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# Starting small in retail: Kiosks bloom as economy wilts

**Jennifer Youssef / The Detroit News**

Once the standard location for retailers to set up shop, traditional mall storefronts are increasingly being passed up at some shopping centers in favor of kiosks, which are less costly and don't require long-term commitments.

Although these retail islands are not a new concept, Metro Detroit mall managers are reporting an increase in kiosk rentals as laid-off workers start their own businesses, test the market or strive to make extra money. It's a particularly good option for service businesses, such as nail technicians and beauticians, who don't require a lot of display space for their products.

"It's a good way for people who are looking at a career change or extra income to get their foot in the door," said Fred Marx, a marketing consultant with Farmington Hills-based Marx Layne and Associates. "For some, it's a good way to see if they were meant to move forward. This is the front door into retailing."

Kiosks also are proving beneficial to malls, especially for some of the region's older, less affluent shopping centers, struggling with high vacancies as national and local retailers close their doors amid one of the worst recessions in decades. Kiosks are a great revenue source and help give malls a sense of retail activity.

Farmington Hills retail analyst Ken Dalto said he expects the trend to grow.

"It will become a bigger movement," Dalto said, especially as the unemployed and underworked look for new careers. "People are stuck because they can't sell their house or their kids are in school and they can't find a job. It's a way for them to get retail space more cheaply."

## **Autos decline spurs growth**

While kiosks can be found at malls throughout Metro Detroit, interest in the retail island took off about two years ago at Oakland Mall, about the time the area began experience massive layoffs in the automotive industry, said Debbie Beattie, a specialty leasing representative.

Entrepreneurs have been stepping forward to sell sunglasses, cosmetics and cupcakes, and many have been so successful they've moved into traditional mall storefronts.

"It gives them the opportunity to continue and grow as a permanent tenant in the mall," Beattie said.

The mall has 12 kiosks, each measuring about 9 feet by 7 feet, and customized for each tenant's needs. The kiosks rent for as little as \$300 for a weekend (there is no commitment to stay longer); storefronts start at \$800 a month.

The scenario is the same at Eastland Center in Harper Woods and Northland Center in Southfield, where unemployed auto workers have been a driving force behind the new businesses popping up in kiosks. Each mall has about 20 kiosks, said Pam Lightbody, marketing manager.

Rental fees begin at \$600 a month and vary according to size, location and other factors -- but far less than the \$2,000 a month minimum to lease a storefront. Kiosks can be rented for as little as \$300 a weekend; leasing a storefront requires a 2-year contract.

Fairlane Town Center in Dearborn has a consultant on hand to help entrepreneurs with business plans and financing, general manager Catherine O'Malley said. The mall's 15 kiosks are all rented.

### **Another marketing outlet**

At Laurel Park Place in Livonia, many of the 18 cart-like kiosks are being rented by established businesses trying to get more exposure, said Claudia Frederick, marketing director.

"There's a lot of good things happening with (kiosks), as far people growing their businesses outside the margins," she said.

Kiosk tenant and Realtor Craig Lescoe couldn't be happier with the results he's gotten in the month that he's been there. Lescoe, owner of Livonia-based National Realty Centers, established his business across the street from the mall 2 1/2 years ago and rented a kiosk in May so he could market to a bigger audience.

"Honestly, I was really thinking it was a good way to get our name out there," Lescoe said. "But it's working better than I thought it would."

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