

# Puget Sound Business Journal

## Starbucks' closure of Teavana stores is the latest blow for U.S. malls

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It has been a tough year for malls around the country with announcements of more store closures everywhere you look.

The latest is [Starbucks'](#) announcement to [close its 376 Teavana stores](#) because many of the mall-based stores have been "persistently underperforming."

[Some analysts estimate](#) as many as one in three U.S. malls will close in the coming years. Ron Friedman, co-head of retail at accounting and advisory firm Marcum, said those that survive are going to have to change and adapt to what millennial shoppers want.

Dubbed the "Amazon effect," huge retailers like [Sears](#), JCPenney, and [Macy's](#) are [struggling to keep up with online competition](#). This has some department stores [closing hundreds of locations](#) that are typically traffic-driving anchor tenants in malls.

It is not just these traditional retailers struggling with the fact that customers are less interested in malls and shop more online, though. A [Credit Suisse](#) research report released in April said it's possible more than [8,600 brick-and-mortar stores will close their doors in 2017](#).

Typically mall-based retailers like Payless, [RadioShack](#), [Gymboree](#) and [The Limited](#) have all [recently filed for bankruptcy and announced store closures](#). The once popular teen clothing store [Wet Seal](#) came out of bankruptcy only to then announce the closure of [all 171 of its stores](#).

" Mall traffic is declining and you are seeing a lot of stores, especially junior stores – the Wet Seals, the Abercrombies – that are basically mall-based having a hard time," said Friedman. "We are probably in fourth or fifth inning going through this change, and there will be lots more changes. More malls are going to close. More stores are going to close."

Malls have traditionally served as convenient one-stop shopping destinations for Baby Boomers, but millennials are looking for a different experience and don't shop at [Macy's](#), Friedman said.

To remain relevant and not become "dinosaurs," malls have to change the way they do business, Friedman said. That is why [many malls are in the process of remodeling](#).

"Millennials want to go out to dinner, maybe go out for drinks and dance, so malls are adopting more restaurants and entertainment," he said. "They are changing the concept. You create the food first and then they will shop second."