

## Cisco and General Growth Properties (GGP)



“WE CALLED 1998-99: ‘THE YEAR OF CLICKS.’ THANKS TO CISCO AND ITS GREAT TEAM OF INDUSTRY LEADERS, WE CAN CALL 2000: ‘THE YEAR OF CLICKS AND BRICKS.’”

John Bucksbaum, CEO, General Growth Properties

### Background

General Growth Properties (NYSE: GGP) is a leader in space—the real estate kind. While expansion is nothing new for the real estate industry, General Growth is giving the word a whole new meaning. The firm is expanding its domain by joining mallspace to cyberspace ... to create the first-ever ‘bricks and clicks’ shopping center.

Headquartered in Chicago, General Growth was started in 1954 as a private enterprise of Matthew and Martin Bucksbaum. The brothers started in the grocery store business, but soon began to expand their focus to owning and managing real estate for retail businesses.

Forty-six years later, GGP now employs nearly 3,000 people nationwide and specializes in shopping center development and management, financing, property acquisition, retail marketing, market research, and leasing.

Given the statistics, you very well may be one of their customers. GGP owns 136 regional malls in 37 states. Approximately 35 million people make 1.3 billion visits to their malls every year, spending some \$35 billion with GGP’s 15,000 retailers. A percentage of sales from those retailers is revenue to General

Growth, so in a “back-to-the-future” kind of way, GGP has returned to the retail business.

### EXECUTIVE SUMMARY

#### BACKGROUND

Established in 1954, General Growth Properties is a full-service shopping center owner, property manager, and developer with nearly 3,000 employees nationwide. GGP specializes in shopping center development and management, financing, property acquisition and disposition, and leasing. Approximately 35 million people make 1.3 billion visits to their 136 malls every year, spending nearly \$35 billion with GGP’s 15,000 mall retailers.

#### CHALLENGE

After a 1998 Time magazine cover story saying “Kiss Your Mall Goodbye,” GGP decided to stop the predicted evolution from Main Street to malls to online shopping by embracing, rather than fighting, the Internet.

#### SOLUTION

After consulting with Cisco, GGP installed an Internet protocol-based broadband cable network that provides a variety of high-speed communications and value-added interactive services to retailers.

#### RESULTS

GGP enables retailers to bring to customers the benefits of high-speed connectivity and the latest data, video, and voice communications tools. Benefits are both external, such as live fashion shows, and internal, such as e-learning for new employee training, which is especially important given the seasonal demands on store staffing.

### The Challenge

In 1998, Time magazine ran a cover story proclaiming “Kiss Your Mall Good-bye.” That lit a fire in current CEO John Bucksbaum. “We didn’t like it. As a matter of fact, I think we burned every copy we could find. But it did make us face the fact that things were changing.”

To stop the predicted evolution from Main Street to malls to online shopping, GGP executives knew they had to take action. They decided to help their retail customers make visiting the mall an experience that would be well worth the trip.

“We call it the ‘home alone’ syndrome,” explains Bucksbaum. “We know people want convenience, but we believe they also want the kind of experience a mall can deliver by providing entertainment, information, and an opportunity to see, feel, touch, try on, and take home the merchandise they buy. Not to mention a place to take the kids to see the latest movie, or have coffee or a meal with friends.”

### The Solution

At a two-day planning session shortly after the Time article appeared, GGP’s executive team decided that embracing rather than fighting the

Internet was the way to go. They developed a vision for converging online and offline retailing, which will also bring the advantages of broadband cable applications to their retailers.

After consulting with Cisco and discussing various options, GGP decided to install an Internet Protocol (IP)-based broadband cable network that would provide a variety of high-speed communication and value-added interactive services to retailers. This digital broadband infrastructure will equip retailers with the latest data, video, and voice communication tools to run business-critical functions, as well as to increase productivity and cost-efficiency within their stores.

With this new network, retailers will be able to conduct business transactions at powerful speeds; employ broadcast-quality video applications linked directly to their point-of-sale terminals or to in-store kiosks, and transmit high-quality voice over the IP platform.

“We are delivering a complete e-business solution that will drive traffic and sales to local retail stores,” says senior vice president Charlie Graves. “This e-retail solution is a localized, easy-to-use, Internet-based system intended to complement existing retailers’ Web strategies.”

#### **Mallibu.com**

Mallibu.com is the focal point of GGP’s retail convergence strategy. Designed to enhance the shopping experience, it is a fully interactive shopping center destination that links consumers to the Web sites of GGP’s 136 malls, and will eventually link to all 15,000 individual retailers nationwide.

Mallibu.com provides local shopping along with promotional, lifestyles, and community-based information to consumers in a fun, visual, and easy-to-navigate Web site. It creates a way to combine the physical mall experience with the dynamic content, information gathering, personalization, and distribution advantages of the Internet to deliver a “best of both worlds” opportunity. Shoppers will be able to customize services, receive advance notices of sales, and take advantage of premium offerings such as same-day delivery for items purchased at a nearby mall.

“We’ve created a multi-channel business model that turns online shopping into in-mall sales,” says Bucksbaum. “This ‘convergence’ offers a unique value to GGP. It adds a new proposition that appeals to shoppers who don’t frequently visit the mall. It also and provides an alternative means of communication and enhanced shopping experiences to existing mall shoppers.”

Capitalizing on the strength and loyalty of GGP’s existing customer base Mallibu.com will eliminate the distinction between online and offline shopping by driving all sales to local retail stores.

#### **Results**

General Growth’s e-business initiative goes well beyond ROI. The end game is viability for malls and mall-based retailers in an electronic marketplace. The company is using Internet business solutions to achieve its two key business objectives—drive more traffic to its retail tenants, and enhance the shopping experience for both retailer and consumer.

The new IP network will enable retailers to reap the benefits of high-speed connectivity. It will provide retailers with the latest data, video, and voice communication tools to increase productivity and drive cost-efficiency within their stores.

Unlike DSL or data-only services, the network will provide retailers the ability to process business data transactions at high speeds and to employ broadcast-quality video applications linked directly to their point-of-sales terminals, in-store kiosks and computers. They will also be able to conduct online employee training, which will speed the introduction of new products and services, as well as facilitate turnover during seasonal changes in store personnel.

With the ability to transmit not only video but also high-quality voice over the IP platform, the possibilities are endless. As Bucksbaum explains: “While customers may not have the bandwidth at home to be able to see an Italian runway show going on live from Milan, our retailers will have the capability of delivering the clarity that will be every bit as good as watching it on television at home.

“Music stores can simulcast live concerts,” he adds. “Bookstores can host celebrity author readings. We’re making all sorts of fun stuff possible with this convergence of traditional retail with the digital marketplace.”

General Growth considers it their job to understand what their retailers need, and then provide it.

“Our goal is to be the leading retail player in the new frontier of e-commerce convergence,” says Graves. “Physical space and online information will combine in complementary ways to create a new range of offerings for our retailers and services for our shoppers. This has the power to change the rules of retailing, and GGP aims to set the standard for this transformation.”



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