Mall Sense: How to Maximize Business in a Mall Setting

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Mall Sense: How to Maximize Business in a Mall Setting

Abstract
It seems awfully enticing: a restaurant location with a built-in market of ready-to-spend customers. Many restaurateurs look to shopping mall sites as an ideal setting for new ventures or for additional units of an existing concept, and in many cases malls offer great potential for business success. But the wise operator needs to understand how mall locations work and how they differ from a more traditional streetscape if he wants to be competitive.

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restaurant location, mall setting, customer relationship, mall management

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It seems awfully enticing: a restaurant location with a built-in market of ready-to-spend customers. Many restaurateurs look to shopping mall sites as an ideal setting for new ventures or for additional units of an existing concept, and in many cases malls offer great potential for business success. But the wise operator needs to understand how mall locations work and how they differ from a more traditional streetscape if he wants to be competitive.

To be successful in a mall setting, you need to consider these major issues: the character of the mall and its customers, where your site is within the mall, the design of your unit, and maintaining effective relationships with mall management and other tenants.

**Mall Character**

Malls come in several types. “Strip” malls can be good choices for start-up restaurants because of their relatively low rental cost and the generally small size of most of the units. (It is often better to start your restaurant with fewer seats than you think you need and then grow into adjacent space.) “Enclosed” malls have been struggling of late and might have more attractive leasing terms now than they did in prior years; but be very cautious about setting up in a mall that is losing or downgrading its anchor tenants. “Lifestyle” centers are popular with both shoppers and developers — these are the upscale malls that incorporate outdoor streetscapes and are typically the most expensive for a start-up...
reconnaissance over several different restaurateur, which is why they are from sunny ones.

Understand the character of the weather conditions. Rainy days of the week and, where relevant, different weather conditions. Rainy or snowy days may be very different from sunny ones.

As part of your investigation, make careful notes of every other food offered in the mall. What other units are selling food and beverage (F&B), at what price point and in what kind of setting? Jot down the menus for each F&B operation in the mall and make a note of gaps in the types of food offered and the quality level of the operations. Where are there likely opportunities for your concept? If shoppers at this mall can get a burger at any one of three different price points in as many restaurants, maybe having a signature burger won’t be as important as promoting, say, a unique selection of entree salads.

Understanding the character of the shoppers can also help you stay competitive with the chains in the food court or around the mall’s periphery. Again, observation will help you here. Take note of the sizes and composition of groups of shoppers, where they congregate, and what they are buying, all of which are clues to help you target specific promotions or menu items, or to identify where you’d like your in-mall advertising to appear. While you may be competing with chain restaurants that are generally much better capitalized than you are likely to be, you have the advantage of being nimble, which lets you put in place new marketing strategies or test new offerings at any time as your market changes.

**In a Good Place**

Not all locations within a mall are created equal, and leasing agents know this. That’s why rents may vary substantially depending on which unit is under consideration. It’s helpful to remember that “cheap is for a reason.” Relatively inexpensive sites within the mall may have flaws that will make it hard for an operator to be successful. Here are the main issues to evaluate:

**Visibility.** Every mall has “backwaters” — those short corridors where few shoppers venture or a “back” side of the mall that gets much less car and foot traffic than the areas closer to anchor stores or the food court. These backwaters tend to have lower rents to reflect their reduced exposure. But for most restaurant concepts, being seen is crucial to attracting customers. If customers don’t see you on their visits to the mall, they are unlikely to hunt you out when it comes time for a meal or a snack. Pick a unit that gets lots of passers-by, particularly during day parts that relate to your restaurant’s concept. Consider also those sites that can be seen from the exterior of the mall but only provided that the location is high-profile.

**Access.** Being seen is not the same thing as being easy to get to. Shoppers generally will take the path of least resistance when they visit a mall, which means that they’ll tend to grab a bite near the stores they visit rather than going out of their way to eat. Of particular concern are those sites that are attached to a mall but cannot be accessed from within the mall. Shoppers will need to go outside the mall doors to enter these sites, which drastically cuts down on the number of potential customers, especially in climates where going outside is less than pleasant during some times of the year.

Beware also of locations that require shoppers to use multiple escalators or an elevator to reach. If you must choose a site on a less popular floor of the mall for financial reasons, select a unit that is as close to the base of a down escalator as possible — shoppers can see your unit much more easily when approaching it from above than coming up at it from below. Another factor to consider is how shoppers tend to move around malls. Psychologist and consultant Paco Underhill has studied mall behavior and notes some patterns in his books, “Why We Buy” and “The Call of the Mall.” In the U.S., shoppers tend to walk counter-clockwise around malls and tend to keep to the right so they don’t get in the way of others. This helps you pick sites with signage that prospectively both readily see and approach.

**Proximity to competitors.** Anything that is close to a particular mall anchor is the mall generator. In general, generators for you are the lots of people who are coming to the mall and perhaps for some of the key tenants, but it is best to do your own reconnaissance over several different days of the week and, where relevant, in different weather conditions. Rainy or snowy days may be very different from sunny ones.

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of the Mall.” In the United States, shoppers tend to walk counterclockwise in a mall and tend to keep their eyes directed to the right so that they can check out the stores as they walk by. Knowing this helps you pick a location or erect signage that prospective customers will both readily see and easily access.

Proximity to demand generators. Anything that brings a customer to a particular mall is called a demand generator. In general, good demand generators for you are those that bring lots of people who share the same demographic or psychographic profile as your restaurant concept. Anchor stores—traditionally big department stores—provide excellent clues about the spending preferences and tastes of potential customers. But don’t discount the value of demand generators like movie theaters, public transportation hubs, connections to adjacent office buildings or hotels, or facilities like a skating rink or amusement rides. Consider daypart and seasonal fluctuations for the relevant demand generators: that skating rink may not be much help in drawing customers for large parts of the year and that office building entrance will be awfully quiet on weekends.

For F&B operations, a key demand generator is the mall’s food court itself. While food courts may not be the primary reason shoppers come to a mall, a very high proportion of mall visitors at least check out the food court if not eat there during their stay. Whether you are aware of it or not, you are more likely to be attracted to units that have dramatic lighting. Consider what the lighting is like in the mall’s public areas and at the adjacent stores when you plan your lighting. You want a lighting style that is in contrast with what’s nearby, which generally means a lower light level because it’s been shown that brighter light encourages patrons to handle merchandise so most retail stores use bright light to feature their products and boost sales. But for restaurants, the reverse may be true. Light levels send a quality message to most restaurant users: the brighter the light, the more upscale the restaurant. More varied light levels—a generally low level of lighting punctuated with highlights at key locations—is viewed as a sign of a higher-quality establishment. For operations with wall-mounted menus, backlighting may make these easier to read but also communicate that your operation is inexpensive. (That’s why many of the upscale fast-casual chains light their menus from the front.)

Designing for Competitiveness

Once you have your location, you can set up some design and operational strategies to help make your unit more attractive to potential customers.

Lighting. When you walk through a mall, what kinds of storefronts attract you? Whether you are aware of it or not, you are more likely to be attracted to units that have dramatic lighting. Consider what the lighting is like in the mall’s public areas and at the adjacent stores when you plan your lighting. You want a lighting style that is in contrast with what’s nearby, which generally means a lower light level because it’s been shown that brighter light encourages patrons to handle merchandise so most retail stores use bright light to feature their products and boost sales. But for restaurants, the reverse may be true. Light levels send a quality message to most restaurant users: the brighter the light, the more upscale the restaurant. More varied light levels—a generally low level of lighting punctuated with highlights at key locations—is viewed as a sign of a higher-quality establishment. For operations with wall-mounted menus, backlighting may make these easier to read but also communicate that your operation is inexpensive. (That’s why many of the upscale fast-casual chains light their menus from the front.)

Layout and space design. Another design feature that attracts customers to mall storefronts is a sense of mystery. Your entryway needs to communicate that the location is not the same to shoppers as it is to the mall, which is to grab a bite rather than to eat. Of particular sites that are more likely to be attrac-

tive to mall visitors at least check out the food court if not eat there during their stay. If you have a quick-service concept, it may seem to make the most sense to locate in the food court where there is lots of traffic and the mall infrastructure is set up to support food operations. However, some food court locations are better than others.

Locations with the highest visibility and the most traffic are the ones that are along the shoppers’ “flight path.” Go spend a few hours observing in the mall food court to see what the “flight path” is for that particular mall, and pick different times of the day to observe. From which direction do shoppers typically approach the food court? Which food court units seem to have the most business? Where are the lines longest and where do lines move the fastest? This will tell you a lot about the kinds of customers at this particular mall and their eating preferences, as well as the strengths and weaknesses of your competition.

McLoone Management owns six restaurants in New Jersey and Maryland, each averaging $3 million in annual sales. The powerful combination of Aloha’s marketing tools have set McLoone apart from competitors, and the company is on track to top more than $1 million in revenue from its loyalty program in 2010.

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municate what kind of restaurant you are and what type of experience your clientele can expect, but you also should try to screen at least some of the restaurant from view so that customers are encouraged to step inside to investigate. When you lay out your seating, make sure you have a few tables that can be easily seen from the entryway and train your servers to seat guests here first, because no one likes to sit in an empty restaurant, and being able to see other patrons dining suggests to other shoppers that your operation is worth trying. Remember also that shoppers tend to have more in their hands than other kinds of diners, so make plans for how you will handle piles of shopping bags or strollers so that your dining room isn’t cluttered or has poor seat use. (A chair stacked with shopping bags can’t generate revenue for you until that shopper moves on.)

**Scents.** As a purveyor of food, you have one significant advantage over most of the other stores in a mall: the smell of what you sell. There’s lots of research that says that ambient scents can have strong emotional ties that influence shoppers’ perceptions. Pleasant scents that are in keeping with the products being sold attract customers and improve their impressions of your wares. The cinnamon bun and warm pretzel vendors know this well and use scent as a primary selling tool. For your own operation, consider a scent related to your offerings and think about ways to carefully infuse your entry space with that aroma to attract passers-by. Note, however, that it is very easy to go overboard with scent, and scents that are not a good match with the food and experience you are selling could backfire.

By the way, it is critical that your lease agreement does not preclude you from allowing these scents to emanate from your restaurant. Before entering into a mall lease agreement, make sure restrictions on “noxious odors,” for example, are carefully defined, and do not prevent food scents normally attendant to your concept.

**Managing the wait.** The Cheesecake Factory is much sought after as a mall tenant because this chain brings in lots of shoppers and makes them wait, but not in a line at the restaurant. Like some of its competitors, The Cheesecake Factory gives guests a pager or takes down a cell phone number and lets guests continue their shopping until being notified that their table is ready. If you have a full-service concept, consider doing the same thing. Shoppers will appreciate the convenience and mall management will love the fact that your guests will spend more time in the mall, which usually translates into more sales.

**Managing Your Mall Relationships**

Whenever you lease space, there will be some rules and regulations you’ll have to follow, but in a mall there are many more. Developing a good working relationship with mall management is crucial, and part of that relationship comes from understanding the management’s goals and concerns right from the beginning.

First and foremost, mall operators do not want to see empty storefronts. A vacant unit suggests that the mall isn’t doing well, which is certainly not a message that mall management wants to give to shoppers or to other tenants. Empty stores upset the adjacent tenants as well because having fewer stores in the mall generally translates to fewer shoppers, which can be the start of an unfortunate downward spiral. So knowing that mall management wants store fronts to stay open and viable can help the restaurateur with lease negotiations and with ongoing mall relations. If there is not a strong demand for mall space from prospective tenants, management is more likely to work with you should you hit a rough patch and have trouble paying your full rent. It is better to keep management informed than to hide when the rental agent comes around.

In fact, cultivating a positive relationship with all of the organizations in the mall is a smart move. When you first open, bring free food to the workers in the retail shops to spread goodwill and positive word of mouth, starting with those stores that target the same psychographic as your restaurant.

If there is a new store under construction, bring the crew a bite to eat and talk up your concept. Stop by the mall office from time to time with new items you are recipe-testing and to find out what mallwide events or promotions are being planned. When these occur, take part wholeheartedly, whether it’s a sidewalk sale (try giving out samples from a “sidewalk” table), a Halloween costume parade, or a gift certificate giveaway. This will give you good leverage with the mall management when you need it, which may translate into preferred locations and timing for in-mall advertising, exposure on the mall’s exterior signage, or help with your own promotions.

Think of all of your relationships within the mall as a series of partnerships. There may be joint promotional possibilities with other stores, although probably not with the national chains as these tend to have no flexibility in their marketing options. Try approaching a locally owned retail operation that has the kinds of customers you want and dreaming up a co-promotion — maybe a fashion show of their clothes in your restaurant, or a contest of some sort that encourages spectators right outside your door. Creative thinking will attract attention, which is the key to being successful in a crowded and competitive mall environment.

**Be a Good Mall Citizen**

Because most mall leases include percentage rent — part if not all of your lease payment is driven by the volume of sales that you do — it’s in the mall’s interest to help you be successful, but the mall operator is more likely to be willing to stretch for you if you prove yourself to be a good mall citizen. Pay attention to getting precisely the right space in the mall for your unit and equipping it effectively, and then build strong ongoing relationships with the mall community to sustain that competitive advantage.