

MALL

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Business

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The Nationalization of the Mall

AS NATIONAL chains continue to set up shop in the former backwater of Santa Cruz, a few local purists decry the trend that is making their hometown look more and more like Anywhere, USA.

But local merchants have found a silver lining in the cloud of big-time competition: the interest shown by national firms is evidence that Santa Cruz offers a viable market for everything from blue jeans to pastrami.

Witness the rapid-fire appearances of The Gap, Togo's and the soon-to-open Payless Shoe Store, all within a block of each other on the Pacific Garden Mall.

These new shops are situated near chains that have settled here as part of a new corporate interest in the centerpiece of downtown Santa Cruz — the ID Building, the Athletic Shoe Factory, and Pip printing shop. In addition, two new restaurants abutting the mall, Hobee's and Schlotzsky's, are headquartered elsewhere.

"I don't know why anybody should be surprised — corporate chains have been expanding throughout the entire country for the past 65 years," said Sam Leask, local department store owner.

"That some of them are now showing an interest in locating on the mall is a great vote of confidence for downtown Santa Cruz. It shows that some well-organized, well-run operations believe the mall is an attractive place to locate and that they can be successful here. I think it is a trend



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Togo's is one of several new non-local chains moving to the Mall recently, but not everyone is convinced of a trend.

that will continue," Leask said.

George Ow Jr., owner of Scotts Valley's Kings Village shopping center and Capitola's Kings Plaza (traditional bastions for chains) is also pleased with the growing interest in downtown, where he recently opened a new Pizza Company outlet.

"It's exciting that the mall is being seen as a viable, profitable place to locate," said Ow. "I think the two major problems of locating downtown are the street people and the parking situation. It's also very important to keep the mall as clean as possible."

Despite the seeming influx of out-of-town merchants, two important local figures — chamber of commerce executive director Lionel Stoloff and former Downtown Association director Marybeth Richardson — doubt whether there is really a trend at all.

"First you have to make a distinction between a true chain and franchises, which may have a national headquarters but are still run by local people," said Richardson, who took over as owner of the Divorce Center, also on the mall, last month.

"The only true corporate chains are The Gap and the Payless Shoe Store. The landlord of the Payless building had to actively recruit the chain because he couldn't find a local merchant while the space was vacant for a year and a half," Richardson said.

Franchisers can sum up their interest in Santa Cruz in one word: money. For more on their viewpoints, see Chela Zabin's story on page 43.

"Realistically," explained Richardson, "the lack of square footage in buildings on the mall is going to prevent corporate chains from ever moving there in a big way. That and the relatively small population of Santa Cruz. Corporations do their homework, you know."

Stoloff added a historical perspective to the picture.

"The players have changed, but national markets have always been on the mall," said Stoloff. "Ten years ago there was Penney's, Gallen Kamp, Moto-Day, and Singer, which is still there. Not that much has changed really."

"It is true that more restaurant franchises are appearing on the mall today, but I would put them in a different category because Santa Cruz is recognized as a place where people eat out a lot," Stoloff said. "But as far as retail chains are concerned, downtown Santa Cruz will always have its limitations." •

—Kevin Hanson