

# McTevia Talks to The Detroit News About the Fate of Smaller Bookstores at the Mall

In malls, book superstores sideline smaller cousins

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The Detroit News

The small-scale mall bookstore, once ubiquitous in regional shopping centers across the country, is giving way to something bigger: the book superstore.

Two mall mainstays, Waldenbooks and B. Dalton, subsidiaries of bookseller behemoths Borders Group Inc. and Barnes & Noble Inc., respectively, closed in droves in January, faced with irrelevancy against superstores' wide selections, coffee bars and social hubs, and their digital counterpart, e-readers that offer limitless portable content anytime.

But there's a new tenant in town. Malls around the country are welcoming big box bookstores to their ranks, a powerful driver for mall sales and traffic. Book superstores anchor properties owned by Bloomfield Hills-based Taubman Centers Inc. in Charlotte, N.C., Norfolk, Va., Stamford, Conn. and Miami.

Barnes & Noble recently joined Grand Rapid's Woodland Mall from a standalone location downtown. Borders has operated a supercenter at Oakland Mall since 1999.

The superstores, which boast in-store cafes and seating, remain places for social gatherings, even as electronic reading devices such as Apple's iPad and Amazon's Kindle gain traction among consumers and threaten the viability of brick and mortar stores.

"The small-format bookstore has not proven to have enough selection to be financially viable," said Taubman's chief operating officer, Bill Taubman. "We're going back to the beginning on some level."

It's no secret that bookstores are fighting to compete on several fronts. Online and bargain retailers such as Wal-Mart, Costco and Amazon.com sell books at a significant discount; digital books are threatening the paper and ink variety; the recession has curtailed consumer spending on books; and the Web offers enough content, free of charge, to occupy even the most voracious reader for a lifetime.

Ann Arbor-based Borders, which has struggled for several rocky years, shuttered 189 Waldenbooks stores in January, leaving only 142 around the country. Meanwhile, its stronger competitor, Barnes &

Noble, closed all of its B. Dalton stores last month.

"The mall bookstore is going the way of the mall shoe repair shop, the drugstore, and the toy store," said Ed Nakfoor, a Birmingham-based retail consultant. "A quaint idea that's less relevant on today's hypercompetitive retail landscape."

Mall bookstores, which enjoyed their heyday in the 1970s and 1980s along with record stores, peaked about 10 years ago with the rise of the book superstore.

"The big bookstore over the past 20 years has made the B. Dalton format obsolete," said David Deason, Barnes & Noble's vice president of development. "The smaller stores are no longer really what the public respond to."

Borders has said that "right-sizing" its Waldenbooks specialty chain will allow it to focus on its supercenter and digital business. A company spokeswoman declined to comment.

Opening superstores in regional malls offers several advantages, according to analysts.

Having interior and exterior entrances attracts more foot traffic, and mall rents are usually cheaper than standalone stores, which often require expensive corner lots to raise visibility and draw traffic, said Jim Stokas, principal at Stokas Realty Advisors in Southfield.

Malls, stricken by high vacancy rates due to 2008's financial collapse, often can cobble together four or five vacant spaces to make room for a 25,000 square foot superstore, he said.

The small-format regional mall bookstore could disappear within five years, said Jim McTevia, managing partner of Bingham Farms-based turnaround firm McTevia & Associates. "I don't think (booksellers) can afford the luxury of all these physical locations."

Traditional, limited-selection bookstores aren't a primary driver to malls like apparel and other goods are, McTevia added. "As a shopper and a reader, I wouldn't think of going to a regional mall if I wanted to go to a bookstore."