Marketing Strategy for Westgate Mall

1.0 Executive Summary

The Amarillo area is planning to build new lifestyle shopping centers. This means tough times for Westgate Mall, a twenty-four year old enclosed shopping center. In this paper, we develop a marketing strategy for Westgate Mall to continue to attract customers in this competitive environment. Our plan is designed to provide customers with a diverse, comfortable and convenient shopping experience. Our goal is for Westgate Mall to continue to be the major regional destination for shopping and leisure activities.

2.0 Background Information

Westgate Mall is a super regional mall located in Amarillo, Texas. It currently contains 95 specialty stores and four department stores under 885,063 of enclosed space. Within the next three years, two new Lifestyle Centers are planned for the Amarillo area. They will create the first competition Westgate Mall has faced since its opening twenty four years ago. Lifestyle Centers try to recreate the feeling of shopping on a 1950’s Main Street with their open air design and mix of shopping, restaurants, and movie houses. These new centers will create a loss of sales for Westgate Mall. Implementing Lifestyle Center characteristics and providing unique new services is critical for continued success.

3.0 Situation Analysis

Totally enclosed malls with advantages such as temperature control are no longer fashionable in the U.S. Actually, very few malls are being constructed today. Instead, open-air centers are being built and are taking more retail dollars away from the malls. Two of the more popular types are leisure time/lifestyle centers and convenience/value centers.
3.1 Revolution of Shopping Centers

As we can see in table 1, enclosed suburban shopping malls became popular during the 1950s. Since the move from downtown department stores to suburban shopping malls, retailers have evolved the shopping experience to include factory outlet malls, power centers, cybermalls and now lifestyle shopping centers. Fifty years ago, 55% of retail stores were located in shopping malls. Today, that percentage has dropped to approximately 20%.

Accordingly, 80% of new retail developments are free-standing. These stores are often built next to or across the street from a Wal-Mart or other large big-box store. Despite convenient parking and close to other stores, there is a drawback – minimal foot traffic between stores. Developers of free-standing shopping centers are concerned with a lack of foot traffic as this was a once a key benefit of the enclosed shopping mall.

<table>
<thead>
<tr>
<th>Decade</th>
<th>Stage of Evolution</th>
<th>Revolutionary Environmental Factor</th>
<th>Retail Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950s</td>
<td>Enclosed Shopping Mall</td>
<td>Structural Highway constructions Rise of suburbs</td>
<td>Assortment</td>
</tr>
<tr>
<td>1970s</td>
<td>Factory Outlet Mall</td>
<td>Structural Adverse economic situations Wide array of middle- and lower-middle-income consumer</td>
<td>Value Assortment</td>
</tr>
<tr>
<td>1980s</td>
<td>Power Center</td>
<td>Structural Increase of dual-income families</td>
<td>Convenience Value Assortment Convenience Product</td>
</tr>
<tr>
<td>1990s</td>
<td>Cyber Mall</td>
<td>Structural Cocooning consumers Information Technology Super highway</td>
<td>Convenience Product</td>
</tr>
<tr>
<td>2000s</td>
<td>Lifestyle Shopping Center</td>
<td>Structural Affluent consumers Growing single-person households Information Technology Interactive technology Merging bricks and clicks Expressive Experiential aspect of shopping Self-actualization Psychographics (reflecting sociocultural changes) more important than demographics for consumer studies</td>
<td>Lifestyle</td>
</tr>
</tbody>
</table>

Table 1: Revolution of Shopping Center

---

4 See: [Source](#)
3.2 New Trends in Shopping Centers

The once-revolutionary shopping malls that took weather out of the shopping equation are being pushed aside by retail developments with a fresh-air and mixed-use sensibility. "Lifestyle Centers" and "Town Centers" are replacing the mall experience by attempting to create a sense of community, and positive, varied experiences. These niche centers are smaller and focus on food, entertainment, music, books, home goods, etc.

Customers park outside an attractive set of buildings and walk into a pedestrian friendly environment. These centers are successful in affluent markets and focus on “shopping,” not “buying.”

Citing a trend in the shopping center industry for department stores and other major retailers to open stores in suburban shopping and power centers, partner Don M. Casto, III said, "Retailers are taking another look at properties inside-the-outer-belt for their expansion plans. Several of our centers offer prime redevelopment opportunities and put retailers closer to their customers in stores with lower rents and operating costs than mall locations. Consumers also appreciate the convenience of in-and-out shopping in their own neighborhoods."

3.3 SWOT Analysis

3.3.1 Strengths

1) Westgate Mall is managed by Jones Lang Lasalle of Chicago, Illinois. They are the largest third party regional mall manager in the U.S. They understand the upcoming challenges that regional malls face in the near future and have numerous ways to strengthen each property depending on their specific qualities.

2) Westgate Mall has been the main shopping center in the Amarillo area for twenty four years. Loyal or not, many people have been used to shopping here because of its variety of stores.

3) Westgate Mall is positioned along a major interstate and is close to Amarillo’s major growth corridor.

3.3.2 Weaknesses

1) Westgate Mall has a food court that offers little to the shopping experience.

2) Regional malls are losing appeal as other types of centers are opened.

3) There is no feeling of warmth in the mall. It is definitely showing its age.

4) Many customers want the convenience of parking close to their retail destination. Customers can park on the wrong side of the mall and have a 10 to 15 minute walk to their destination.
3.3.3 Opportunities

1) Adding Lifestyle Center characteristics to attract Baby Boomers looking for an upscale shopping experience.
2) Offering customers unique service features found nowhere else.
3) Targeting the mall experience to a more widespread customer base.

3.3.4 Threats

1) Competition from two new Lifestyle Centers.
2) Major super centers and other new store openings in area small towns reduce shopping traffic to Amarillo.
3) High gas prices reduce the number of times people come to Amarillo to shop.

4.0 Market Strategy

4.1 Mission

Since nationwide mall traffic is down 30% in the last 5 years and the department store percentage of total retail sales has dropped from 7% to 4%, it is imperative that Westgate Mall develop a strong strategy to stay competitive.

4.2 Marketing Objectives

Over its twenty-four year history, Westgate Mall’s customer base has moved down the socio-economic ladder. Customers are now predominately from Class C (middle class). The objective is to increase its market share of Class B (upper-middle class) and Class A-minus (lower upper class) customers, especially baby-boomers.

4.3 Target Market

- Teenagers make almost 40% more trips to shopping malls than other age groups. They spend $97.3 million annually, and therefore comprise an important market segment for Westgate Mall.5
- The second largest target market for Westgate Mall is dual-earner young married couples. This group typically has a desire to remain fashionable and their children strongly influence many of their expenditures.
- The baby boomers, who account for 28 percent of the population, are spending more than any other age group.7 Now more than ever, they have resources and time to shop. Therefore, it is extremely important to recapture this huge market.

4.4 Market Needs

With over 70 percent of purchase decisions being made by women8, it is important to meet their shopping needs. This means entertainment areas for families and children
when they accompany a parent on a shopping trip.

Therefore, Westgate Mall must develop strategies to provide family-targeted experiences in order to attract the essential female and family markets.

4.5 Positioning

Paco Underhill, the author of *Why We Buy* said, "In order to get people to buy, you have to get them there, and the entertainment coefficient in a mall is something that builds traffic-pure and simple".9

Therefore, shopping at Westgate Mall should be a diverse experience that the new smaller shopping centers can’t offer. Entertainment and recreational activities should be incorporated within the experience.

It is recommended that a positioning theme be developed for Westgate Mall based, not on its physical attributes, but on customer feelings toward the shopping area. The most important characteristics include a comfortable atmosphere, friendly service, appearance/cleanliness, convenience, quality of merchandise and reasonable price.

4.5 Marketing Mix

Westgate Mall should change its marketing mix in the following areas.10

- **Pricing.** Prices should match those of life-style shopping centers. Entertainment options will be competitively priced to attract the family market.

- **Advertising and Promotion.** This is very important because Westgate Mall needs to rebuild its image. We recommend that Westgate Mall hire an ad agency to assist in planning ad campaigns.

Because Westgate Mall’s trade area is so large, coop television and newspaper programs with the stores makes a lot of sense. Small town papers within a 150 mile radius can run ads every Friday and Saturday pushing sales or special events. These special events should be scheduled at least once a month.

Special events are great opportunities. For example, the back to school bash on August 8, 2005 attracted 8,367 people. These types of events bring in large pieces of incremental business and reduce the impact of competitors. Also, bringing in popular regional musical acts is a big draw in Amarillo. Westgate Mall should consider staying open late one Friday a month and having an indoor concert series.
Westgate Mall should take advantage of its highly visible and convenient location on Interstate 40. Since it is at least four hours to the nearest mall along I-40, billboards beginning at least 100 miles from Amarillo in either direction would entice travelers to stop, shop, and eat.

- **Customer Service.** Westgate Mall should actively survey customers and look for opportunities to improve their customer service.

### 4.6 Structure Renovation

Westgate Mall should change its image immediately by painting the exterior an earth tone such as Terra Cotta. This gives the mall a more inviting appearance. Also, large awnings on the exterior would help to soften the look.

The interior should be renovated to make it more inviting, keeping people in the mall longer. Painting with earth tones and adding texture such as stucco or murals would give the feeling of warmth. Decorative fountains should be placed throughout the mall to enhance the atmosphere and create a town square feel in multiple locations. Themes, such as New Orleans, New York, Paris, London, etc., should be developed throughout the mall. As customers walk the length of the mall, they’ll “travel” the world.

The mall should consider building free standing centers on the north side, parallel to I-40. This would provide maximum exposure. The new space would be filled with upscale shops and restaurants with extended mall hours.

### 4.6.1 Restructuring

#### 4.6.1.1 Hybrid Shopping

Online shopping has grown exponentially over the past five years. This has eroded store sales because the products can be ordered and shipped with less manpower than the traditional brick and mortar store.

Hybrid shopping allows customers to order products from the company website and immediately pick it up at the mall. This helps those uncomfortable with pure online shopping. Hybrid shopping is more like calling the store and having them pull the order. Also, the customer has a physical place to take returns and an actual person to assist with any problems.

The mall should have a designated store front at one of the main entrances with designated parking so the shopper could get in and out quickly. The second option would be to create a drive through feature so the customer would not even have to get out of the car.
4.6.1.2 Men’s Place / Area

Men are sometimes asked to accompany their wives to the mall to shop. Westgate Mall should create a men’s cluster for this group. It could include a sports restaurant with plenty of seating, an indoor driving range, a batting cage, etc. Also stores such as Restoration Hardware provide unique, fun products that can keep men occupied for long periods of time.

4.6.2 Redevelopment of Some Segments

4.6.2.1 Special Food Court and Restaurants

Westgate Mall’s food court should be placed near a play area designed to appeal to, not only the family market, but also the homemaker market. It will generate substantial non-peak-time weekday business. Homemakers are always in search of locations they can visit while their children play nearby. Food courts are great locations for meeting, with a food selection better than that of individual fast food restaurants. Each time the homemaker comes, there is a high probability she will make some other purchases.

The variety of restaurants should be increased to target different markets including the price conscious, children, and tourists. Some restaurants should be first choices when customers consider celebrations, receptions, meetings, and business events.

4.6.2.2 Integrated Entertainment Place for the Kids, the Young, and the Adults

We highly recommend that Westgate Mall incorporates entertainment and unique family opportunities into their shopping experience. It ensures their competitiveness in the changing retail landscape. Many new centers, especially the urban-based ones, are devoting 40 percent or more of their offerings to entertainment, restaurants and cinemas.

Entertainment can include such simple additions as a carousel, a children's play area, or larger entertainment destinations such as ice skating rinks, skate parks, and multi-screen cinemas.

The free play area should be integrated into the central food court and offer edutainment-oriented play to attract educated market segments. The multi-screen cinema, ice skating rink, and skate parks will also be important entertainment anchor for lucrative youth market.
5.0 Conclusion

The above marketing strategy will help foster a competitive advantage for Westgate Mall.

To regain market share, Westgate Mall must heavily invest. First, it needs to renovate the exterior and interior appearance of its facility to make it more inviting to customers. Second, time and money must be spent on the advertising and promotion in order to rebuild its image. Third, efforts must be made to entice the Baby Boomers—new department stores, hybrid shopping, men’s cluster, etc. Lastly, entertainment options must be added to capture the lucrative youth and family market.

This is a significant investment; however, the potential profitability would cover these costs. Also, these types of changes may be necessary to even stay alive in this highly competitive environment.
Bibliography