Converting Browsers into Spenders

Mall shoppers spend more time and money

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Abstract: *In 2005, there was a sea change in the consumer's motivation to shop. A record percentage of shoppers were browsers. But still, those consumers, who were out primarily to browse, spent 15% more than purposeful shoppers.*

For more than a decade, ICSC has teamed with major U.S. mall developers in compiling a basic mall shopper profile. The 2005 shopper profile was based on over 21,000 exit interviews conducted at 56 regional and superregional malls owned and managed by General Growth Properties, Simon Property Group and The Mills Corporation.

The mall shopper's basic demographic profile has held steady—that is, a typical mall shopper in 2005 was female, 39 years of age and lived in a three-person household with median household income of approximately $51,000. However, a key development from the latest profile is that shoppers spent more time and money at the nation's malls in 2005 compared with the previous year—and this also was true for the "lost" male shopper.[1]

An analysis follows of the key current and multi-year behavioral patterns for the typical mall shopper.

Number and Duration of Mall Visits

- In 2005, shoppers made 3.1 visits per month or about 37 trips annually. This compares with 2.9 visits and 3.2 visits per month in 2004 and 2003, respectively. (See Table 3-1.)
- Shoppers stayed longer in the mall last year. A typical mall visit in 2005 lasted 81.5 minutes vs. 80.6 minutes in 2004. Moreover, between 2003-2005, the average duration was 81.4 minutes, decisively higher than the 1996-2002 experience of 76.4 minutes.
- Teens (aged 14-17 for purposes of this survey) still frequented the mall the most (4.3 times) in a month and stayed the longest (97.1 minutes) of any age group. (Also see Chart 3-1.)
- As shown in Table 3-2, while males visit malls more often (3.3 times) than females (3.1 times), their mall trip remained relatively shorter than the women's—74.9 minutes per visit vs. 85.1 minutes.
- In 2005, Hispanics made the most number of visits to the mall in any given month (4.3 times), but Asians stayed about half a minute longer in the mall. This situation was reversed between the two ethnic groups in 2004.

Table 3-1

SELECTED SHOPPING PATTERNS (1996-2005)

	1996	1996-97	1998-99	2000-01	2001-02	2003	2004	2005
Average number of visits per month	3.2	3.3	3.4	3.4	3.3	3.2	2.9	3.1
Duration (in minutes)	77.0	75.5	76.4	78.1	75.1	82.2	80.6	81.5
Purpose of Visit (% of shoppers)								
General Shopping/Browsing	34.3%	37.2%	37.0%	23.2%	23.4%	33.5%	38.8%	44.1%
Specific Store/Purchase	49.2%	47.1%	43.0%	60.3%	58.8%	44.9%	38.9%	33.5%
Trip Duration by Purpose of Visit (minutes)								
General Shopping/Browsing	82.0	81.9	82.6	85.1	—	90.8	87.9	88.5
Specific Store/Purchase	69.0	69.3	73.5	68.8	—	71.4	74.6	71.4
Total Spending Per Mall Visit*	$66.70	$63.50	$68.20	$75.10	$71.90	$83.30	$86.30	$90.90
Department Stores	$34.10	$33.90	$35.20	$35.90	$34.10	$36.00	$42.50	$44.70
Mall Shops	$28.40	$26.10	$29.40	$37.40	$35.50	$42.20	$40.10	$42.50
Restaurant/Food	$4.20	$4.00	$4.10	$4.70	$4.10	$5.90	$5.40	$5.30

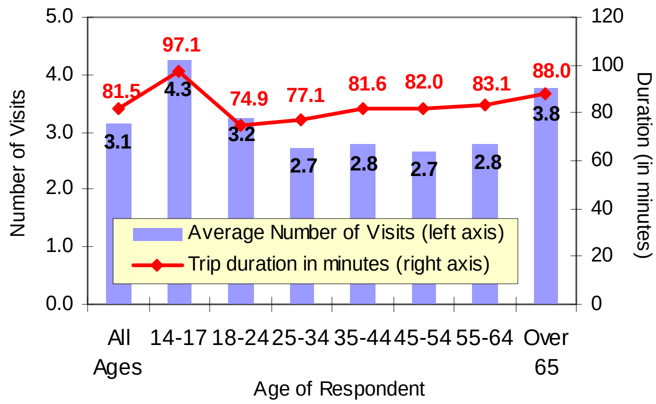
**includes spending for store types not shown*

Source: ICSC Research

[1] See C. Britt Beemer, "The Lost Male Shoppers," *Research Review*, Vol. 13 (No. 1), 2006, pp. 52-53.

Chart 3-1

AVERAGE NUMBER OF MALL VISITS PER MONTH AND DURATION OF VISIT (By Age Group)



Source: ICSC Research

Purpose of Visit

- Visiting the mall has become less purpose-driven, a trend that characterized the early 1990s. In 2005, more consumers went to the mall for general shopping/browsing (44%) than to shop at a specific store or to make a specific purchase (34%).
- While the majority of consumers went to the mall to shop or dine, some visited for "non-shopping" reasons. There was still a good 16% of mall patrons whose primary purpose was to attend a special event/ movie or for other reasons.
- General shopping/browsing took a lot longer (88.5 minutes) than shopping at a specific store or for a specific purchase (71.4 minutes).
- About 1 in 2 shoppers/diners spent from 30 minutes to one hour in the mall. Almost half (48%) of shoppers with a specific store/purchase in mind spent from 30 to 60 minutes there. Similarly, 43% of general shoppers/browsers and 46% of restaurant/ food store patrons stayed in malls for 30-60 minutes.

Mall Shops Visited and Purchases Made

- The average number of mall shops entered per trip is 1.9, with shoppers purchasing at about one mall store (0.9). This calculates to an implicit conversion rate of 47%, the lowest in the 11 years that ICSC has been tracking this information.
- Having visited 1.3 mall shops and purchased at 0.9, Asian shoppers had the highest conversion at mall stores (69%) in 2005.
- Those ages 18-24 and 25-34 visited the most number of mall shops—2.30 and 2.20, respectively. In contrast, those over 65 visited just one mall shop each trip.
- In 2005, teens (14-17 year olds) reported the highest mall shop conversion (53%). Two other age groups—those 35-44 years old and those over 65 years—tied at second place, with mall store conversion each of 50%.

Spending Trends

- In 2005, general shopping/browsing generated a lot of impulse buying. General shoppers/browsers spent a mean total $102.00 compared with $88.40 for specific-purpose shoppers. This dichotomy was apparent too for *department stores*. Impulse buyers ($51.80) spent 23% more than targeted buyers ($42.20) at department stores. However, at *mall shops*, they spent slightly less ($43.80) than specific-purpose shoppers ($45.70).
- What strategies the department stores have been doing seem to be paying off. For the second year in a row in 2005, the average spending at department stores ($44.70) exceeded that for mall shops ($42.50).
- Over the last two years, the average spending at restaurants/food shops was relatively stable at $5.30.
- About one visitor in six (16%) leave the mall without purchasing anything. This "walk-out rate" has more or less held steady since 1996.

Table 3-2

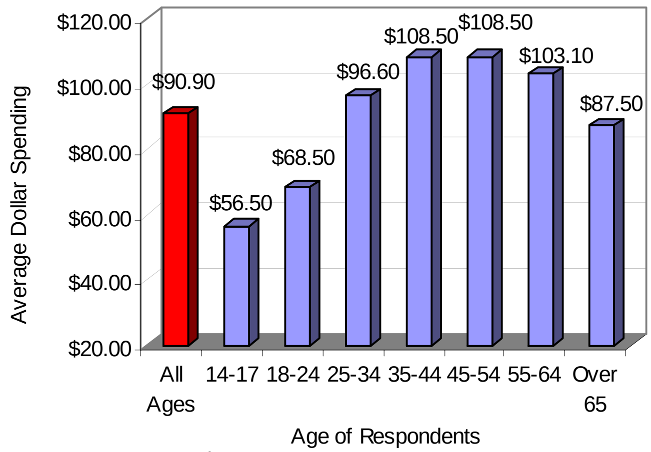
SELECTED SHOPPING ATTRIBUTES BY GENDER (2000-2005)

	2000-01	2001-02	2003	2004	2005
MALES					
% of Total Shoppers	37%	37%	39%	35%	36%
Average number of visits per month	3.4	3.3	3.2	3.1	3.3
Duration (in minutes)	68.9	65.6	75.0	73.9	74.9
Total Spending per Mall Visit	$70.10	$67.10	$78.50	$82.70	$85.20
FEMALES					
% of Total Shoppers	63%	63%	61%	65%	64%
Average number of visits per month	3.3	3.3	3.1	2.8	3.1
Duration (in minutes)	83.5	80.8	86.7	84.2	85.1
Total Spending per Mall Visit	$78.10	$74.80	$86.20	$88.20	$94.20

Source: ICSC Research

Chart 3-2

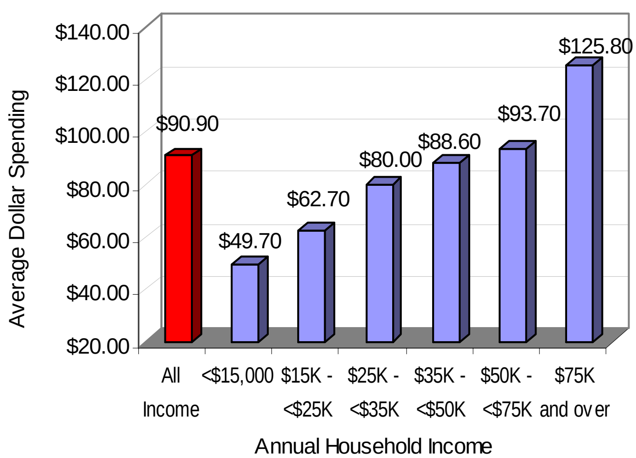
AVERAGE SPENDING PER MALL VISIT
(By Age Group)



Source: ICSC Research

Chart 3-3

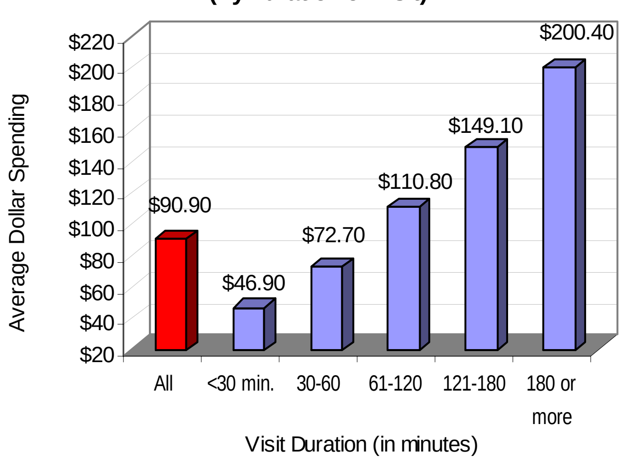
AVERAGE SPENDING PER MALL VISIT
(By Income Group)



Source: ICSC Research

Chart 3-4

AVERAGE SPENDING PER MALL VISIT
(By Duration of Visit)

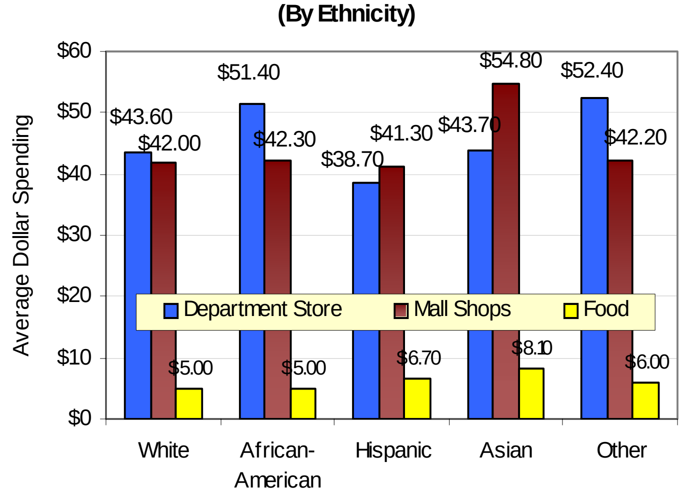


Source: ICSC Research

- The mean total spending (including those who spend nothing) per mall visit increased from $86.30 in 2004 to $90.90 in 2005. (Also refer to Table 3-1.) Excluding non-spenders, average total spending was $107.74 in 2005.
- Those ages 35-44 spent the most money at *mall shops* ($52.10). Meanwhile, *department store* spending rose with age in 2005—from $14.60 among the 14-17 year olds up to $65.70 for those aged 55-64 years.
- Overall, two age cohorts—35-44 year olds and 45-54 year olds—spent the highest total ($108.50) per mall trip. (See Chart 3-2.)
- Understandably, women spent more than men ($94.20 vs. $85.20) during a mall visit.
- Mall spending increased with household income. Those earning $75,000 and over spent $125.80 per mall trip, $32.10 more than that spent by the next highest income cohort. (See Chart 3-3.)
- Total spending increases with each minute spent at the mall. An average of $200.40 is spent during a mall trip that lasts longer than three hours, while just $46.90 is spent during a less-than-half-an-hour trip. (See Chart 3-4.)
- By tenant type and by ethnic group showed that Asians spend the most at mall shops ($54.80) and food stores ($8.10), while African-Americans spend the most at department stores ($51.40). (See Chart 3-5.)

Chart 3-5

AVERAGE SPENDING PER MALL VISIT
(By Ethnicity)



Source: ICSC Research

Table 3-3

2005 SHOPPING PATTERNS BY CENTER SIZE AND GEOGRAPHICAL LOCATION							
	All Malls	Center Size		Region			
		Under 800,000 sf	Over 800,000 sf	Northeast	Midwest	South	West
Average Number of Visits Per Month	3.1	3.0	3.2	4.3	2.6	3.2	3.5
Duration of Visit (in minutes)	81.5	77.4	82.5	87.4	81.5	80.3	82.1
Purpose of Visit (% of shoppers)							
General Shopping/Browsing	44.1%	38.6%	45.5%	40.7%	48.1%	40.9%	45.2%
Specific Store/Purchase	33.5%	39.2%	32.0%	40.2%	30.7%	37.4%	28.3%
Restaurant/Food	6.5%	7.5%	6.2%	5.8%	6.0%	6.7%	7.0%
Attend a Special Event/Movie	2.7%	2.2%	2.8%	2.1%	2.2%	2.3%	4.3%
Other (Not specified)	13.3%	12.5%	13.5%	11.3%	13.0%	12.7%	15.2%
A. Number of Department Stores Visited	1.0	1.1	0.9	0.9	1.0	0.9	1.1
B. Number of Department Stores Where Made Purchases	0.5	0.6	0.5	0.5	0.6	0.5	0.6
C. Department Store Conversion Rate (B/A)	50%	55%	56%	56%	60%	56%	55%
D. Number of Mall Shops Visited	1.9	1.2	2.1	1.3	1.7	2	2.3
E. Number of Mall Shops Where Made Purchases	0.9	0.7	1.0	1.0	0.8	0.9	1.0
F. Mall Shop Conversion Rate (E/D)	47%	58%	48%	77%	47%	45%	43%
Department Store Spending Per Mall Visit	$44.70	$58.50	$40.40	$45.80	$54.60	$39.00	$39.70
Mall Shop Spending Per Mall Visit	$42.50	$45.00	$41.60	$54.00	$46.20	$40.80	$35.70
Restaurant/Food Spending Per Mall Visit	$5.30	$6.20	$5.10	$7.00	$4.80	$5.50	$5.30
Total Spending Per Mall Visit*	$90.90	$102.90	$87.90	$108.80	$99.40	$87.50	$80.50

**includes spending for store types not shown*

Source: ICSC Research

Shopping Patterns by Center Size and Geographical Location

- As can be seen in Table 3-3, shoppers visited superregional malls (i.e., centers 800,000 square feet or over) more frequently (3.2 visits) per month, and consequently stayed there longer (82.5 minutes).
- By purpose of visit, malls over 800,000 square feet drew significantly more general shoppers/browsers (46%) than purposeful shoppers (32%). Meanwhile, malls under 800,000 square feet lured an equal number (39%) of general shoppers/browsers and specific-purpose shoppers.
- Total spending was higher at regional malls (i.e., centers with building area between 400,000 and 800,000 square feet). Based on the 2005 data, regional mall shoppers spent $102.90 in total per trip, or $15.00 more than their superregional counterparts.
- Geographically, shoppers visited malls at least 3.0 times in a month, with the exception of the Midwest (2.6 visits).[2] Northeast shoppers frequented malls the most number in any given month (4.3 visits) and spent the longest time there (87.4 minutes).
- Northeast shoppers also reported the highest mall shop conversion (77%). This may be attributed partly to the fact that malls in this region drew a sizeable number of specific-purpose shoppers (40.2%). In fact, purpose-driven shoppers numbered about the same as the browsers (40.7%).
- Northeast residents were the biggest spenders, spending on average a total of $108.80 per mall trip. Meanwhile, those in the West spent the least ($80.50).

Conclusion

Mall shopping habits and buying patterns have remained stable over the years, as validated yet again by the 2005 survey. However, each year, the mall shopper never fails to present new challenges to the developers and retailers.

Important opportunities emerge from the analysis of the 2005 data, namely:

- More consumers went to the mall for general shopping or browsing, suggesting that they were keen on visiting the mall and were willing to spend. Looking ahead, if developers and retailers provide the

[2] It should be noted that the regional composition of the malls included in the 2005 database—the Northeast (6%), Midwest (31%), South (41%) and West (22%)—varied from 2004. For perspective, according to a separate ICSC database, the regional makeup of malls in the U.S. is as follows: the Northeast (18%), Midwest (24%), South (38%) and West (21%).

right experience (e.g., amenities, store selection and variety, etc.), more incremental spending might be generated.[3]

- Mall shop conversion dropped to its lowest level since the inception of ICSC's mall shopper profiling. This needs to be put in perspective. Both the "number of stores purchased at" and "the number of stores visited" increased from the prior year, but the former did not move in tandem with the latter. With the customer already inside the store, half the battle is won. The other half of the battle is for retailers to meet the consumer's evolving needs and *close the sale*.

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[3] David Contis expounded on this point in a recent *Visions* article in this publication. See *Research Review*, Vol. 13 (No. 1), 2006, pp. 6-9.