

New Eagan outlet mall, Mall of America size each other up

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Shoppers get a new and cheaper alternative to the Mall of America on Thursday, when a massive new outlet mall opens less than 5 miles away in Eagan.

But is the new Twin Cities Premium Outlets a threat to the nation’s No. 1 shopping destination? Or do the two complement each other in ways that will make Minnesota an even more attractive destination for retail tourists from around the Midwest and beyond?

Many people think the two malls will gain from their proximity, particularly because shoppers who come from outside the metro area for one may also visit the other. But the two aren’t working together to lure shoppers, and the new outlet center will offer lower-priced versions of many of the same stores at the bigger mall.

“There’s no question that Eagan will feed off Mall of America,” said George John, an associate dean at the University of Minnesota’s Carlson School of Management. “But they won’t cannibalize Mall of America because it’s a destination unto itself.”

The arrival of a frenemy for the Mall of America is part of a nationwide thaw in relations between full-line malls and outlet malls that’s been developing for about a decade. The high-low pairing is already visible in places like Las Vegas and Orlando, where outlets vie for business from visitors who aren’t necessarily in town for discount shopping.

Mark Silvestri, chief operating officer of Twin Cities Premium Outlets owner Simon Properties, said those malls are successful because they are in big tourism markets. He thinks the new mall will be no different.

“Mall of America is a huge shopping and tourism destination,” Silvestri said, “and the Twin Cities Premium Outlets will complement that.” Publicly, executives at the Mall of America are also focusing on benefits more than risks.

“Competition is good,” Dan Jasper, vice president of public relations at Mall of America, said in a statement. “All boats rise together and this week is another example of that. We wish them the best of luck in their grand opening.”

About a dozen hotels around the Mall of America and nearby Minneapolis-St. Paul International Airport — including the Hilton Garden Inn, Residence Inn, Holiday Inn, Country Inn and Best Western — will add the outlet mall to shuttle services they run for guests.

“It’s logical to assume that someone coming to Mall of America would want to visit the outlets too,” said Minneapolis retail expert Jim McComb.

Shoppers will see many of the same brands at both centers, even if items are not an exact match. More than two-thirds of the outlet mall’s discounted brands will compete with full-priced versions at Mall of America, including Ann Taylor, Armani, Banana Republic, Carter’s, Chico’s, Coach, Cole Haan, Helzberg Diamonds, J. Crew, Janie & Jack, Michael Kors, Nike, Steve Madden, Torrid, Vera Bradley and 7 for all Mankind.

But these stores won’t necessarily be carrying the same products in both locations, and many shoppers are sophisticated enough to know that.

“Shoppers can go to Mall of America to buy a piece from Banana Republic’s new Sloan collection, but they know they won’t find it at the outlet,” Beth Perro-Jarvis at Ginger Consulting in Minneapolis said. Then, she added, they can head to the Banana Republic outlet in the Eagan center for something to pair it with that’s more affordable but with a similar style and fit.

One Mall of America retailer loaded with full-priced brands that can be found for less at the outlet mall is Nordstrom. But Perro-Jarvis doesn’t think the luxury department store is shaking in its \$1,200 Balenciaga boots.

“Nordstrom’s high-level service model is their hallmark, not to mention a gorgeous store environment,” she said. “Their deep selection of high-end brands like Balenciaga, Prada and Chanel and destination women’s departments like Via C and Savvy will keep their customers very loyal.”

With both malls so close to the airport, both have the opportunity to lure significant dollars from well-heeled global travelers. International shoppers spend three to five times more than domestic shoppers, said Bill Deef, vice president of international relations at Meet Minneapolis. Mall of America currently draws more than 3 million international shoppers a year, many of them hard-core outlet shoppers, Deef said.

“The two malls will definitely complement each other,” he said. “They can work together as two different experiences with visitors going to both.”

Another potential advantage for both locations is that once shoppers treat them as destinations, they become less vulnerable to competition from online-only retailers. “While not impervious to online shopping, outlets have an advantage to online in that they’re a destination,” said Marshal Cohen, chief retail analyst for the NPD Group.