Canadians Find Other Ways of Shopping

How the Mall Experience May Have Changed in the Country

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Abstract: *Across genders, languages and age groups, consumers who came to the mall for general shopping and browsing as well as heading to specific stores or to make specific purchases in 2007 have declined slightly from the prior year. In contrast, other draws to the mall, such as restaurants, food courts, entertainment, services and special events, have increased noticeably.*

Going to the Mall to Eat and Play Too

Based on exit interviews with roughly 46,000 consumers at regional and superregional malls in Canada in 2007[1], the primary reason consumers cited for heading to the nation's malls was simply to browse (35%), as shown in Table 4-1. More interestingly, the second-biggest cited draw to the mall was for reasons other than shopping. In 2007, 33.3% of shoppers at Canadian malls went for non-shopping reasons. These "other" or non-shopping visits include eating at restaurants or a food court, going to a movie or other entertainment, as well as visiting medical and dental offices or patronizing other services (dry cleaning, hair salon, etc.). The attraction to the Canadian mall for these non-shopping purposes far exceeded its U.S. mall counterparts' experience (21.5%).

Indeed, considerably more people reported visiting malls for non-shopping reasons in 2007 than in the prior year's study. The percentage reporting non-shopping as the primary draw to Canadian malls jumped by 4.1 percentage points (pp) in 2007 compared with 2006. At the same time, the primary appeal of general browsing fell by 0.6 pp and shopping for a specific items or going to a specific store dropped by a hefty 3.5 pp. Although these results are subject to large statistical variance (as noted in Appendix 4-1), the broad story seems to capture the benefits of a solid economy lifting discretionary spending on such items as eating out and entertainment.

Further evidence of the greater draw for non-shopping activities at the mall, and restaurants in particular, is the more rapid restaurant sales growth at malls than among all non-anchor stores at the entire center, as based on ICSC's *Canadian Mall Report*. The

Table 4-1

Selected Mall Shopping Patterns				
	CANADA			UNITED STATES
Purpose of Visit (% of shoppers)	2006	2007	*Change (pp.)*	2006
General Shopping/Browsing	35.6%	35.0%	-0.6	39.5%
Specific Store/Purchase	35.2%	31.7%	-3.5	39.0%
Other *	29.2%	33.3%	4.1	21.5%

* *"Other" includes restaurants, food court, fast food in non-food court locations, entertainment, services, special events, etc.*
Source: ICSC Research

Table 4-2

Canadian Mall Sales Growth for Selected Food Service Categories Year-over-Year Percentage Change				
	Food Court	Fast Food	Restaurant	Total
2005/2004	5%	6%	2%	4%
2006/2005	7%	7%	7%	6%
2007/2006 *	6%	9%	8%	7%

**Year-to-date percentage change as of September 2007.*
Source: ICSC Research

[1] Data are primarily for 2007. However, some consumer surveying of centers is conducted on an alternating two-year cycle by two participants and, following the industry practice, those 2006 surveys for those biannually-surveyed centers are included with the 2007 sample. Also following current industry practice, ICSC does not recompile the prior year's data set to consolidate all 2006 information. As such, the 2006 sample includes those centers surveyed in 2006 and the biannual portion of centers surveyed in 2005.

growth of mall spending at restaurants, food courts and other fast-food and total measured center sales are shown in Table 4-2.

Men and Women Agree

The 2007 shift toward non-shopping visits was pronounced among both men and women. Non-shopping reasons grew for males and females (+3.8 pp and +4.3 pp, respectively) during the same period at the expense of both general shopping/browsing and specific store/ purchase.

Age Does Not Matter

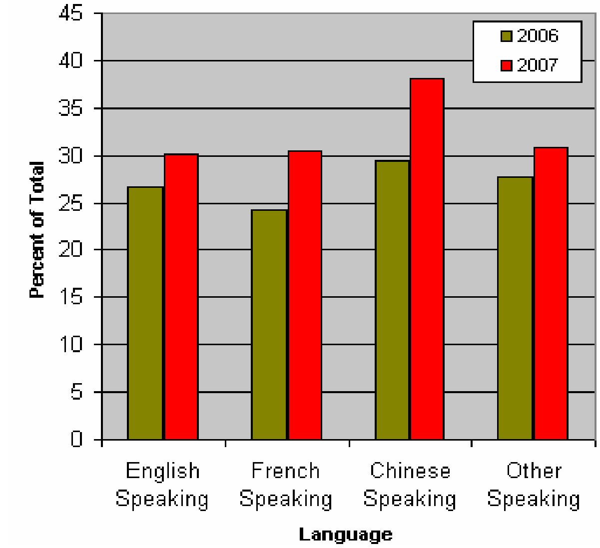
The trend toward more non-shopping activities as the main reason for mall visits can also be observed by age group. Indeed, every age group in 2007 reported an increase in non-shopping reasons for going to the mall, as well as decreases in both general shopping/browsing and specific store/purchases. Both 25-34-year-old and 45-54-year-old groups led the way with an identical gain of 4.6 pp in non-shopping activities during that time.

Increases Across Regions and Languages

The shift in the main reason for a mall visit was found throughout the regions, with the exception of the Atlantic. While the Atlantic region reported a slight decrease in 2007, Quebec and British Columbia notably recorded increases of 7.4 pp and 6.7 pp, respectively.

Chart 4-1

Main Reason for Mall Visit: Share of Consumers Citing "Non-Shopping" Reasons By Language Spoken at Home



Source: ICSC Research

Interestingly, among the groups based on the primary language spoken at home, one of the largest positive shifts occurred among Chinese-speaking shoppers, followed by an increase among French-speaking shoppers. (See Chart 4-1.)

Table 4-3

Selected Mall Shopping Patterns						
	CANADA				UNITED STATES	
	2006		2007		2006	
TOTAL	**Mean**	**Median**	**Mean**	**Median**	**Mean**	**Median**
Number of Visits per month	4.8	3.0	4.8	3.0	2.9	1.7
Duration of Visit (in minutes)	72.8	60.0	72.5	60.0	77.2	60.0
Males						
% of Total Shoppers	36%	36%	36%	36%	36%	36%
Number of Visits per month	5.1	3.0	5.1	3.0	3.2	1.7
Duration of Visit (in minutes)	63.1	60.0	63.4	60.0	71.3	60.0
Females						
% of Total Shoppers	64%	64%	64%	64%	64%	64%
Number of Visits per month	4.7	3.0	4.7	3.0	2.8	1.7
Duration of Visit (in minutes)	78.3	60.0	77.7	60.0	80.7	60.0

Note: Standard deviations are shown in the technical appendix table for the key statistics reported in this table.
Source: ICSC Research

[2] Veronica V. Soriano, "U.S. Mall Shoppers Get Efficient," *Research Review*, Vol. 14 (No. 2), 2007, pp. 38-42.
[3] The monthly averages are calculated as follows:

	Duration/Visit		Visits/Month
Canada	72.5 min. x	4.8 times	= 348.00 minutes per month
U.S.	77.2 min. x	2.9 times	= 223.88 minutes per month

	Spending/Visit		Visits/Month
Canada	C\$78.20 x	4.8 times	= C\$375.36 per month
U.S.	C\$113.34 x	2.9 times	= C\$328.68 per month

Table 4-4

Number of Stores Visited in Canada Per Month (Mean)		
Primary Language Spoken at Home	2006	2007
All Languages	*3.6*	*3.3*
English	3.7	3.3
French	3.2	2.7
Chinese	5.5	4.4
Other*	3.4	3.0

** All other languages including Hindi, Italian, Spanish, Portuguese, Punjabi and Tagalog.*
Source: ICSC Research

Visits and Time Spent at the Mall

In 2007, the Canadian shopper continued to make 4.8 visits (mean) to the mall per month and to stay around 72 minutes per visit (mean) as shown in Table 4-3. Women continued to represent about two-thirds of mall shoppers in 2007 (as they did in 2006) and spent considerably more time during visits than men (77.7 minutes per visit vs. 63.4, respectively). However, men continued to frequent the malls more often than women (5.1 trips per month for men vs. 4.7 for women).

Canadian shoppers made nearly twice the number of monthly visits to malls as their American counterparts[2], as also displayed in Table 4-3. As a result, Canadian shoppers spent approximately 120 minutes more *per month*[3] in the mall in 2007 than U.S. shoppers, despite the fact that Canadian shoppers spent less time per visit than shoppers in the U.S. (about 77 minutes per visit).

Table 4-4 indicates that the number of stores visited in Canadian malls fell in 2007 (3.3 stores visited compared with 3.6 in the prior year). This decrease was consistent among all groups based on the primary language spoken at home. However, Chinese-speaking consumers tended to shop at more stores per mall visit (4.4) than the average shopper in 2007.

Table 4-5

Mall Spending	CANADA				UNITED STATES *	
	2006		2007		2006	
	Mean	Median	Mean	Median	Mean	Median
Total Spending Per Mall Visit	C$74.60	C$35.00	C$78.20	C$38.00	C$113.34	C$56.73
Males	69.30	25.00	71.90	27.00	110.40	45.38
Females	77.60	40.00	81.70	40.00	122.20	66.94
Total Spending Per Month	358.08	105.00	375.36	114.00	328.68	164.52

** Mall spending for the U.S. was converted to Canadian dollar using the 2006 average of C$1.1346 to US$1.*
Note: Standard deviations are shown in the technical appendix table for the key statistics reported in this table.
Source: ICSC Research

Table 4-6

Mall Spending (Canadian Dollars Per Visit)

Mean

Total		Age Group 15-24	25-34	35-44	45-54	55-64	65+	Income Under $100,000	Over $100,000
2006	C$74.60	C$56.70	C$80.70	C$87.90	C$88.10	C$75.70	C$60.20	C$71.80	C$115.00
2007	78.20	60.10	83.20	91.90	91.60	82.80	61.90	77.50*	100.40
Change	3.60	3.40	2.50	4.00	3.50	7.10	1.70	5.70	-14.60

Median

Total		Age Group 15-24	25-34	35-44	45-54	55-64	65+	Income Under $100,000	Over $100,000
2006	C$35.00	C$25.00	C$40.00	C$45.00	C$40.00	C$35.00	C$25.00	C$35.00	C$56.00
2007	38.00	30.00	40.00	50.00	45.00	35.00	25.00	—	50.00
Change	3.00	5.00	0.00	5.00	5.00	0.00	0.00	—	6.00

** Weighted values by income.*
Source: ICSC Research

Table 4-7

Conversion Rates						
	2006			2007		
	Total	Male	Female	Total	Male	Female
Number of Stores Visited	3.6 *	3.1	3.9	3.3 *	2.8	3.6
Number of Stores with a Purchase Made	1.6 *	1.4	1.7	1.6 *	1.4	1.7
Mall Store Conversion Rates	44.1% *	45.2%	43.6%	48.1%*	50.0%	47.2%

** Weighted values by gender.*
Source: ICSC Research

Dollars Spent

Canadian mall shoppers spent, on average, C$78.20 per visit in 2007, as indicated in Table 4-5. This compares with C$74.60 in 2006. Women spent approximately $10 more than men per mall visit in 2007, with spending increasing per visit by $4.10 and $2.60, respectively. Additionally, average spending appears to have increased among all age groups in 2007, with the greatest gain occurring among the 55-64-year-olds (C$7.10 or 9.4%) as shown in Table 4-6.

By income, spending by consumers with an income under C$100,000 jumped approximately C$6 to C$77.50 in 2007. However, based on the survey results, shoppers with an annual income over C$100,000 would have spent C$100.40 in 2007, or C$15 less per mall visit on average than in 2006. Given the large variance around the mean, the decline between 2007 and 2006 was statistically insignificant.

At the provincial level, spending per mall visit in Quebec was the highest in the nation at $80.50, followed closely by Alberta with $77.80 per visit. The Prairies had the lowest spending per visit at $59.90. This was the only region in 2007 to report a decrease from the prior year.

Conversion Rate

As indicated in Table 4-7, the Canadian mall shopper purchased items or services at more of the stores visited in 2007 (48.1%) than during the prior year (44.1%) The sales conversion rates for men and women were 50.0% and 47.2%, respectively.

Looking Ahead

Was the 2007 jump in non-shopping activities as the primary attraction for consumers to Canadian malls a cyclical or secular phenomenon? Maybe both. To some extent, it can be argued that discretionary spending on non-shopping activities at malls is a function of a healthy Canadian economy and that this draw could move up or down with the business cycle. On the other hand, and maybe simultaneously, it could be argued that this is a wave of the future. Either way, it is an important development for owners, developers and investors to watch.

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Appendix 4-1: Defining Uncertainty

The data used in this study are based on statistical samples. As such, it is appropriate to ask what the statistical confidence bands are around the mean. Standard deviation captures this variance and should be used in interpreting the reported averages. The high-level standard deviations are shown in the table below.

Standard Deviations for Selected Components in 2007			
	Number of Visits per month	Duration of Visit (in minutes)	Spending Per Mall Visit (C$)
TOTAL	6.0	57.5	C$154.73
Males	6.4	53.1	165.21
Females	5.7	59.3	148.29

Source: ICSC Research