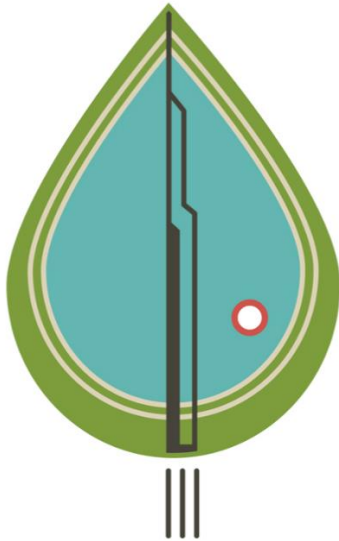


# *Cater to Your Market*



LLOYD eco DISTRICT

## **Abstract:**

The Lloyd mall is being reengineered, and redesigned to better fit the city in which it dwells. Are the food offerings up to the challenge of its new image, its new residents, and the ideals of its new clientele? It can be, it should be, and here's how...



A project for Portland State:  
University Business  
Administration 495

# Table of Contents

<b>Table of Contents .....</b>	<b>2</b>
<b>Team Members.....</b>	<b>4</b>
<b>Executive Summary .....</b>	<b>5</b>
<b>Introduction to the Situation .....</b>	<b>6</b>
➤ <b>Portland Oregon.....</b>	<b>6</b>
➤ <b>Visible Problems.....</b>	<b>7</b>
➤ <b>Challenges of the Project.....</b>	<b>7</b>
<b>Goals of the Project.....</b>	<b>8</b>
➤ <b>Prove the value of variety and local options:.....</b>	<b>8</b>
➤ <b>Establish the value of eco-friendly practices: .....</b>	<b>8</b>
➤ <b>Encourage community involvement:.....</b>	<b>8</b>
<b>Market Strategies and Feasibility Analysis .....</b>	<b>9</b>
➤ <b>Internal and External Analysis: .....</b>	<b>9</b>
➤ <b>Industry Analysis: .....</b>	<b>9</b>
➤ <b>Stakeholder Analysis: .....</b>	<b>9</b>
<b>Resources Available .....</b>	<b>10</b>
➤ <b>Energy Trust of Oregon .....</b>	<b>10</b>
➤ <b>Utility Cost Reduction .....</b>	<b>10</b>
<b>Findings.....</b>	<b>11</b>
➤ <b>Food Carts at Lloyd Center Food Court: .....</b>	<b>11</b>
➤ <b>Introduction of Local Food: .....</b>	<b>11</b>
➤ <b>Community Involvement at the Food Court: .....</b>	<b>11</b>
<b>Proposed Recommendations .....</b>	<b>12</b>
➤ <b>1: Local Restaurants .....</b>	<b>12</b>
➤ <b>2: Environmental Sustainability .....</b>	<b>12</b>
➤ <b>3: Social and Community Outreach.....</b>	<b>14</b>
➤ <b>4: Marketing Advancements.....</b>	<b>15</b>
<b>Conclusion .....</b>	<b>16</b>
<b>Appendix.....</b>	<b>17</b>

➤ <b>Appendix A – SWOT Analysis.....</b>	<b>17</b>
➤ <b>Appendix B - Porter Five Forces .....</b>	<b>18</b>
➤ <b>Appendix C – The PDX Food Cart Model.....</b>	<b>19</b>
➤ <b>Appendix D - Stakeholder Analysis .....</b>	<b>20</b>
➤ <b>Appendix E – Resources for small businesses .....</b>	<b>21</b>
➤ <b>Appendix F - Restaurant Alternatives .....</b>	<b>22</b>
➤ <b>Appendix G – Weighted Decision Matrix.....</b>	<b>23</b>
➤ <b>Appendix H - Biophilia Analysis .....</b>	<b>24</b>
<b>References .....</b>	<b>26</b>

## Team Members

**Jared Eiesland**

(Organization, Administration, and Coordination)

**Hayley Gibbs**

(Presentation creator, Waste management research)

**Eric Goertler**

(Research and Editor)

**Erica Haide**

(Research and Writer)

**Younho Kang**

(Research, Writer, and Editor)

**Yuliya Nikulina**

(Presenter, Research, and Interviewer)

**Ryan Robertson**

(Research)

**Hilary Fleming**

(Writer, Editor and Interviewer)

**Gabriel Gils Carbó**

(Research and Writer)

**Stan Golovin**

(Presenter, Research)

**Russ Heitkamp**

(Presenter, Biophilia Research and Analysis Lead)

**Raymond “Austin” Knuppel**

(Research and Writer)

**Nhu Nguyen**

(Research, Writer, and Editor)

**Shujing Ye**

(Research, Writer, and Editor)

## Executive Summary

The Lloyd District, located in inner Northeast Portland, is a collection of businesses, residents, and organizations. An ambitious non-profit, Lloyd EcoDistrict, is striving to make this district the most sustainable living and working district in North America. As a center-point of the district, the Lloyd Center Mall has an opportunity to foster and support this goal. The Lloyd Center Mall is under new management and in the midst of a large scale renovation. Lloyd EcoDistrict sees this time as an opportunity to bring local Portland flair and flavor to the Lloyd Center, specifically in the mall's food court. Creating something unique that caters to local foodies and embraces Portland's love of all things "green" could help Lloyd EcoDistrict achieve its goals of reducing waste and carbon emissions while simultaneously increasing foot traffic to the mall.

This is an opportunity where culture, business, and environmental priorities meet; a client base can be attracted, environmental concerns can be appeased, and business can be stimulated. By bringing local, environmentally conscious businesses to the food court Lloyd Center will appeal to a new generation of ecologically-aware consumers, thus revitalizing its image and bringing profits to new heights.

A similar project has already been accomplished in another area of the city, but it didn't happen overnight. Portland International Airport was able to build an environmentally friendly model with local food options over the course of two decades. After research and analysis of the PDX model we have identified portions that can be adapted for Lloyd Center. We propose changes that can be implemented incrementally. Local businesses can start to replace the less popular, and less flexible national brands. Some environmentally sustainable practices can be implemented immediately, setting the stage for future efforts. Social and community focus will benefit the area and help create growth in the Lloyd area. Finally, marketing strategies can be planned now and modified as changes take place.

Lloyd Center food court must cater to its market. With the Lloyd Center undergoing renovations this is the perfect opportunity to incorporate local food, sustainable practices and community involvement.

## Introduction to the Situation

The current Lloyd Center Mall food court consists of typical mall food fare found in any national mall. It is fast food meant to be convenient and doesn't engage one's imagination or appreciation for food.

### ➤ Portland Oregon

Portland has a reputation as a foodie haven. In our city food carts thrive and provide the city's denizens with a veritable cornucopia of choices. The Lloyd EcoDistrict is interested in changing the tired image of the average mall food court and bringing the mall into line with the Portland food scene.

#### Keep Portland Weird

Vitaly Paley, a renowned Portland Chef, commented on the city's interesting restaurants and unusual shops: "It's not done for novelty, it's a way of life." Portlanders like weird. "Keep Portland weird" is practically the city motto. It's important to remember that when trying to do business anywhere in Oregon.



#### Local Matters in Portland

The number of 'buy local' initiatives in Oregon is remarkably high when compared to the national average. One study suggests that every dollar spent locally is circulated through the local economy 6-15 times before leaving the area.<sup>i</sup>

#### Triple bottom Line in Portland

The triple bottom line (people, planet, profit) is important in Portland. To demonstrate their commitment to Portland's values, the region's largest utility provider, Portland General Electric, released information on their triple bottom line in their first ever sustainability report. With net profits of \$105 million PGE demonstrates that caring about people and the planet does not equate to loss of profit. It's important to understand that *Portlanders do care about the triple bottom line.*<sup>ii</sup>

## ➤ Visible Problems

While assessing the options at the current food court, there are a number of specific problems that need to be addressed. The most recognizable problem is the lack of variety. The food currently available is no different than any fast food available within easy reach for anyone. Since the food is in no way unique, the food court is a stop of convenience more than an actual destination that drives foot traffic at the mall. One of the goals of this initiative is to raise the level of variety and uniqueness of food available at Lloyd Center.

Locally sourced food is of significant importance to the Portland consumer base and the current food court does not accurately represent the Portland Community. Just as the food lacks in variety, it lacks in local flavor. We propose that by encouraging vendors to use locally sourced food and flavors, the Lloyd Center Mall's food court could become a destination for the local Portland community.

There's a less visible problem with the current food court offerings that also goes against the grain of Portland culture. Sustainable practices are not currently embraced by the food companies in the food court. Very little is being done currently to encourage waste management and energy efficiency.

Another problem for Lloyd Center is the growing trend of online shopping and the decrease in mall shopping. A recent Mintel report on shopping malls in the US shows that retail is no longer the main success metric nor a profitable approach in the modern era.<sup>iii</sup> A decrease in mall foot traffic makes it difficult to convince businesses that they should open their doors at a mall, and harder to get long leases, which mall management prefers.

## ➤ Challenges of the Project

There are several challenges that Lloyd Center would face while implementing a more local and sustainable model. The most important being social, and environmental.

Evaluation of the social realm has found that shoppers, employees, and people who work in the Lloyd District expect a certain environment in a food court. Changing the atmosphere may alienate current customers. Additionally, bringing a new demographic to the mall involves a large-scale cultural shift which will require much planning and flexibility.

Developing environmentally sustainable practices would require substantial oversight from Lloyd Center Management. Creating a food court where different vendors work towards a common goal may be difficult to organize and not all vendors, specifically large national brands, may not want to participate. Providing incentives and coordination to promote best practices may not be practical.

## Goals of the Project

### ➤ Prove the value of variety and local options:

A 2012 survey shows that the Lloyd District working community is interested in having more food options.<sup>iv</sup> In order to attract these consumers and appeal to area residents, the Lloyd Center needs to keep four key aspects in mind. Local food is important to a community where local everything is important. Healthy food options are a must for health conscious consumers. Ethnic variety is the best way to keep consumers interested. And finally, not all consumers follow the same diets, thus they need different eatery options.

According to Karen Brooks, food editor and critic of Portland Monthly, “We’re the Wild West of food, people here channel the traditions they love, often European or Asian, and make them their own. Nobody just serves things, everybody *proudly* serves.”<sup>v</sup>

### ➤ Establish the value of eco-friendly practices:

Eco-friendly is not a buzz-word in Portland, it’s a social necessity. Portland has been referred to as one of the most environmentally friendly or green cities in the world.<sup>vi</sup> Companies don’t follow environmentally practices just for the environmental impact, they do it because *their consumers expect* it.



### ➤ Encourage community involvement:

Community involvement helps define and reinforce a community. Increasing community involvement can range from smaller contributions to large-scale projects. Regardless of the size of the project, community involvement will strengthen the community and Lloyd Center food court’s role within the Lloyd District. Community involvement demonstrates goodwill and can provide a platform to market themselves. Involvement may also increase teamwork and morale with employees.



## Market Strategies and Feasibility Analysis

### ➤ Internal and External Analysis

A SWOT model is a tool used to analyze the internal and external environments of an organization. The internal portion explores the organization's **Strengths** and **Weaknesses**, the external analysis identifies the **Opportunities** and **Threats**. In this analysis, internal refers to the perspective of the Lloyd mall as a business, and the Lloyd EcoDistrict as an organization. All other entities and forces are assumed to be external. [Appendix A – SWOT Analysis](#)

### ➤ Industry Analysis

The porter five forces model is an analysis of an industry, and the five primary forces behind how it is shaped, and constrained. This analysis is available in [Appendix B - Porter Five Forces](#). This is an important analysis model for understanding the mall industry, and more specifically, the food court industry. A significant complication that arose through this model is that the currently food cart model at the Portland airport is impractical for Lloyd Center food court. Additional information on Portland Airport food cart model is available in [Appendix C – The PDX Food Cart Model](#).

### ➤ Stakeholder Analysis

There are many individuals and organizations that will be affected by Lloyd Center management's decision on whether or not to shift to a more local, sustainable and community oriented model. Lloyd EcoDistrict, area workers and residents and businesses within the mall all need to be considered when making a decision of this scale. You can find a stakeholder analysis of what we considered the primary stakeholders in [Appendix D - Stakeholder Analysis](#).

## Resources Available

As the Lloyd EcoDistrict continues its efforts to make the district the most sustainable in North America, more and more members of this community are going to expect that local businesses take steps to help achieve this goal. These efforts will come with costs up front but the benefit of a positive brand image and support from the community will be realized long after the initial implementation.

### ➤ Energy Trust of Oregon

Port of Portland has been working towards a sustainable model since 1990, long before Oregon Energy Trust existed. Because they had already invested so much on implementing sustainable practices, they were skeptical that the Energy Trust of Oregon would be very beneficial to their facilities. However, the trained energy consultants employed by the trust proved to be very effective in assisting the Port of Portland identify areas to further curb their ecological foot print. One of the most helpful parts of Port of Portland's work with the Energy Trust of Oregon was the setting of benchmarks to help maintenance identify inconsistencies that may be causing energy leakage.

While working with Oregon Energy Trust, Port of Portland decided to go through the full enrollment process. When completing projects as a fully enrolled member, you must be very careful to budget for projects because you don't receive the actual energy trust dollars until the project is complete and paid for. Because the energy trust does not guarantee to cover the cost of the projects until receipts have been submitted, many business are weary to invest large sums of money. Port of Portland has worked on 30-40 projects and only one has been denied funding, showing that planning is helpful and although there is no guarantee a project will be covered, most likely funding will come through.

### ➤ Utility Cost Reduction

The mall can lower their water expenses through use of aerators in food court restaurants, and their electrical expenses through efficient lighting and modern appliances. Faucet aerators can reduce water usage at the faucet by up to 60%, according to the Environmental Protection Agency.<sup>vii</sup> These are easy to install, still offer strong flows, are inexpensive to purchase, and best of all, they reduce total water usage permanently. A reduction in total water usage results in lower costs. New Resources Group offers a Faucet Aerator Guide through their website [nrgideas.com](http://nrgideas.com).

Resources for small businesses interested in operating in Lloyd Center Food Court can be found here: [Appendix E – Resources for small businesses](#).

## Findings

### ➤ Food Carts at Lloyd Center Food Court:

Our analysis suggests that introducing food carts to Lloyd Center, while a potential long-term goal, is a resource intensive project. Significant investment of capital from individual food cart owners, and significant investment from the Lloyd Center would be required. High resistance barriers include:

- Mall prefers long-term leasing, while food carts are typically short term leases.
- Higher level of permitting and licensing than required for traditional vendors
- Mall management has a distaste for food carts.
- Out of state mall leasing agents are unfamiliar with food carts, their draw, and the PDX airport model.
- Significant work required to remodel kitchens to accommodate remote food delivery and space sharing necessary for efficient food cart operations.

### ➤ Introduction of Local Food:

Introducing local foods to the Lloyd Center food court by adding local restaurant chains appears to be viable. A number of local restaurants already operate multiple locations, including mall locations, and are very likely to have positive brand recognition with Portlanders. Leasing space to these restaurants would not require any additional work on the mall's management side, or from the restaurant operators on top of what they would normally invest on such a transaction.

### Sustainability at the Food Court:

Of all the waste generated by a food court, the wasted food represents the most significant contributor to carbon emissions. Food that can no longer be served at the mall but is still consumable should be stored for daily pickups by, or delivered to, local charities that could then distribute it to the needy. Additionally, placing compost bins throughout the food court could be an easy, low cost way to address this issue. Usage of reusable dishware for dine-in customers may make sense but it is prone to theft and could be costly.

### ➤ Community Involvement at the Food Court:

Portland loves business that give back to the community. Bob Dye, General Manager of Lloyd Center showed interest in the possibility of helping arrange a system to donate unused food, especially to homeless youth. He seemed willing to try and get a communal food court fridge where food donated by the independent food vendors could be accumulated for distribution. He seemed to have a soft spot for homeless youth so community projects focused on that demographic should strongly be considered.

## Proposed Recommendations

Our proposal has been divided among components, each of which can stand on its own, or be used in conjunction with any other component. We designed it in this fashion so that Lloyd Center management has the flexibility to only implement the options they see as viable within their own business strategy. Ideally, Lloyd Center would embrace all of the components but it is understood that a major transition takes time and evolves over many steps.

We make many references to “The PDX Model.” The reason for this is that Portland International Airport has successfully implemented many of the components that we are suggesting. By looking at an organization that has already been through a transition similar to the one we are suggesting we hope to bring insight to our proposal.

### ➤ 1: Local Restaurants

Food culture is near and dear to the hearts of Portlanders. In June, 2015 we were highlighted in the Washington Post article, The Search for America’s Best Food Cities.<sup>viii</sup> Portlanders love their food and they love local options. Increasing the amount of local options in Lloyd Center food court would not only appeal to the taste buds of the local population, but also to their hearts. Possible restaurant substitutions can be found in [Appendix F - Restaurant Alternatives](#). Included in the appendix is information on whether the business is local, if they source their food locally, use sustainable practices, participate in community outreach programs, and their current Yelp rating as of July 2015.

Portland International Airport is a good model for transitioning to local food options. At PDX it has been a slow transition, approximately 20 years, but currently 80% of food options available in the airport are based in Portland. Restaurants within the airport are required to have brick-and-mortar restaurants in at least one other location and the prices at the PDX venues must not be more than at the local sites. People who travel to and from Portland via plane are well aware that these options are available, and also that they are fairly priced. Most people traveling don’t look forward to eating airport food, unless they are departing from or arriving to the Rose City.

Determining which restaurants would be the best tenants while also contributing to sustainability goals needs to be decided objectively. We recommend that the Lloyd EcoDistrict or mall management decide on the most important criteria for the selection of potential restaurants in the food court and create a weighted decision matrix.. [Appendix G – Weighted Decision Matrix](#) is an example of this tool that we recommend for selection. It would be up to mall management to determine the appropriate criteria and weights.

### ➤ 2: Environmental Sustainability

- Provide prominent recycling and composting bins throughout the entire mall
- Provide a space for mall services to sort through the bins prior to pickup in order to ensure that only compostable material is included in compost bins, and only recyclable material is included in the recycling bins.
- Consider using Biophilia at the mall.
- Enroll the mall into the Energy Trust of Oregon’s Strategic Energy Management Program in order to identify sources of energy waste at the mall.

### Component 2-1: Divert Trash

Management will need to let their janitorial company know that they are going to start recycling and composting. They will also need to get approved BPI-certified compostable bags which can be purchased locally or through their janitorial company. Compost and recycling can be taken out daily with garbage by the janitors. It is also advisable that management set up separate waste bins for garbage, recycling, and compost for food court customers. Free posters and stickers for the bins can be obtained from [www.portlandoregon.com](http://www.portlandoregon.com). Separate recycling and composting bins, as well as the appropriate waste management education, should be provided for the food court lessees.

The Portland Airport requires that recyclable and compostable materials are diverted from the landfill. All of the Port's Concessionaires are required to separate their recyclable and compostable materials from landfill materials, and put all items in appropriate containers. The Port retains responsibility of the waste management contract for the hauling of these waste materials. The mall may not choose to require restaurants to recycle and compost but should provide the options and infrastructure should they desire.

### Component 2-2: Biophilia

Introducing biophilia or “living walls” throughout the mall would have two immediate primary benefits. Not only are they an easy way of adding greenery without taking up valuable floor-space, but they will act as living air filters, improving the quality of the air in the mall. Using enough biowalls could help save energy by eliminating some of the HVAC costs in the building. Living walls can be built directly into your ventilation system, acting as a living filter. They do require some maintenance, but selecting easy to maintain plants would lower those costs. Please refer to [Appendix H - Biophilia Analysis](#) for additional information on biophilia.

### Component 2-3: Energy Trust of Oregon's SEM Program

One suggestion that came from Franko Martinec, Engineering Facilities Services Manager at Port of Portland was that Lloyd Center consider enrolling in the Energy Trust of Oregon's Strategic Energy Management Program. Program participants can learn tools to accomplish the following:

- Implement ongoing operations and maintenance practices
- Reduce total annual energy costs between five and 10 percent
- Identify and prioritize capital improvements or process changes that lead to more savings
- Justify additional resources to energy management as a result of demonstrated success
- Overcome barriers to efficiency
- Boost employee engagement to contribute to sustainability goals
- Embed strategic energy management principles in your company's operations

Members participate in monthly workshops and are provided with the support of energy professionals. Members of the program are given electric savings (\$0.02/annual kilowatt hour saved) and natural gas savings (\$0.20/annual therm saved) through operational and behavioral improvements. There are also other monetary incentives to complete capital energy improvement projects.

### ➤ 3: Social and Community Outreach

- Work with Benson High School to create a learning program for students where they can use mall space to try out their business ideas.
- Use mall space to display art created by homeless artists through the p:ear organization
- Sponsor community sports teams by providing equipment, or helping them raise money for a cause
- Sponsor team sports activity for employees of mall vendors, such as a Lloyd Softball League, in order to create community through the interactions that happen in team sports.

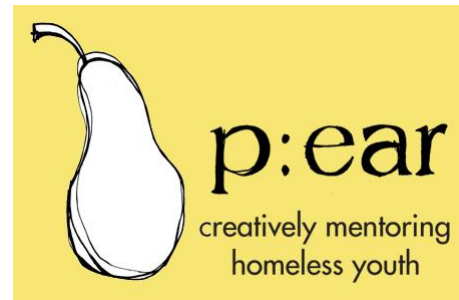
#### Component 3-1: Create an opportunity for youth

Vibe 305 Cafe is a food truck that employs at risk youth in inner city Miami.

In a similar but very different fashion, Lloyd Center could coordinate with Benson (and probably an outside nonprofit) to help provide a rent free food space to students where they learn to develop menus and explore business strategy, waste reduction, and energy conservation. Naturally, the food would be locally sourced. Potentially, managers at other Lloyd Center restaurants could provide internships to students who excel in the Benson food program.

#### Component 3-2: Provide an art display case

p:ear is a local non-profit located in downtown Portland. Their goal is to creatively mentor homeless youth. The facility includes an art space available during the day for homeless youth to be safe, and create art. Art supplies are donated by individuals as well as local business. There is also a kitchen where donated food can be prepared. Lloyd Center food court could provide an art space for p:ear art to be displayed or sold along with an information board explaining the non-profit. p:ear is also a potential candidate for receiving unused food collected at Lloyd Center.



#### Component 3-3: Sponsor a team or a walk

The mall could sponsor a youth sports team in the local community or an adult softball team that's raising money for a specific cause. Forming an adult softball, kickball or dodgeball team from food court employees could create a sense of community among the different vendors. Providing T-shirts for the team sponsored would bring local awareness of the mall and food court's goodwill efforts. There are walks for every cause imaginable from breast cancer awareness to Alzheimer's awareness. Sponsoring a walk would be another way to build Lloyd Center brand awareness.

#### Component 3-4: Donate Food

In conjunction with the food waste reduction, plans should be made to ensure timely collection and distribution of food donated by food court restaurants. This could be an opportunity to collaborate with Benson high school and organize a student-run donation team; students could receive elective credits or work off any community service requirements if coordinated correctly.

## ➤ 4: Marketing Advancements

### Component 4-1: Promotional Food given away by Lloyd Center

There is nothing consumers like more than free food. A great way to spread the awareness of new, local restaurants in the Lloyd Center food court would be to coordinate a promotional food give-away. This could be arranged as a onetime event for mall patrons or strategically organized to target area workers.

### Component 4-2: Marketing Student Interns

The Lloyd Center could bring on a few students as marketing interns to manage the social media presence to help spread the awareness to consumers. One way for the Lloyd Center to reach out to their surrounding community is to coordinate with Benson High School's communication program to create a small number of marketing intern positions that can be exchanged for school credit. These interns could be in charge of social media, public relations with other businesses in the area, and putting on promotional events. There are a variety of simple tasks that these interns could complete that would raise awareness for the food court update such as handing out flyers to their fellow students, neighbors, and businesses in the mall and nearby.

### Component 4-3: Punch Cards:

Punch cards are a great incentive to get customers to keep coming back. The Lloyd Center could easily have their marketing intern's hand out punch cards to the public, bringing awareness to the new, local food options available at Lloyd Center. Punch cards typically offer repeat customers a free item after a number of visits.

### Component 4-4: Future Mobile Application:

A mobile phone application for the restaurants inside the Lloyd Center food court could facilitate easy meal pick-up for local employees with limited time for lunch. This application could include which restaurants are in the food court, their menus and the possibility of ordering food through the application. This marketing strategy would take a lot of collaboration from all of the restaurants so it is important that they are all off to a successful start and are able to work together in order for this mobile application to work beneficially.



## Conclusion

The Lloyd Center Mall is in the process of a massive renovation. The food court within Lloyd Center Mall needs a renovation as well, and not just an aesthetic one. As the new Lloyd Center management considers what approach to take while updating the current food court they need to consider their market. Portland residents prefer local food choices and value having a variety of options. Portlanders are also more concerned with environmentally and socially responsible business practices than most other city dwellers. Incorporating these Portland values into the business strategy of the Lloyd Center food court will help give them a more positive image in the public's mind.



We have suggested four components that the mall should consider: incorporating local restaurants, implementing environmentally sustainable business practices, social and community outreach, and marketing advancements. In order for Lloyd EcoDistrict to convince mall management that a transition to local and sustainable food options is in their best interest, they must understand that mall management will be more open to allowing well established restaurants that can commit to longer leasing periods.

There is no exact model that can be handed over to mall management so we instead are suggesting small steps that will help Lloyd Center food court move in a direction in line with Lloyd EcoDistrict's goals. The steps can be implemented in any order and to any magnitude, but are all certainly beneficial to the Lloyd District, the residents both commercial and residential, the owners of the mall, and the mall tenants. It is our hope that Lloyd Center food court will decided to cater to its Portland market and will thrive as a result.



## Appendix

### ➤ Appendix A – SWOT Analysis

#### Strengths

- There are already vacant spaces in the food court. As soon as management is ready, a transition to local options in the food court can begin. As established food court venues' leases begin to expire, a decision can be made whether a full transition to local restaurants is in the mall and Lloyd EcoDistrict's best interest.
- Lloyd Center food court has enough space to provide local options while still offering traditional mall options that some mall customers may expect to find.
- There are many well established restaurants in Portland that would be good candidates for doing business in a mall setting.

#### Weaknesses

- Smaller local businesses might not have the financial resources to be the most stable lessees. Mall management likes the stability of established national chains.
- Mall leasing agents are not in Oregon and are only used to renting mall space to average food court tenants. The leasing agents may not easily understand Portland population's commitment to businesses that are local, sustainable and involved in the community.
- Variety in healthy food options may come at a higher cost than the expected price point of mall food.
- Low foot traffic at the mall may make renting a food vendor space unattractive potential local restaurant candidates.

#### Opportunities

- Portland residents have a unique food culture and actively seek restaurants that serve locally sourced food, catering to that market will bring attention to the mall.
- Lloyd Center has the opportunity to improve its business image to the public by helping expand local businesses, promoting sustainable practices and through community outreach.
- The mall is currently in the process of renovations, making this the perfect time to pitch a transition to a model that reflects the Lloyd EcoDistrict's values.
- Providing local food options in the food court may be a draw for small businesses looking to rent office space in the mall.

#### Threats

- More food options with few shoppers may lead to unfriendly competition among food vendors.
- Customers who are frequent mall shoppers may become upset when their favorite franchises are not there anymore and stop visiting the mall.
- The big chain, reliable tenants may react to shift towards local by not renewing leases.

## ➤ Appendix B - Porter Five Forces

### Supplier Power

#### *Medium*

Although the supplier power is usually weak in the food industry, it still has a major impact. Most restaurants get their food from various butchers, farmers, and packaging companies; and rarely make their own. Focus on organic produce and free-range and antibiotic-free local meats and pesticide-free fruits and vegetables increases supplier power as the suppliers can demand higher prices for their products and thus, increase food costs.

### Buyer Power

#### *High*

Within the fast casual food segment, the bargaining power of customers certainly plays an important role. Because of a variety of options, buyer power is strong. Customers desire high quality food and a unique experience for a reasonable price. If the price of fast casual food becomes high from the customer's perspective, he or she could easily leave and venture to other restaurants.

### Threat of New Entrants

#### *Medium*

Established firms have the resources to retaliate aggressively through pricing promotions and deterring new players from entering the marketplace. New entrants lack economies of scale while the existing companies have developed them over time. Remaining competitive in a low-margin, high-turnover industry is difficult. However, social media websites have evened the playing field in terms of marketing communications; they allow firms to efficiently communicate their message inexpensively. Initial capital outlay and fixed costs are low, encouraging new entrants.

### Threat of Substitution

#### *High*

With alternative food service options, ready meals, and home cooking, there are many substitutions to the product. The main players are quite differentiated with varying service offerings allowing customers to select the best value option for them.

### Competition

#### *Medium-High*

Competition among firms is high in this industry. It comes down to gaining a competitive advantage over the other companies in an industry. Any company can obtain a competitive advantage by one or more of the following four ways: changing prices, improving product differentiation, creatively using channels of distribution and exploiting relationships with suppliers. There are a few local fast casual restaurant chains as well as fast food restaurants that are trying to look like fast casual. There are also fast casual restaurants that have not been franchised. All of these restaurants are competing for market share. Slow market growth also causes companies to compete for market share.

## ➤ Appendix C – The PDX Food Cart Model

The PDX food carts operate in a manner unlike most food carts in the rest of Portland. The food is actually prepared in a traditional PDX kitchen, then served to the customer through a food cart modeled front. Three small food cart fronts share a single kitchen. The airport offers six month leases to individual carts, with the expectation and desire to have a rotation of carts, providing rotating options for frequent fliers. There is an extensive approval process, including security screening and inspections, which are all of high cost to the cart owner. The draw for food cart operators is that the airport provides high foot traffic at all times, with 20,000 people passing through every day.

The Lloyd Center mall leasing agents are not located in Oregon, they are located in Dallas, TX and Phoenix, AZ and rent space in malls across the country. They likely have little to no knowledge of the food cart scene in Portland, and have strong ties to national chains that are typically found in malls. The leasing agents love long term, well established tenants that are guaranteed to be able to cover rent, such as McDonalds. Convincing them that the PDX Airport food-cart model of short-term six month leases is a good idea will be challenging.

Currently the PDX food cart experiment is seen as a success. However, it took significant time and financial investment to establish. Due to high costs and the unlikelihood of convincing the mall rental agents of the potential value being created, implementing food carts is not our top recommendation for the Lloyd Eco District at this time. We would like to recommend that if a shift to local restaurants does play out, the local restaurant owners and mall operations manager work to design the build-outs (front portion of food court venue visible to public) to be reminiscent of food carts or outdoor cafes, giving the food court a local, main street vibe to go with the local food offerings.

## ➤ Appendix D - Stakeholder Analysis

### Internal

#### *Lloyd EcoDistrict*

With a goal to become the most sustainable district in North America, Lloyd EcoDistrict views the Lloyd Center food court as an opportunity to transition the Lloyd Center into a truer representation of Portland by catering to the Portland market. By providing local, sustainable, community oriented food options, the Lloyd Center food court will be aligning itself to Lloyd EcoDistrict's values while providing a non-retail draw to the mall.

#### *Mall Management/Investors*

The first concern for the mall management and owners is whether the business generates profits. The new management team seems open to community based and sustainable practices but also desires stable, established, long-term leasers.

### Quasi-Internal

#### *Food Vendors*

The restaurants currently located in Lloyd Center food court may see the introduction of local options as a threat.

#### *Other Mall Businesses and their Employees*

Current lessees that occupy space at the mall are affected by and affect the operations of the mall food court. Food options that increase overall food traffic would be embraced and employees would benefit from having more options and healthier options available.

### External

#### *Mall Shoppers*

Tourists, people on business trips, locals in the Portland metropolitan area all have a stake in what food offerings are available at Lloyd Center. More variety, local healthy options and community involvement in the food court will provide a better shopping experience that better represents the Portland community.

#### *Lloyd Area Residents and Workers*

People who live and work in the area would all benefit from the Lloyd Center food court offering a wider variety of food, including healthy options. Someone who does not normally go to the mall might be inclined to do so if one of their favorite Portland eateries opens in the food court.

#### *High School (Benson)*

Establishing a relationship with the local high school could open doors to future community projects while fostering a sense of pride for students that are part of a Lloyd Center sponsored community program.

## ➤ Appendix E – Resources for small businesses

### Financial opportunities for small businesses

#### *Expansion through Equity*

Businesses could expand by putting forward more money from the owner, but there are other options available. Selecting another person to share ownership could be a good source of both labor and capital for expansion, though some small business owners might not like having to agree on how to run the business with another person. Having several other people buy partial ownership would allow for the increased capital for expansion while allowing the current owners to retain operational control, the downside is that there would not be additional labor for operating the business. If an owner wants the simplicity of a partner to work with, but wants to retain control, a venture capitalist could be found who could offer the money needed to expand in trade for a majority share of the profits. Additional information for small businesses are available through the United States Small Business Association.<sup>ix</sup> With 33 offices in Oregon, and the district office on Main St. in downtown Portland, there is help available for any business willing to ask.

#### *Expansion through Debt*

For businesses that need additional capital to grow, the U.S. Small Business Administration was founded, “...to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.”<sup>x</sup> The SBA has several different loan options available to small businesses for expansion, disaster recovery, innovation, or diversification. The most common loan program is the General Small Business Loans: 7(a).<sup>xi</sup>

#### *Tax incentives through food donation*

Some restaurant food waste can still be consumed but cannot be served in the restaurant. This food waste can be reduced by donations to organizations who feed the hungry. This creates a social benefit, and a possible tax incentive. IRS publication 334 describes how a business can deduct donated inventory to charities at the lower of cost or market value<sup>xii</sup>. This deduction is available for business entities only, and is only allowable if the donated goods would have been used in the normal business operations, and the goods are donated to a registered charity organization. This deduction makes donations more cost effective than allowing food inventory to spoil. A major local charity who participates in such programs is the Oregon Food Bank, which is always looking for additional food donations of any kind. Additional information on valuation of donated items or inventory can be found inside IRS publication 561<sup>xiii</sup>, and information on the Oregon food bank and their programs can be found on their website.

## ➤ Appendix F - Restaurant Alternatives

UNIT	CURRENT TENANT	Yelp Rating	POSSIBLE LOCAL SUBSTITUTION (Unless otherwise noted)	Source Locally	Sustainable Practices	Community Outreach	Yelp Rating	Price
F301	AVAILABLE	N/A	Chipotle - not local, national chain	Y	Y	Y	3.25	\$
F302	Subway	2	PotBelly Sandwich Shop - not local, national chain	-	Y	Y	4	\$
F303	Medi-Grill	3.5	Already local - Sustainability practices unclear	-	-	-	-	\$
F304	Sarku Japan	3.5	Bamboo Sushi* - 3 locations in Portland	Y	Y	Y	4.75	\$\$\$
F305	AVAILABLE	N/A	Cafe Yumm - 18 locations in Oregon and Washington	Y	Y	-	3.5	\$
F306	McDonald's	2	Burgerville - 40 locations in Washington and Oregon	Y	Y	Y	3.5	\$
F307	Villa Pizza	3	Hot Lips - 6 Portland locations	Y	Y	Y	3.75	\$\$
F308	Cajun and Grill	3	Grand Central Baking Company - 6 Portland locations, 3 Seattle locations	Y	Y	Y	4	\$
F309	Orange Julius	5	KURE Juice Bar - 4 Portland locations	Y	Y	Y	4.5	\$\$
F310	AVAILABLE	N/A	VeggieGrill - 23 west coast locations	Y	-	-	4	\$\$
F311	Chicken Connection	1.5	Cha! Cha! Cha! - 11 locations in Portland	Y	Y	Y	3.25	\$
F312	AVAILABLE	N/A	Elephant's Delicatessen - 5 Portland locations	Y	Y	Y	4.25	\$\$
F313	AVAILABLE	N/A	Laughing Planet - 9 Portland locations	Y	Y	Y	4.5	\$
F314	Bridge City Cafe	3.5	Already local - Sustainability practices unclear	-	-	-	-	\$
F315	Lotus Express	-	Pok Pok - 5 Portland locations, 2 New York locations, 1 Los Angeles location	Y	-	-	4	\$\$
K315	All American Frozen Yogurt	2	Salt & Straw - 11 locations in Portland	Y	Y	-	4.5	\$\$
K326	Billy Heartbeats	3	Killer Burger - 7 locations in Oregon and Washington	Y	-	-	4	\$
<p>* Bamboo Sushi might not be a good fit for the current food court. It is too pricey and would probably require a liquor license. That said, we decided to include it due to their status as the first certified sustainable sushi restaurant in the world according to The Marine Stewardship Council as well as the fact the may be a good fit if it is determined local options are increasing foot traffic and driving sales.</p>								
- indicates no data available								

## ➤ Appendix G – Weighted Decision Matrix

Criteria	Weight	Restaurant 1	Restaurant 2	Restaurant 3
Locally Sourced Food	20%	50	90	50
Food Waste Management	20%	70	90	50
Locally Based Company	20%	50	90	50
Community Involvement	20%	25	90	50
Minority Owned	10%	100	20	50
Eagerness to be Involved	10%	100	70	50
<b>Weighted Project Scores</b>	<b>100%</b>	<b>59</b>	<b>81</b>	<b>50</b>

### Definitions of Criteria:

Locally Sourced Food: Buys food from local farms and local businesses whenever possible

Food Waste Management: Already has systems in place to reduce food waste

Locally Based Company: Is this a Portland based business, Oregon based, or a nationally recognized business

Community Involvement: Is the business committed to making the community a better place, i.e. investment in social programs, the arts etc

Minority Owned: Is the business owned, run by or make a point of employing women and minorities

Eagerness to be involved: Does the restaurant express interest and offer ideas about enhancing Lloyd's Eco District



## ➤ Appendix H - Biophilia Analysis

### Introduction

Living walls represent a basic opportunity to improve the environmental quality of dense urban areas. Living walls are robust in the benefits that they offer because they attack the triple bottom line from all three angles. In short, they provide social, environmental and economic benefits.

Constructed through the use of modular panels, living walls, are created by planting roots directly into a building's structure. The modular building panels used to construct a living wall contain soil or an artificial growing medium that is suitable to sustaining greenery. The cost of installation for a living walls has been estimated to be approximately \$40/square foot - \$120/square foot, according to authors of the article titled, Cost-Benefit Analysis for Green Façades and Living Wall Systems, published in 2013. The range is wide because it depends on the specifics of the location where the wall will be built. Factors such as surface type, height, lighting and available connections all play a role in determining the cost of installation. (1)

### Social

The social benefits of a living wall are numerous. They help to counteract greenhouse gas emissions while at the same time making a space more desirable aesthetically. They also work as sound barriers and improve noise reduction between areas in a building.

### Economic

Living walls have been proven to reduce energy consumption for ventilation systems. One study showed a 160% energy reduction with HVAC systems and a 40% energy reduction in ERV systems. (2) Studies have also demonstrated that a building's air conditioning demand can go down in certain climates by as much as 40-60% due to an extra stagnant air layer that is created by a living wall. The stagnant air generates an insulating effect. (1) In addition, it is theorized that living walls add property value to a location commiserate and at a similar level as does planting a tree at a location. The numerical value of property value increase is estimated at, "a value increase interval for property of 6-15% with a midpoint of 10.5%." Other studies showed property value increasing anywhere from 1.4%-3.9% when I living wall was built, depending on the geographic location. (1)

### Environmental

Urban setting are known to have substantially higher heat than their surrounding rural areas due to the effects of lack of biodiversity and greenhouse gases, these areas can be 35-41 degrees higher in temperature. (1) One study showed that green buildings could reduce air conditioning use by up to 20% and net a savings of \$10 billion in the United States alone. (3)

Living walls also help to reduce local air pollution that comes in the form of dust and airborne substances. One study showed that an urban street lined with trees had between 10-15% less air particle pollution. (4) Another study showed that green buildings reduced gaseous pollutants, cooled temperatures and dropped carbon mass levels significantly. (5)



## Conclusion

While each potential builder of a living wall must conduct its own cost-benefit analysis to determine if a living wall is feasible it is likely that many building and remodeling efforts will find that the benefits do outweigh the costs. It is hard to build a single item into your production plans that does a better job than a living wall of effectively attacking the triple bottom line from all available angles.

## Works Cited

Cost Benefit Analysis for Green Facades and Living Wall Systems

Can Plants Save Money - A Look at The Bio Wall

Akabari H, Pomerantz M, Taha H. Cool surface and shade trees to reduce energy use and improve air quality in urban area. *Solar Energy* 2001;70(3): 295e310.

Johnston J, Newton J. Building green. A guide for using plants on roofs, wall and pavements. London: The London Ecology Unit; 1996.

Tan PW, Sia A. A pilot study green roof project in Singapore. In: Proceedings from the third greening. Washington DC: Rooftops for Healthy Cities; May 2005

Alvarez, Andrew. "Food Trucks in the US" IBISWorld Industry Report OD4322. January 2015. Portland State University Library. Web. 28 July 2015

Porter, Michael E. "The Five Competitive Forces That Shape Strategy." *Harvard Business Review* 86.1 (2008): 78-93. Business Source Premier. Web. 4 Aug. 2015

## References

---

- <sup>i</sup> BlueOregon – Buying Local and the Circulating Dollar. [http://www.blueoregon.com/2005/11/buying\\_local\\_an/](http://www.blueoregon.com/2005/11/buying_local_an/)
- <sup>ii</sup> <http://www.bizjournals.com/portland/blog/sbo/2014/11/the-triple-bottom-line-on-pges-first-ever.html>
- <sup>iii</sup> Mintel – Shopping Malls – US – March 2013
- <sup>iv</sup> Study showing Portlanders want variety and healthy options: Pedestrian Committee Lunch Survey Options May 2012
- <sup>v</sup> <http://www.washingtonpost.com/sf/style/2015/06/30/the-search-for-americas-best-food-cities-portland-ore/>
- <sup>vi</sup> Forbes – Portland Oregon profile. <http://www.forbes.com/places/or/portland/>
- <sup>vii</sup> Information on water savings from the EPA <http://www.epa.gov/greeningepa/water/faucets.htm>
- <sup>viii</sup> <http://www.washingtonpost.com/sf/style/2015/06/30/the-search-for-americas-best-food-cities-portland-ore/>
- <sup>ix</sup> <https://www.sba.gov/>
- <sup>x</sup> The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.
- <sup>xi</sup> SBA Loan 7(a) program. Specific requirement information is available at <https://www.sba.gov/7a-loan-program>
- <sup>xii</sup> IRS Pub334 <http://www.irs.gov/publications/p334/>
- <sup>xiii</sup> IRS Pub 561 <http://www.irs.gov/publications/p561/>