

The Shopping Mall: A Study on Customer Experience Executive Summary



Introduction

917 telephone interviews were conducted nationally with American consumers between October 29 and November 9, 2008. The sample was skewed towards females, approximately 2:1.

All respondents were randomly selected and qualified if they had personally shopped in a fully enclosed or open air mall within the past month. Respondents were asked to exclude mall visits where the purchase objective was for liquor, beer, groceries, prescription drugs or items that cost more than \$2,500.

Results were weighted by age to reflect the current US population distribution (based on the most recent census data.)

In the fall of 2008 The Verde Group, together with the Baker Retailing Initiative at Wharton, conducted a study across the US to better understand the retail shopping experience within Shopping Mall environments.

This study is the fifth in Verde/Wharton's series of retail experience studies. It surveyed 917 American shoppers to explore the drivers of satisfaction and loyalty to a shopping mall, focusing exclusively on topics pertaining to the mall itself as opposed to topics associated with individual stores. Specifically, it explored:

- Overall shopping patterns and preferences of mall shoppers
- What mall features and characteristics build shopper satisfaction and loyalty
- What features/characteristics drive shoppers away and create negative word-of-mouth
- How mall shopper experiences and attitudes vary by
 - Type of mall (enclosed or open air)
 - Shopper age, gender and employment status
 - History of visits to a given mall
 - Time spent shopping

A summary of findings follows.

Malls Create More Problem Experiences Than Stores

When visiting a mall, shoppers experience more problems with the mall than with the individual stores who are the mall's tenants.

MALL SHOPPERS ARE SERIOUS ABOUT THEIR SHOPPING

The average mall shopper drives nearly 25 miles to the mall of their choice. Overall these shoppers visit five stores per trip; one out of three of them will spend over two hours in the mall and visit eight stores while shopping. And mall shoppers spend. Nine out of ten will make a purchase with an average value of \$155.

SHOPPERS HAVE PROBLEMS MORE FREQUENTLY IN MALLS THAN IN INDIVIDUAL STORES

Previous Verde/Wharton studies have consistently shown that just over half of all shoppers will encounter a problem in a specific store in any given shopping trip. By contrast, over 80% of all shoppers experienced at least one mall related problem in their latest mall shopping trip.

SHOPPERS HAVE MORE PROBLEMS IN MALLS THAN IN INDIVIDUAL STORES

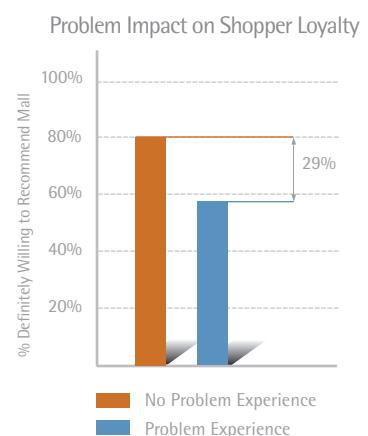
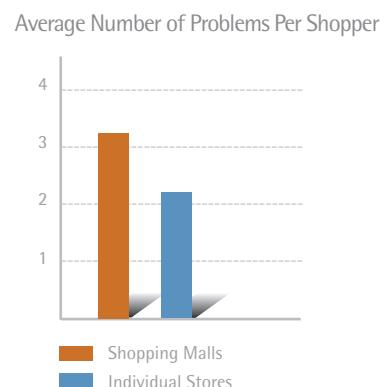
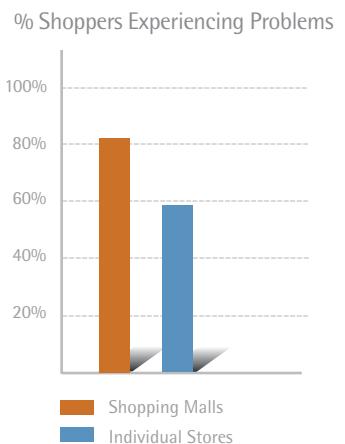
On average, a shopper will encounter 50% more problems in a mall environment than in an individual retail store.

MALL PROBLEMS HURT SHOPPER SATISFACTION AND LOYALTY

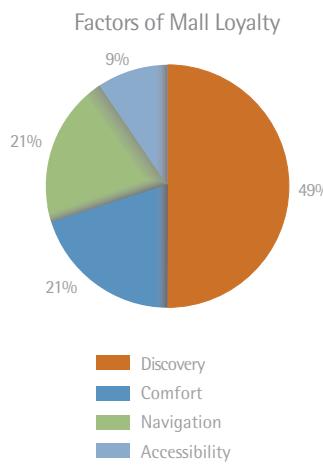
Shoppers who experience a mall problem are 37% less likely to be "very satisfied" with their mall experience when compared to shoppers who don't experience a problem. Their loyalty declines as well - these shoppers are 29% less likely to "definitely recommend" the mall to their friends and associates.

MALL REPUTATION SUFFERS WHEN PROBLEMS OCCUR

Nearly one-third of all shoppers who have a problem will talk about their negative shopping experience. And they'll talk a great deal. On average, each of these shoppers will tell nearly 5 people about the problems they encounter.



To Drive Mall Loyalty, Encourage Exploration and “Discovery”



Where should a Mall focus in order to drive satisfaction and loyalty?

THE FOUR ATTRIBUTES OF MALL SATISFACTION AND LOYALTY

The study found that there are four distinct attributes of the Shopping Mall experience that drive shopper satisfaction and grow shopper loyalty.

- **Discovery.** Does the mall offer a diversity of stores and restaurants, with unique products and interesting special events? Is it attractive, inviting and environmentally conscious?
- **Comfort.** Is the mall clean, well maintained and safe? Are washrooms numerous, easy to find and sanitary?
- **Navigation.** How simple is it to find the mall from the street or highway? Once inside, is the mall layout easy to navigate with clear signage?
- **Accessibility.** Is parking ample and conveniently located?

“DISCOVERY” MAKES THE DIFFERENCE

A successful shopping mall must have an appropriate blend of all attributes. But when it comes to creating loyal mall patrons “Discovery” is the most important attribute, far outweighing all other experience factors.

The Shopping Mall "Discovery Deficit"

The "What's around the corner?" factor is sorely missing for shoppers at the mall.

MALLS ARE SUFFERING FROM A "DISCOVERY DEFICIT"

Of all the problems shoppers report having in a mall, over one-third are "Discovery" related. And four of the five most frequent mall problems are "Discovery" problems:

- The selection of restaurants was too limited
- There was nothing new or unique in the mall
- There were too many stores that carry the same products
- The range of stores was too limited

WHEN DISCOVERY IS ABSENT, SHOPPERS DEFECT

Of the top four mall problems that drive shoppers away, three are "Discovery" issues:

- There was nothing new or unique in the mall
- There were too many stores that carry the same products
- The range of stores was too limited

THE "DISCOVERY DEFICIT" SUPPRESSES SHOPPER TIME-IN-MALL AND SPEND

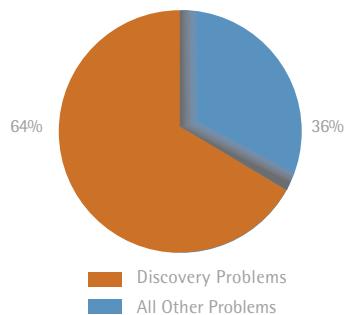
When "Discovery" issues are prevalent, shoppers spend less time and money in the mall. For example, shoppers who felt there was "nothing unique in the mall" are 17% more likely to exit the mall in under 2 hours compared to other shoppers.

And when a shopper feels the "range of stores is too limited", they are 26% less likely to spend over \$100 in that particular visit.

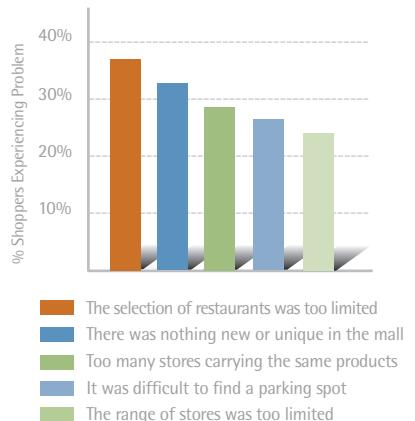
DISCOVERY ISSUES DRIVE NEGATIVE WORD OF MOUTH

Over 25% of all negative mall shopper word-of-mouth occurs because of "Discovery" related issues. Particular damage to a mall's market reputation occurs when shoppers perceive the "range of stores is too limited." This problem alone accounts for over 15% of all negative mall shopper word-of-mouth.

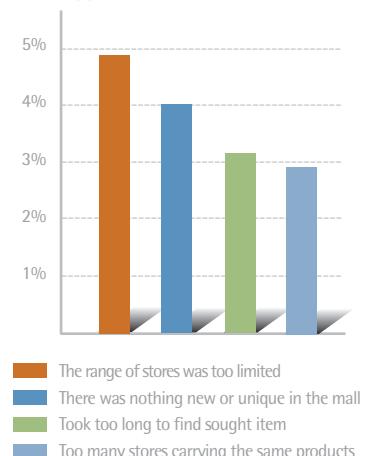
Frequency of "Discovery" Related Problems



Most Frequent Mall Problems

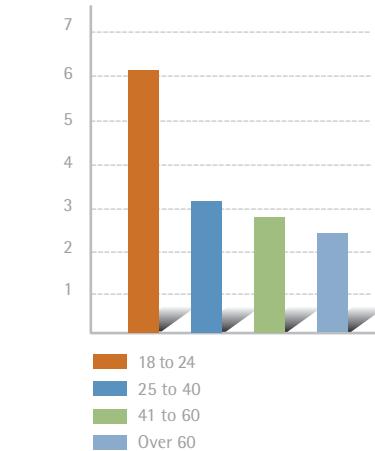


% Shoppers Lost Because...



Age and Gender Matter

Average Number of Problems Per Shopper



Shopper age and gender impact mall problem experience, satisfaction and loyalty.

YOUNG SHOPPERS ARE THE TOUGHEST CUSTOMERS

Shoppers 18 – 24 years of age are 23% more likely to have a problem than all other shoppers, and have nearly twice as many problems. Overall, they are half as satisfied with their mall shopping experience compared to older shoppers.

And yet younger shoppers remain active shoppers. They spend 25% more time in the mall compared to shoppers over 40, and visit 70% more stores per mall trip.

MEN AND WOMEN PROCESS THE MALL EXPERIENCE DIFFERENTLY

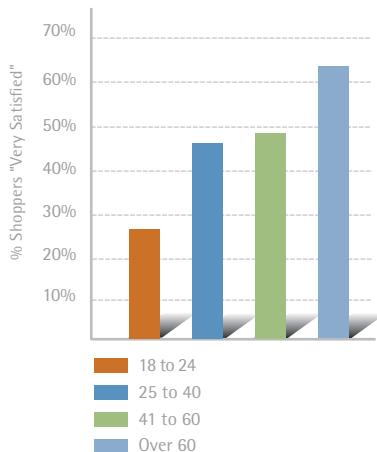
When it comes to mall shopping, men have a more negative experience than do women, encountering 16% more problems. They are particularly bothered by too many mall stores carrying the same product – men are 60% more likely to experience this issue than women.

However, women talk more about the problems they have. One-third will discuss their mall problems with a friend or colleague compared to less than one-quarter of men. On average women will tell twice as many people about their problems as will men.

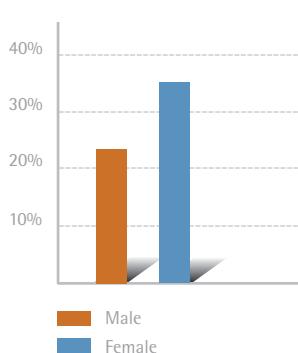
WOMEN ARE MORE LOYAL TO THEIR MALLS THAN MEN

Although women talk more about their shopping issues than men, they remain more loyal to the mall, particularly when problem issues occur. When a woman encounters a mall problem while shopping, her loyalty to the mall falls by 25%. But a man's loyalty drops by nearly 40% when he encounters a mall problem. These findings are consistent with those from the 2007 Verde/Wharton study *He Buys, She Shops: A Study Of Gender Differences In The Retail Experience*.

Overall satisfaction with Mall



% Shoppers Speaking to Others About Their Mall Problems



About

ABOUT THE VERDE GROUP

The Verde Group specializes in helping North American organizations measure the cost of customer dissatisfaction, prioritize the issues based on ROI, and quickly fix them for improved retention, spend and profitability. With offices in Canada and the United States, The Verde Group has consulted internationally to clients including Wal-Mart, Toyota, Levi Strauss, Allstate Insurance, HSBC and Eli Lilly.

Visit www.verdegroup.ca for more information.



ABOUT THE JAY H. BAKER RETAILING INITIATIVE

The Jay H. Baker Retailing Initiative at the Wharton School of the University of Pennsylvania is an education "industry center" created with a \$10 million gift from Patty and Jay H. Baker, Wharton Undergraduate 1956, and former president of Kohl's, with the sole focus of exposing students to the dynamic opportunities of a retail career. Visit bakerretail.wharton.upenn.edu for more information.



ABOUT THE VERDE/WHARTON RETAIL EXPERIENCE RESEARCH SERIES

"The Shopping Mall" is the fifth installment in an annual study of the state of shopper satisfaction in American retail. For full study findings, or to view the findings of Verde/Wharton's previous four retail experience studies, please visit the Verde Group's website at www.verdegroup.ca.