

Mark A. Cohen
Director of Retail Studies
Adjunct Professor



Columbia Business School
AT THE VERY CENTER OF BUSINESS™

The Coming Transformation of the Retail Industry

Washington D.C. 12-12-17



The retail industry has always been in transition

In the 1960s, 1970's and 1980's the Great American Shopping Mall hollowed out the downtown shopping districts of hundreds of US cities.

The retail industry has always been in transition

In the 1960s, 1970's and 1980's the Great American Shopping Mall hollowed out the downtown shopping districts of hundreds of US cities.

The Great American Shopping Mall grew in number in synch with the completion of the US Interstate Highway System, and, the explosive growth of suburban communities surrounding virtually all urban centers.

The retail industry has always been in transition

In the 1960s, 1970's and 1980's the Great American Shopping Mall hollowed out the downtown shopping districts of hundreds of US cities.

The Great American Shopping Mall grew in number in synch with the completion of the US Interstate Highway System, and, the explosive growth of suburban communities surrounding virtually all urban centers.

The Great American Shopping Center, and the free standing and strip center developments that bracketed it, was both a center of commerce, and, a center of employment.

Today, the Internet, among other things, is hollowing out the great American Shopping Mall

In the past, most consumers, whether they shopped downtown, or, at The Great American Shopping Mall, browsed and then shopped locally.

Today, the Internet, among other things, is hollowing out the great American Shopping Mall

In the past, most consumers, whether they shopped downtown, or, at The Great American Shopping Mall, browsed and then shopped locally.

Exclusive of a small number of catalog shoppers, what consumers saw at their local store or mall was what they bought.

Today, the Internet, among other things, is hollowing out the great American Shopping Mall

In the past, most consumers, whether they shopped downtown, or, at The Great American Shopping Mall, browsed and then shopped locally.

Exclusive of a small number of catalog shoppers, what consumers saw at their local store or mall was what they bought.

Today consumers can both browse, and, shop globally.

Today, the Internet, among other things, is hollowing out the great American Shopping Mall

In the past, most consumers, whether they shopped downtown, or, at The Great American Shopping Mall, browsed and then shopped locally.

Exclusive of a small number of catalog shoppers, what consumers saw at their local store or mall was what they bought.

Today consumers can both browse, and, shop globally.

In addition, The Great American Shopping Mall, which was a powerful communal center for young people, has been substantially supplanted by Social Media.

The Great American Shopping Mall has been a study in wretched excess

Since 1995 the number of shopping centers in the US has grown by 23%.

The Great American Shopping Mall has been a study in wretched excess

Since 1995 the number of shopping centers in the US has grown by 23%.

GLA (gross leasable area) in retail, which includes free standing stores, strip centers' stores and power centers' stores, has grown by almost 30%.

The Great American Shopping Mall has been a study in wretched excess

Since 1995 the number of shopping centers in the US has grown by 23%.

GLA (gross leasable area) in retail, which includes free standing stores, strip centers' stores and power centers' stores, has grown by almost 30%.

Yet the US population has grown by only 14%.

The Great American Shopping Mall has been a study in wretched excess

Since 1995 the number of shopping centers in the US has grown by 23%.

GLA (gross leasable area) in retail, which includes free standing stores, strip centers' stores and power centers' stores, has grown by almost 30%.

Yet the US population has grown by only 14%.

In 2015 in the US there was 25 square feet of shopping mall space per capita, and, 50 square feet per capita of total retailing space

The Great American Shopping Mall has been a study in wretched excess

Since 1995 the number of shopping centers in the US has grown by 23%.

GLA (gross leasable area) in retail, which includes free standing stores, strip centers' stores and power centers' stores, has grown by almost 30%.

Yet the US population has grown by only 14%.

In 2015 in the US there was 25 square feet of shopping mall space per capita, and, 50 square feet per capita of total retailing space

By way of comparison, Europe, (admittedly different than the US in many ways) has only 2.5 square feet per capita!

“If we build it, they will come”

(Once, an underlying pillar of the retail development industry.)

Guess what? They've stopped coming

Internet based sales were essentially nonexistent 20 years ago.

Today, they are 13% to 15% of total retail sales and growing at a double digit rate in contrast to brick and mortar based retail sales which are barely even.

There are hundreds of B and C level shopping malls that are likely to close over the next several years.

The customer will not be impacted, per se, but the retail workers who rely on employment at their nearby mall certainly will be.

It's technology, stupid!

Know anyone of any age from preteen to senior citizen who does not have a smart phone? I don't.

Know anyone who does not browse, if not shop, via the internet? I don't

Wait, wait, Augmented Reality and Virtual Reality are going to further accelerate the migration from brick and mortar stores to ecommerce

There's nothing wrong with the retail industry in total!

There's no shortage of customers, and, they have plenty of disposable income.

What they aren't earning, they are showing no compunction against borrowing.

And, they have not lost in the slightest way a predisposition to acquire things that they don't need but want.

But what about this Retail Apocalypse we keep hearing about?

No Apocalypse at Amazon: they have a 44% market share of all US internet sales.

But what about this Retail Apocalypse we keep hearing about?

No Apocalypse at Amazon: they have a 44% market share of all US internet sales.

Yes, apocalypse at department stores like Macy's JC Penney and Sears, and hapless featureless specialty stores like J Crew, Gap and Abercrombie & Fitch.

But what about this Retail Apocalypse we keep hearing about?

No Apocalypse at Amazon: they have a 44% market share of all US internet sales.

Yes, apocalypse at department stores like Macy's JC Penney and Sears, and hapless featureless specialty stores like J Crew, Gap and Abercrombie & Fitch.

Many legacy retailers who aren't already dead are marching toward oblivion at an alarming pace.

But what about this Retail Apocalypse we keep hearing about?

No Apocalypse at Amazon: they have a 44% market share of all US internet sales.

Yes, apocalypse at department stores like Macy's JC Penney and Sears, and hapless featureless specialty stores like J Crew, Gap and Abercrombie & Fitch.

Many legacy retailers who aren't already dead are marching toward oblivion at an alarming pace.

Their assortments aren't suitably differentiated. Their pricing has no integrity and is unsustainable. They aren't suitably productive to manage ecommerce profitably, and...

But what about this Retail Apocalypse we keep hearing about?

Many lack the leadership necessary to navigate their transformation from where they have been to where they must go to remain viable.

On that note, I'm happy to field any questions
you may have.

Thank You