

The Role of Market Research in The Modern Shopping Centre

Business Blueprints
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Background

Historically, shopping centre developers focused on two areas; capital cost and rental return. There was no real interest in “the shopper” and the developer’s mission was to maximise rent almost in isolation of consumer demand. The focus of “marketing” was the successful completion of lease so the industry tended to have a b2b emphasis. Meadowhall, which opened in 1990, was the first centre to count shoppers and used light beam technology to do this. Developed by Business Blueprints, this innovation raised eyebrows in the industry at the time but was eagerly embraced by the retailers who were able, for the first time, to put their sales results into an objective context. The flow of data allowed tenants to be made aware of seasonal movements and thus be more prepared for sales uplifts with more staff and stock. Promotional impact could be scientifically measured for the first time and this feedback to retail partners led them to understand that optimising the deployment of service charge funds was a shared responsibility, not a centre management open cheque.

However in the example below Centre A with a higher gross footfall generates a 19% lower turnover than Centre B as a result of a lower conversion rate and lower average party spend. In other words footfall data are not reliable metrics in isolation.

	Centre A	Centre B
Visits	15 m	12 m
Passing Traffic	3 m	2 m
Net Visits	12 m	10 m
Party Size (people)	2.0	2.0
Net Parties	6.0 m	5.0 m
Conversion rate	55%	65%
Parties Spending	3.3 m	3.25 m
Non-Food Average spend per party	£40	£50
Total Non-Food Spend	£132 m	£162 m

Accordingly Business Blueprints identified the following as some of the most important measures for shopping centres:

Dwell Time

An increase in dwell time can be brought about by an improvement in the retail mix or improved catering facilities. It can also be influenced by improved facilities for children as this reduces stress for both mother and child. Dwell time improvement correlates positively with average spend per visit and the highest shopping dwell

times in the large Regional Shopping Centres attract the highest spends. Although urban Centre dwell times are typically around 60 minutes, the impact of an improvement in dwell time is nonetheless significant. We should bear in mind, however, that although increased dwell pushes up spend, it tends to reduce visit frequency. The aim should be to increase dwell per annum which is the product of frequency and dwell as this reflects that the Centre is enjoying a higher share of time and hence of expenditure.

Party Size

Most shop visits are solo, so average party size is under 2, typically around 1.6. An improvement in party size usually produces an increase in spend. Women dominate the shopper population and their preferred choice of shopping companion is another female friend. They regard their male partners as impatient kill-joys who inhibit their browsing, whilst children are not popular shopping companions as their attention span does not coincide with their mothers. Hence when a woman shops with children and/or partner it means that she will be shopping for the whole family and thus average spend per trip tends to be higher. The large Regional Centres have large parties and at weekends over 60% of parties have at least one child present to boost spend. The challenge with party size growth is that it can reduce dwell time unless there are decent facilities for men and children for example, a reasonable choice of casual dining options.

Visit Frequency

The number of non-food trips made each year as an average is around 65 per annum. This does not include trips to retail parks, supermarkets or designer outlets which in total are about 130 trips. For urban centres the key is to receive on every visit to the town centre. It should be noted that marketing campaigns to target the secondary or tertiary catchments can produce an increase in shopper flows and revenues, but are likely to result in an apparent drop in frequency as frequency falls with the distance travelled. Again, as noted earlier, a fall in frequency is often a harbinger of an increase in average spend and vice versa.

Conversion

Retail parks and regional malls enjoy conversions of 90% for reasons which are logical. More routine trips to urban malls have a strong element of browsing or retail therapy. This can produce conversion levels as low as 50% although the mean is around 60%. Conversion levels are inhibited by myriad factors – stock availability, congested tills, indifferent service, etc. It is difficult for centre management to intervene on these issues but we have found that using the mall's common areas to promote retailers is an effective mechanic. It is also effective to cluster retailers' promotions into seasonal themes and to distribute these as leaflets at point of sale. Business Blueprints believe that attacking conversion is the most cost effective marketing tactic as you are addressing real shoppers who are physically within your Centre. There is an additional benefit as there is a positive correlation (0.67) between conversion and average spend. That is, on 67% of occasions as the conversion rate rises, so too does average spend.

Average Party Spend

This variable is largely driven by the size of the Centre, its location and the retail mix. It is impacted however by all the other variables mentioned above. Higher dwell, larger party size and larger conversion all tend to increase average party spend, whilst increased frequency tends to reduce it.

Shopper Satisfaction

It is axiomatic that people spend more money when they are in a positive and contented state of mind. We have applied regression analysis to the shopper satisfaction scores we have recorded in over 200 shopper surveys and discovered that there is a positive correlation between customer satisfaction and average spend.

Factor	Rank
Service in shops	1 st
Cleanliness	2 nd
Ease of access	3 rd
Pleasant atmosphere	4 th
Safe and Secure	5 th
Choice of shops	6 th
Nice place for coffee	7 th

Quantitative research

Quantitative market research is typically used to measure a number of these 'indicators', however we at Business Blueprints believe that this form of market research becomes even more powerful when used in combination with Qualitative market research.

Qualitative research

The strength of qualitative market research to Shopping Centre owners is that it enables Centre Management to take each of the aspects of the business such as conversion, frequency, dwell and probe for the reasons for particular behaviour. Beyond this, qualitative market research is particularly valuable for more abstract work concerning communications. Given the high level of investment in branding, advertising, PR and promotions, some measure of pre-testing is prudent and responsible and qualitative research is a particularly powerful tool in this respect. Within the consumer goods industries the once standard mega-survey "The Usage and Attitude Study" has been replaced by simple behavioural surveys supported by focus groups which address each element in the mix.

Mystery shopping

The third approach, that of Mystery shopping, is also used extensively in Shopping Centres. A mystery shopping programme is a unique way of collecting customer feedback as well as measuring customer service operations. The mystery shoppers questionnaire is developed in conjunction with current operational and brand standards to ensure that the measurement reflects that particular Shopping Centre's key performance indicators (KPIs). Our key product in the shopping centre sector is Looking Glass™ however we are also able to develop bespoke solutions. As well as paper-based presentation we also offer a web-based format which provides live data and allows all levels within the organisation to access appropriate visit reports using a dynamic reporting function.

Business Blueprints have to date conducted around 10,000 mystery visits to retailers throughout the UK.

Trained mystery shoppers evaluate their experience in each location on the basis of four detailed criteria:

- Presentation of the shop and retail staff
- Standards of Service provided by retail staff
- Levels of Expertise displayed by staff
- The standard of the close of service i.e. Farewell

Retailers are scored using a weighting system on the above four criteria (which accounts for 90% of their potential score) plus a further 10% which can be achieved for 'exceptional service'. The exceptional service is given out in the form of "happy face" tokens which are typically redeemed at the Information Desk for a small cash reward. Centre management teams (i.e. Security, Customer Service Desk, Cleaning and the Management Suite) may also be included in the programme.

About Business Blueprints

Business Blueprints is a full service market research consultancy specialising in advising shopping centres. Established for 24 years, Business Blueprints helps its clients decide on the best type of research for their needs, then uses the latest techniques to capture the most accurate information. The results are used to enable more informed and profitable decisions, so aiding our clients to achieve their business goals. **If you are interested in learning how we can help you please send an email to Paul.Latimer@businessblueprints.co.uk or call us direct on 01273 670700.**