

2007 CORPORATE SPONSORS TO DATE:

Adolfson & Peterson Construction
American Engineering Testing, Inc.
The Avalon Group
Barna, Guzy & Steffen, Ltd.
Bremer Bank, N.A.
Brookfield Properties Corporation
CB Richard Ellis
CSM Corporation
Cambridge Commercial Realty
Colliers
The Collyard Group L.L.C.
Commercial Partners Title, LLC
Cunningham Group Architecture, P.A.
Dalbec Roofing
Dougherty Funding LLC
Exeter Realty Company
Faegre & Benson LLP
General Growth Properties, Inc.
Gray Plant Mooty
Great Clips, Inc.
Griffin Companies
Grubb & Ellis/
Northco Real Estate Services
H.J. Development, Inc.
Heitman Financial Services LLC
Hempel Properties
Inland Real Estate Corporation
JE Dunn Construction
J.L. Sullivan Construction, Inc.
Jones Lang LaSalle/Rosedale Center
KKE Architects, Inc.
Kraus-Anderson Companies
LandAmerica
Landform
Larkin Hoffman Daly & Lindgren Ltd.
LaSalle Bank
M & I Bank
Madison Marquette
McGough Development
Messerli & Kramer P.A.
Midwest Maintenance & Mechanical, Inc.
Minneapolis/St. Paul Business Journal
NorthMarq Capital, Inc.
Northstar Partners
Olsson Associates
Oppidan, Inc.
Opus Northwest LLC
Park Midwest Commercial Real Estate
Paster Enterprises
RJ Marco Construction Inc.
RLK Incorporated
RSM McGladrey, Inc.
RSP Architects
Reliance Development Company, LLP
Robert Muir Company
Ryan Companies US, Inc.
Schoell Madson
Shingobee Builders, Inc.
Solomon Real Estate Group Inc.
Stewart Title Guaranty Company –
National Title Services
TCF Bank
Target Corporation
Towle Financial Services
U.S. Bank
United Properties
Venture Mortgage Corporation
Weis Builders, Inc.
Wells Fargo Bank, N.A.
Welsh Companies, LLC
Westwood Professional Services, Inc.



MSCA news

VOLUME 21, NUMBER 9

SEPTEMBER 2007

SURVIVING SATURATION

Feature

Guest Author: Ed Engoron, FCSI, Perspectives/The Consulting Group, Inc.

What's for dinner tonight, honey?" There have never been more answers to this age-old question than there are today. While this is good news for consumers, it is assuredly the source of many headaches for those competing in the most intense battle for market share the food and foodservice industries have known. Once seen as a business in which even the most inexperienced couldn't fail, today's mature \$1.1-trillion dollar industry (foodservice and retail combined) requires business savvy, street smarts and a survival instinct just to stay in the game.

We are living in a buyers' market and *the consumer is king*. Anyone who is arrogant enough to believe otherwise is only fooling themselves. The key to surviving market saturation is in developing and leveraging **legitimate competitive points of difference**... those critical features and benefits that set a company apart from the competition either because it is the only one offering them or because nobody does them better.

If consumers aren't given a compelling reason to choose the restaurant, supermarket or

Surviving Saturation on page 2

PLYMOUTH POINTE

Snapshot

Location: Highway 55 and Northwest Boulevard in Plymouth

Month/Year Open: Retail: December 2007 - Hotel: April 2008

Owner: CSM Corporation

Center Manager: Brian Averbeck, CSM Corporation

Leasing Agents: Kris Schisel and Chris Simmons, Welsh Companies, (952) 897-7700

Architects: Retail: CSM Corporation - Hotel: Tushie Montgomery Architects

Construction Contractor: Retail: RJ Ryan Construction - Hotel: Tech Builders

GLA: Retail: 21,000 sf - Hotel: 120 rooms

Number of Stores: Approximately 10

Market Served: Plymouth

Construction Style: Brick and EIFS



Facts/Narrative: This new mixed-use development will have 21,000 sf of retail and professional office space anchoring the corner of Highway 55 and Northwest Boulevard with a 120-room Marriott Residence Inn on the north half of the site. Traffic counts on Highway 55 are 45,000 cars/day and Northwest Boulevard has 24,000 cars/day with great Plymouth demographics. The retail buildings will be ready for delivery to tenants in late October 2007.

product in question, I guarantee you that they won't. In most instances, the decision regarding where to eat or what to buy is made in an instant, usually only minutes — even seconds — before the transaction itself transpires. That means finding a way to ensure that the place or product, along with their respective competitive points of difference, is top-of-mind when that moment of decision occurs.

It is true that many companies today are attempting to use “critical mass” as their weapon of choice in the battle for market share. The industry giants continue to get bigger, trying to stomp out *anyone* or *anything* that gets in their way. While the “world domination” strategy is an effective way to satisfy the need for convenience and ensure top-of-mind awareness among consumers, by itself it is not enough to ensure long-term success (after all, T-Rex was the largest of the dinosaurs and look where he is today). If it were, then deep discounting, declining consumer ratings and weak same-store sales wouldn't be among Wendy's most serious problems.

Their arch-rival Burger King learned this lesson well not so long ago. Management realized that its systems were out of control and its image was fuzzy at best; that they had lost sight of what made them successful in the first place and were no longer leveraging their competitive point of difference. Over the past several years, the company returned to core menus and values, reminding the consumer — and themselves — what makes Burger King better than the rest...*you just can't beat an old flame!* Is Burger King the *only* hamburger place that offers flame-broiling? No, but those who love the flame-kissed flavor know that they can get it at a Burger King virtually anywhere in the world, and that they can't find it at McDonald's, Wendy's, Sonic or White Castle. Consistency of experience, convenience of location and strong value perception supports and enhances this legitimate competitive point of difference.

Companies that are successful over the long haul provide products and/or services that are meaningful to the consumer. If the chief executive or marketing director can't give at least one, and ideally there should be several, truly compelling reasons why

consumers should choose them over their competition, then why would they expect a consumer to (be able to) do so?

Helping clients identify and seize upon a point-of-differentiation is one thing; getting them to stay focused and *true* to their *positioning* is another. When the going gets tough and sales are on the down slope, there is a tendency — born of desperation — to abandon the position in an ill-fated attempt to be all things to all people. Here are two examples:

Wendy's: Wendy's has violated (maybe even abandoned) the very principles of their QSR adult positioning that made them so wildly successful in their early days. In an attempt to reduce costs and expand their business base to include young males, they have now introduced the “*Baconator*.” Their stores project as much plastic, vinyl and simulated wood laminate as virtually any other—or better said, *every* other—fast food joint in the industry. They lost focus.

TGI Friday's: By contrast, TGI Friday's, once known as the ultimate “meet market” appealing to young singles of the seventies and early eighties, has successfully evolved into the family-friendly casual dining spot. They did not attempt to maintain the meet-and-greet bar scene while trying to attract families, nor did they try to become the kiddie palace of full service restaurants. Rather, they grew up, matured and adapted to their customer's changing needs, ages, tastes and urges. They stayed focused on their steady course, and now “every day is *Friday*.”

A good exercise is a form of the *acid test*. It involves stopping consumers at random in the vicinity of the product or establishment in question. Tell them that you're new to the area or are unfamiliar with it, and that you're wondering if you should try it (the product or establishment). Those that love the product or concept will expound upon its virtues, helping you to recognize the true competitive-points-of-difference. Those who are less enthusiastic about the product or operation will help to quickly zero in on those areas in need of attention. Either way, be receptive to the feedback and respond accordingly. It's the most cost-effective market research one can do.

It doesn't take a rocket scientist — or even an MBA for that matter — to survive in

today's saturated marketplace. It takes tenacity, common sense, commitment to excellence, focus and flexibility. Here are a few guiding principles to help chart the stormy waters:

Go Back To Basics: This is always our first step when embarking on a new project.

Keep It Simple: Consumers today make snap decisions. If there are too many details, or it's convoluted or just doesn't make sense on the first go-around, start over and simplify!

Maintain Customer Focus: If you listen to what they like and what they dislike, what they need, where they're going, and what problems they encounter along the way, you'll be ready to adapt and respond accordingly.

Take Pride & Credit: Consumers need to be informed, cajoled, prompted and reminded to visit and/or buy.

Build, Don't Cut: Most companies are not so much over-costed as they are under-saled.

Don't Be Greedy: When businesses are fortunate enough to enjoy the fruits of success, they need to remember to share the wealth — with coworkers, customers, vendors and shareholders.

Change or Die: The world is changing all around us each and every day. If there is not a willingness to change, adapt and evolve the products and operations fighting to survive in this dynamic business environment, then the “die” has already been cast.

Perspectives/The Consulting Group is an international professional consulting firm with offices in Los Angeles, Las Vegas, Stockholm, Luxembourg and Tokyo. The company has been rendering concept development, design, business planning and implementation services to the hospitality industry (restaurants, hotels, casinos, resorts, theme parks and cruise ships and airlines) for over thirty-five years. Perspectives' services include: Concept Creation, Strategic Planning, Brand Development, Market Research, Operations Analysis, Menu and Product Development, Facilities & Kitchen Design, Market Planning and Site Analysis, Food Safety and Sanitation Programs, Consumer and Corporate Communications Programs. to be poised to finish well. ■

FEATURED CORPORATE SPONSORS COMPANY VISIONS

Thank You

H.J. Development, Inc.

At H.J. Development, we strive to maintain our goal of superb performance in retail development, management, and investments resulting in successful, long-term ownership.

Schoell Madson

Schoell Madson's core vision is to assist its clients in achieving their development objectives through establishing and building lasting collaborative relationships.

Park Midwest Commercial Real Estate

To provide customer service, manage and lease like we own it.

RLK Incorporated

Creating extraordinary communities.

TCF Bank

To provide its customers innovative products through multiple banking channels, with a focus on convenience in banking.

Kraus-Anderson Companies

To be a fully integrated commercial real estate service organization dedicated to serving our customers with a high degree of professionalism and integrity while protecting and maximizing the value of the properties entrusted to our care.

MALL OF AMERICA

by Sonnie Elliott & Rich Forschler, Faegre & Benson LLP

During the 2007 legislative session, the Mall of America ("MOA") advocated for public financing assistance to help pay for a new \$180 million parking ramp. A public financing provision was included in the omnibus tax bill (H.F. 2268), which was vetoed by Governor Pawlenty. The provisions included in the bill were the following:

Authorization for the City of Bloomington to impose, within the Mall of America special taxing district, a local option sales and use tax of up to 1%, an admissions tax of up to 1% for entertainment and recreational facilities, and a food and beverage tax of up to 1%.

Authorization for the City of Bloomington to impose a 1% lodging tax in the City of Bloomington.

Changes to the Phase I and Phase II Tax Increment Financing districts to extend their life and boundaries.

In addition to the provisions listed above, the most controversial financing provision was a change to the fiscal disparities program. Under the existing law, each community in the Metropolitan area is required to contribute 40% of the growth in its local commercial-industrial property tax base since 1971 to a common metro-wide pool. The pooled tax base is then redistributed among all taxing jurisdictions using a formula based on how the total fiscal capacity of each compares with the metro area

average. A community with a larger fiscal capacity receives a smaller share; one with lower capacity, a larger share.

The new provisions increased the fiscal disparities levy for the Bloomington share of the area wide levy by an amount equal to the fiscal disparities tax paid by the Mall of America, Phases I and II. The proceeds generated by this levy would go to Bloomington to finance the parking ramp for Phase II of the Mall of America. This would have resulted in a small tax increase for all commercial-industrial properties in the Metropolitan area.

The omnibus tax bill was vetoed due primarily to a provision related to inflationary budget adjustments. However, the Governor stated that while he supports public assistance for Phase II at the MOA, the fiscal disparities financing was "problematic."

TECHNOLOGY



Have you changed firms recently? Is that twenty-year-old photo no longer recognizable? Please keep your MSCA profile up to date. Click on "members only" on the left side bar and login. Click on "Edit Profile" in the upper right corner. From there you can edit your bio, change your address and upload a current picture. Any questions please call Sean Cullen at (763) 476-6010.



2007 LEADERSHIP OFFICERS

President

Jay Scott, *Solomon Real Estate Group*

1st Vice President

Bruce Carlson, *United Properties*

2nd Vice President

Cindy MacDonald, *Kraus-Anderson Co.*

Treasurer

Ken Vinje, *CCIM, SCSM, Kraus-Anderson Co.*

Secretary

Brett Christofferson, *Weis Builders, Inc.*

DIRECTORS

Peter Berrie, *Faegre & Benson LLP*

Deb Carlson, *Northstar Partners*

Stephen Eggert, *Target Corporation*

Tom Madsen, *Benson-Orth Associates, Inc.*

Bill McCrum, *W.E. McCrum, Architect*

Stefanie Meyer, *United Properties*

Anthony M. Pasko, *Bremer Bank, N.A.*

Immediate Past President

Sara Stafford, *LandAmerica*

COMMITTEE CO-CHAIRS

Awards

Margaret Jordan, *Great Clips, Inc.*

Dan Parks, *Westwood Professional Services, Inc.*

Community Enhancement

Nikki Aden, *Target Corporation*

Shelley Klaessy, *Brooks Mall Properties*

Golf

Peter Armbrust, *United Properties*

Brad Kaplan, *United Properties*

Legislative

Howard Paster, *Paster Enterprises*

Todd Johnson, *Main & Main Real Estate*

Membership

Aaron Barnard, *Northstar Partners*

Mark Norman, *Park Midwest Commercial Real Estate*

Newsletter

Deb Carlson, *Northstar Partners*

Sara Martin, *Welsh Companies, LLC*

Program

John Tramm, *Griffin Companies*

Paula Mueller, *Northtown Mall/Glimcher Properties*

Retail Report

Jen Helm, *United Properties*

Gregg Erickson, *United Properties*

Technology

Cindy MacDonald, *Kraus-Anderson Co.*

Sean Cullen, *McCombs Frank Roos Associates*

Sponsorship

Ned Rukavina, *United Properties*

Bill McCrum, *W.E. McCrum, Architect*

MSCA STAFF

Executive Director - Karla Keller Torp

(P) 952-888-3490 (C) 952-292-2414

ktorp@msca-online.com

Associate Director - Stacey Bonine

(P) 952-888-3491 (C) 952-292-2416

sbonine@msca-online.com

8120 Penn Avenue South, Suite 114

Bloomington, MN 55431

(F) 952-888-0000

Press releases are printed based upon availability of space and relevance to the local market.

- **Snap Fitness** has announced it will open in mid-October in the Lumen on Lagoon project, a condo/retail building at Lagoon and Emerson Avenues in Minneapolis.
- **Hugo Boss** has opened a freestanding store at the Minneapolis-St. Paul airport with HMS Host this month.
- Published reports say that **IHOP Corp.**, owner of the pancake house chain, will buy Applebee's International for about \$2.1 billion. The combined chains will account for more than three thousand restaurants and sales of about \$7 billion.
- **Slim 4 Life** has opened 3 additional locations in Edina, Plymouth and Crystal. This brings their store count in the Twin Cities to 12 stores opened in the last 2 years.
- **Snyders** has closed their 11,900 sf store in Anoka, citing competitive pressures, and is marketing this space for lease.
- **Via Café and Bar** is now open in Edina across from Southdale Shopping Center in the former Pizzeria Uno.
- Lake Street Garage is gone, but **Italiani's Family Restaurant Bar and Grill** has risen in its place on Lake Street in Minneapolis.
- **The Craig Companies** is developing a new 9,613 sf multi-tenant retail building on the former Burger King site on Wayzata Boulevard in Wayzata with a projected spring 2008 completion. Architectural Consortium LLC is the architect; C-70 Builders is the general contractor.
- **Diversified Construction** has recently been awarded contracts for CiCi's Pizza in Eagan and Miracle Mile Shopping Center in St. Louis Park.
- **Upland Real Estate Group, Inc.** is offering a Kmart, located in Anoka, to investors for \$300,000 less than the \$5.2 million value that Anoka County has assessed the property. Upland is offering the Kmart for \$4.88 million at a 7.63% CAP rate. The 86,479 sf of retail space also includes a pharmacy.
- **BlackRock** announced the purchase of Calhoun Square located in Minneapolis' Uptown neighborhood. Capital Growth Madison Marquette, the retail center's current management company, will continue to provide full-service property management and leasing services for BlackRock.
- **VSI Construction Inc.** is developing a new 12,000 sf multi-tenant retail building at North Central Commons in Blaine at Highway 65 and 117th Avenue NE; Architectural Consortium LLC is the architect. No construction date has been announced yet.

Press releases are printed based upon availability of space and relevance to the local market.

H.J. Development Receives Recognition

The "Grand Commercial Summer Blossom Award" is presented annually to businesses that strive to improve the City's landscape. H.J. Development's portion of Park Place Promenade was chosen as the 2007 recipient in recognition of the beautiful landscaping and gardens on site.

Shea, Inc. Claims Honor

In its July issue, Interior Design magazine named Shea, Inc. as a Design Giant, marking the fourth consecutive year the marketing and design firm has claimed this honor. Interior Design magazine ranks the industry's top 200 firms in the nation every year. This year's survey captured fees from January to December of 2006, and Shea, Inc. came in at 176.

Mahoney Joins H.J. Development

H.J. Development recently hired Joe Mahoney as a Leasing Associate. As a Leasing Associate, Mahoney will be responsible for leasing retail space throughout the Twin Cities at all H.J. Development properties.

The Membership Committee has had a very busy 2007 thus far! For those who don't know, we are responsible for all aspects of growing the MSCA membership base with quality new members, and retaining existing ones. We constantly strive to come up with new and better ways to make sure everyone who joins MSCA feels welcome and is provided all the tools to get the most out of the organization. One of our biggest initiatives is the New Member Luncheon, which is a special lunch for all new members and is hosted by our committee three times a year. This is a great opportunity for our committee to interact with new members, provide a presentation on what MSCA is all about, and get feedback on why they joined. In addition to garnering new members, we also spend a good deal of efforts on retaining existing members, which includes following up with any members who decide not to renew their membership. In short, it has been a very exciting and successful year for the Membership Committee as we have already met many of our goals for the year. To date, we have added **132** members this year, which brings to total MSCA membership to **758** and retained **86%** of the previous membership total. ■

WELCOME

New Members

Joe Samuel, RLK
Incorporated

Christopher Close, Close-
Converse Commercial
Properties

Alan Duff, Clark Engineering
Corporation

Todd Johnson, Main & Main
Real Estate, Inc.

Ryan Burke, Kraus-Anderson
Companies

Ashley Moen, Hempel
Properties

Travis Van Neste, Schoell
Madson

Katie Cripe, Upland Real
Estate Group

Katie Nordahl, Fredrikson &
Byron, P.A.

Wayne Johnson, North Lake
Properties, Inc.

Cynthia Arneson, Horizon
Roofing, Inc.

Joan Suko, General Growth
Properties, Inc.

Tim Haroldson, Brooks Mall
Properties

Angela Samec, Barna Guzy &
Steffen Ltd.

Jim Golden, LeMaster
Restoration Inc.

Zachary Stensland, Welsh
Companies, LLC

THE CARING TREE ANNOUNCES THE FIRST EVER BOAT CRUISE FUNDRAISER

Enjoy cruising the Historic Mississippi Rover aboard the sternwheeler Jonathan Padelford on Thursday, September 27, 2007. Boarding begins at 4:00 pm at Harriet Island in St. Paul and the boat cruises from 4:30 – 6:30 pm. Tickets are \$35 and include complimentary hors d'oeuvres and a cash bar. Bring your family, friends, co-workers and clients – make it a group event! To reserve tickets, please call Stacey Bonine at (952) 888-3491...hurry! Quantities are limited.

Event is sponsored by: *Paster Enterprises LLC, Great Clips, Suntime Commercial Realty, Inc., Chuck & Don's Pet Food Outlet, Braden Commercial and Associated Bank Commercial Real Estate Division.*

GOOD READS

Bookmark

It's not everyday that one finds a critical text of the retailing industry as it relates to big-box style discount concepts. However, the *Big-Box Swindle* by Stacy Mitchell (2006) is a compelling text when considering how big-box retailing has impacted the economic landscape. Consider this fact; Wal-Mart alone receives nearly 10% of American spending (non-farm retail sales). When one can see the clear dominance a single corporation, such as Wal-Mart, has on the retailing world, one can understand the concerns Ms. Mitchell outlines. In the end, you might not see eye-to-eye with this author, but at the very least *Big-Box Swindle* offers a critical perspective of our industry that is worth the time to read and debate.

Contact Deb Carlson at dcarlson@northstarparkers.net or Christopher Naumann at cnaumann@kke.com with your reading recommendation.

MSCA

Member Profiles

ANDY MCDERMOTT



Company: Shea, Inc.

Primary Career Focus: Marketing communications / public relations / new business development

Hometown(s): New Hartford, NY

Hobbies: Restaurant hopping, running, music

Dream Job: Publican (owning and running my own pub)

Secret Talent: Professional faux finisher

Favorite Food: Anything with caramel

MSCA Involvement: Newsletter Committee, ICSC/MSCA Fall Program Committee

JIM GRZYBOWSKI



Company: Cuningham Group

Primary Career Focus: Restaurant and retail design

Family: Wife: Renae, kids: Kahla, Greg, Jenny, Henry

Hobbies: Running, biking, golf

Very First Job: Shea Architects

Dream Job: Design Lead for the Restaurant/Retail studio at Cuningham Group (I've got that one)

Secret Talent: I wish I had one

Favorite Food: A good hamburger

2007

Events Schedule

Our monthly program meeting date is the first Wednesday of every month. All meetings will be held at 8:00 a.m. (registration at 7:30 a.m.) at the Doubletree Hotel Minneapolis Park Place unless otherwise noted or publicized before the program. Program topics and location are subject to change.

Tuesday, September 11 – MSCA/ICSC Program, *Minneapolis Convention Center*

Wednesday, October 3 – The Future of Retail

Wednesday, November 7 – Retail Report

Tuesday, December 4 – Year End Ceremonies / STARRSM Awards / Holiday Party, *Golden Valley Country Club*

by Eric Beazley, Loucks Associates

Who: Amy Baldwin, City of Brooklyn Park
Mark Kampmeyer, Ryan Companies
John Tramm, Griffin Companies

What: The 610 Corridor – Current Developments and Future Opportunities

When: Wednesday, August 1

Where: Doubletree Hotel

Synopsis: The 610 Corridor encompasses both the City of Brooklyn Park between Highway 252 and Highway 169, and the City of Maple Grove between Highway 169 and I-94. The section of roadway in Brooklyn Park has been completed, while the stretch from Highway 169 to I-94 in Maple Grove is still in the planning stages.

Amy Baldwin began described a key zoning change to MX-1 at the intersection of Highway 610 and Highway 169, allowing for higher density developments involving multi-story office, retail and entertainment. The City anticipates this change will work towards shaping a strong image for Brooklyn Park.

A number of key developments have popped up along the corridor in Brooklyn Park including Target Corporation's 330 acre corporate campus. Target completed the first building on the property approximately when the adjacent segment of the 610 corridor was completed. Target anticipates that the remaining portion of their property will take between 10 and 20 years to develop fully. Other important developments along the corridor in Brooklyn Park include Astra Village, a 150-acre mixed-use development. The adjacent Town Center area includes 1) Park Place Promenade, mid-to big-box retail; 2) Liberty Oaks, residential; 3) Wickford Village, residential and 4) Oxbow Commons, a mixed-use development with luxury apartments. Finally, Ms. Baldwin noted there is remaining vacant commercial land along the corridor ready for development.

John Tramm talked specifically about the Park Place Promenade development, which



August presenters: Left to right

Josh Cooner, *Stewart Title National Guaranty Company – National Title Services* (Moderator)
Amy Baldwin, *City of Brooklyn Park*
John Tramm, *Griffin Companies*
Mark Kampmeyer, *Ryan Companies US, Inc.*

borders Zane Avenue to the east, Hampshire Avenue N. to the west and Highway 610 to the south. The development is currently surrounded by approximately 2,500 residential units with approximately 780 more units planned. The project consists of three phases. Phase I currently includes (among others) a Cub Foods, HGA Topline and an M&I Bank. Phase II will likely feature an Office Max and Phase III has received interest from a number of retailers.

Mark Kampmeyer focused his discussion on the Maple Grove portion of the 610 corridor, which is currently in the planning

stages. However, Ryan Companies is in the process of developing the area along future Highway 610 and I-94 and has named it The Grove and The Grove South. The Grove features three distinct types of use including: medical, retail/entertainment/hospitality and big-box retail.

Phase I of the medical component includes a medical office building (MOB) and an ambulatory care center (ACC). Phase II of the medical component features the first hospital built in the Twin Cities in 25 years. The North Memorial MOB and ACC is currently under construction, and is nearly complete. The hospital, which is a partnership between North Memorial and Fairview, has future expansion capabilities to the north with an ultimate capacity of 250 beds. Other medical facilities in the area include Park Nicollet MOB, Grove Health North, Grove Health South and Fairview MOB. One hotel/restaurant, Cambria Suites, is being built on the west side of the Grove medical area.

A retail area named The Village is planned for the area east of the medical facilities, and will likely include smaller retail and possibly entertainment. Finally, the north side of The Grove is under construction and will include a Home Depot, Target and mid-size retail such as Slumberland. ■

AUGUST Professional Showcase



Pictured left to right: Claire McDonough, Dan Parks, Miles Lindberg

Westwood Professional Services

Westwood provides award-winning site planning design, civil engineering, and surveying services for commercial development. Westwood has the largest fleet of survey crews in Minnesota, assuring flexibility and speed on projects. Top-notch people helping clients achieve great things - Westwood provides Solutions for your Success.

by Natina James, AIA, KKE Architects, Inc.

When four out of five of the nation's top retailers are discount retailers how do you compete? You differentiate. The small specialty stores are becoming a big hit again. The market for U.S. new luxury products and services was \$440 billion in 2003 and continues to grow each year. Shoppers want to be courted continually with great experiences or exciting product innovations. It's risky as only 29% of new concepts succeed. But companies that repeatedly tried new ideas had a better track record than the rest. Recent failed concepts include Forth & Towne, Janeville, Hold Everything, The Home Depot Floor Store and Mexx. Hot retail concepts are focusing on specialty products and indulgence while the undefined or run-of-the-mill of non-descript department stores or concepts have turned cold.

Some of the new concepts being tested are Crewcuts and Madewell, Concept 5, 346

and Brooks Bros. Country Club, Kidfresh, Crazy 8, and Martin & Osa.

Successful retailers such as Ulta, DSW and Starbucks, having recognized the new trend for indulgence and unique experiences, are tweaking their current concepts. Ulta "aims to be beautiful with high ceilings, wide aisles and ample natural light. They are an oasis where luxury meets affordability."¹ DSW Warehouse has also upgraded their image and experience by adding accent lighting, carpet, soft seating, higher quality merchandising and an environment more akin to a hotel or lounge. Starbucks, continues with strong sales up 18% in fourth quarter from last year, going back to their "core," and do the things necessary to once again differentiate Starbucks from all others."² Thomas Chandler Haliburton once said, "We can do without any article of luxury we have never had; but once obtained, it is not in human nature to

surrender it voluntarily." Hence our willingness to continue to pay \$4 for a cup of coffee.

New concepts that cater to our indulgent nature include WineStyles. To help educate the customer and make wine shopping a friendlier, less-intimidating process, WineStyles breaks its wine offerings into eight "easy-to-understand" categories: bold, bubbly, crisp, fruity, mellow, nectar, rich and silky. Customers can even taste before they buy.

Luxury experiences will trend to space and time, a reaction to daily assaults of intrusive technology. "Having time, having space, being safe – these intangible luxuries are a response to the longing for an island of calm in a turbulent world."³ How will retailers adapt?

¹ SCT "Retail Sizzle", pg 25 June 2007

² SCT "Starbucks searches its soul", pg 11 April 2007

³ "2006 Retail Trends and Counter Trends" – Retail Industry, www.About.com

BRADEN COMMERCIAL

General Contracting
 Tenant Improvement
 Renovation
 Expansion
 Design Build
 Construction Management

*Building to fit
 your community,
 your neighborhood,
 your way of life.*

www.BradenConstruction.com
 651.779.6819 MN - 715.549.6099 WI



Shingobee

Integrity. The Cornerstone.



Loretto, MN
763.479.1300

St. Cloud, MN
320.202.1300

www.shingobee.com

Construction
Project Management
Real Estate Development

Disasters happen.
Do you have proper coverage?
Don't wait until its too late.



**Our customers have appreciated
broad coverage, good claim service,
and low prices since 1922.**

407 East Lake Street, Suite 201 Phone: 952-449-0089
Wayzata, MN 55391 Fax: 952-449-0208
MBullis@bullisagency.com Toll free: 877-676-5780

Submit a peer for the MSCA Hall of
Fame Award. Submissions are due
September 21st.

MSCA HALL OF FAME

Minnesota Shopping Center Association
8120 Penn Avenue South, Suite 114
Bloomington, MN 55431

