of the retail sector will surely remain challenging to many workers, store owners and communities for the foreseeable future.

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