

2009

SHOPPING HABITS REPORT

how the recession
has impacted consumer shopping habits





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International Council
of Shopping Centers

introduction

BACKGROUND

Both consumers and businesses have dealt with a great deal of uncertainty in 2009. Most of this year has been marked by consumers reigning in discretionary spending, while retailers and shopping center owners want to know what it will take to get consumers shopping again.

Some of the key questions the industry stakeholders have are: When the economy improves will consumers return to their old shopping habits and haunts or have their spending patterns been irreversibly altered by the recession? After the recession, where will the consumer want to shop? And what factors will influence their buying decisions?

This study represents Phase I of a quarterly tracking study. The data in this study will be used to provide some insight into the changes in consumer behavior and attitudes over the past year, as well as providing a benchmark for tracking behavior and attitudes going forward.

RESEARCH OBJECTIVES

- Ascertain consumers' perception regarding their current financial situation and future expectations
- Determine current shopping habits, measure areas of change during the past 12 months and expectations for the future
- Understand consumer interest in and use of retail loyalty programs
- Determine consumer interest in and use of mall events and activities

METHODOLOGY

An on-line survey was conducted with over 2,500 consumers. The survey was administered according to the following criteria:

- 2,063 interviews were completed with US residents and 513 interviews were completed with Canadian residents. The number of surveys completed per state and province was proportional to the population counts for each.
- The interviews were conducted with men and women age 18 and older, who were responsible for at least some of the apparel, gift or general shopping for their household. Consumers who did not do any shopping for the household were not included in the study.
- The interviews were conducted from October 14 to October 18, 2009. The respondents were recruited from a national on-line panel.
- The survey has a margin of error of plus or minus 2 percentage points for the entire sample. For the US sample, the margin of error is plus or minus 2 percentage points, and for the Canadian sample the margin of error is plus or minus 4 percentage points.
- The questionnaire for this project was designed by ICSC, while The Research Shop was responsible for the project management, fielding, data processing and preparing this summary analysis.

I. KEY FINDINGS

FINANCIAL SITUATION & PERCEPTIONS

- While the majority of consumers in North America rated their current financial situation as good (35%), fair (40%) or excellent (7%) – only 18% rated their financial situation as poor.
- Consumers are somewhat optimistic regarding the next 12 months. Over 40% believe their financial situation will improve over the next 12 months, while 47% believe it will stay the same and only 11% say their situation will get worse.
- Financial perceptions and expectations are similar between US and Canadian shoppers. Residents of the Midwest and South regions tend to report a weaker financial position, while West residents are most optimistic.
- Consumers age 18-44 tend to be more optimistic than those age 45+.

SHOPPING HABITS

- Over three-fourths of the shoppers report that they have cut back in some way over the past 12 months. Over half reported cutting back on fine dining, casual dining, movie theater attendance and salon/spa services. Between 40%-50% reported cutting back in most retail categories. The categories least likely to be affected were visits to discount stores and grocery stores, and purchases of necessities.
- Shoppers were somewhat more likely to attribute their change in shopping behavior to precautionary measures and concerns in general, than to economic reasons (such as a job loss or wage reduction).
- Shoppers' perception of their financial situation had a bigger impact on their shopping behaviors than did their income. Among those who rated their financial situation as excellent – only half reported cutting back in the last 12 months. In comparison, 75% of those with incomes of \$100,000+ reported cutting back.
- There were also significant differences based on gender and US versus Canadian shoppers. Although men and women have similar financial perceptions and expectations, women were much more likely to report that they had cut back on their shopping. This may be due to the fact that women are typically responsible for a larger share of the household shopping.
- While US and Canadian shoppers had similar financial perceptions, US shoppers were more reactionary (29% of Canadians did not cut back versus 19% of US shoppers). US shoppers were more likely to cite a wage or salary reduction as the reason for their cut backs.
- Canadians are more avid shoppers in general, reporting higher visit frequency and visiting a wider variety of shopping venues. The most significant difference is in terms of enclosed malls visitation. Canadians reported visiting enclosed malls nearly twice as often as US shoppers.
- While 80% of consumers reported cutting back over the last 12 months, only 40% report that they expect to increase their shopping behavior when the economy improves. The areas with the greatest likelihood of increased use were shopping trips in general, department store visits and purchase of discretionary goods.
- Although US shoppers were more likely to cut back, they were also more likely to anticipate a return to increased shopping (44% versus 33% of Canadian shoppers).

LOYALTY PROGRAMS

- About half of the shoppers report that they belong to a loyalty or rewards program for a retailer or shopping center.
- Grocery programs are by far the most popular type of retailer program (37%), followed drug store (19%), department store (17%), discounter (14%), dining/restaurant (14%) and book store (12%). Only 2% reported that they belong to a mall or shopping center program.
- Canadian shoppers report higher participation in loyalty programs (64% versus 51% for US). This is mainly due to higher participation in drug store, department store and movie theater programs.
- The main reason for belonging to a reward program is because of the special/extra discounts given to reward members or the rewards earned based on purchases. Gifts, freebies, advanced notice of sales and special access for members are far less important.

SPECIAL EVENTS

- Forty percent of shoppers report they have attended a special event or activity at a shopping center within the past 12 months. An additional 25% indicate that although they did not attend a special event during the past 12 months, they are interested in these types of activities and would like their shopping center to offer more options.
- The most widely attended/popular types of events are farmers markets, craft fairs, and music events/concerts.
- Over half of the event attendees report that they also shopped or made a food purchase in the mall when they attended their last special event (58%).

2. RESPONDENT PROFILE

DEMOGRAPHIC CHARACTERISTICS

This section identifies the key characteristics of respondents surveyed across each of the ICSC regions. Figure 2.1 compares the demographic profile to the US and Canadian census estimates.

The respondent profile closely parallels the age, income and household composition for the US and Canada. The 18-24 age group is somewhat underrepresented. This is likely due to the requirement that the respondents needed to be responsible for at least some of the shopping for their household in order to qualify for the study.

2.1 RESPONDENT PROFILE TABLE

CATEGORY		ALL SURVEY RESPONDENTS (N=2576)	2009 US CENSUS ESTIMATES*	US SURVEY RESPONDENTS (N=2063)	2009 CANADA CENSUS ESTIMATES**	CANDIAN SURVEY RESPONDENTS (N=513)
Gender						
	Female	70%	51%	70%	51%	70%
	Male	30%	49%	30%	49%	30%
Adult Age						
	18 to 24	8%	13%	8%	12%	10%
	25 to 34	18%	18%	18%	17%	19%
	35 to 44	22%	18%	23%	18%	21%
	45 to 54	21%	19%	22%	20%	20%
	55 to 64	13%	15%	13%	15%	15%
	65 +	17%	17%	17%	18%	15%
	Median Age	45.4 years	44.5	44.7	45.5	43.9
Household Income						
	<\$35,000	29%	34%	30%	28%	23%
	\$35k to \$49,999	20%	15%	20%	19%	21%
	\$50k to \$74,999	22%	20%	22%	16%	24%
	\$75k to \$99,999	15%	12%	15%	15%	16%
	\$100,000+	14%	19%	13%	22%	16%
	Median Hhld Income	\$51,510	\$51,435	\$50,310	\$58,055	\$55,840
Household Composition						
	1-2 persons	54%	58%	54%	NA	56%
	3-4 persons	34%	31%	34%	NA	34%
	5+ persons	12%	11%	12%	NA	10%
	Avg. household size	2.7	2.6	2.7	2.5	2.7
	# Hhlds with children age 18 or younger	36%	33%	37%	NA	30%

* Source for US demographics: Claritas Site Reports

** Source for Canadian demographics: MapInfo Canada

SHOPPER TYPE

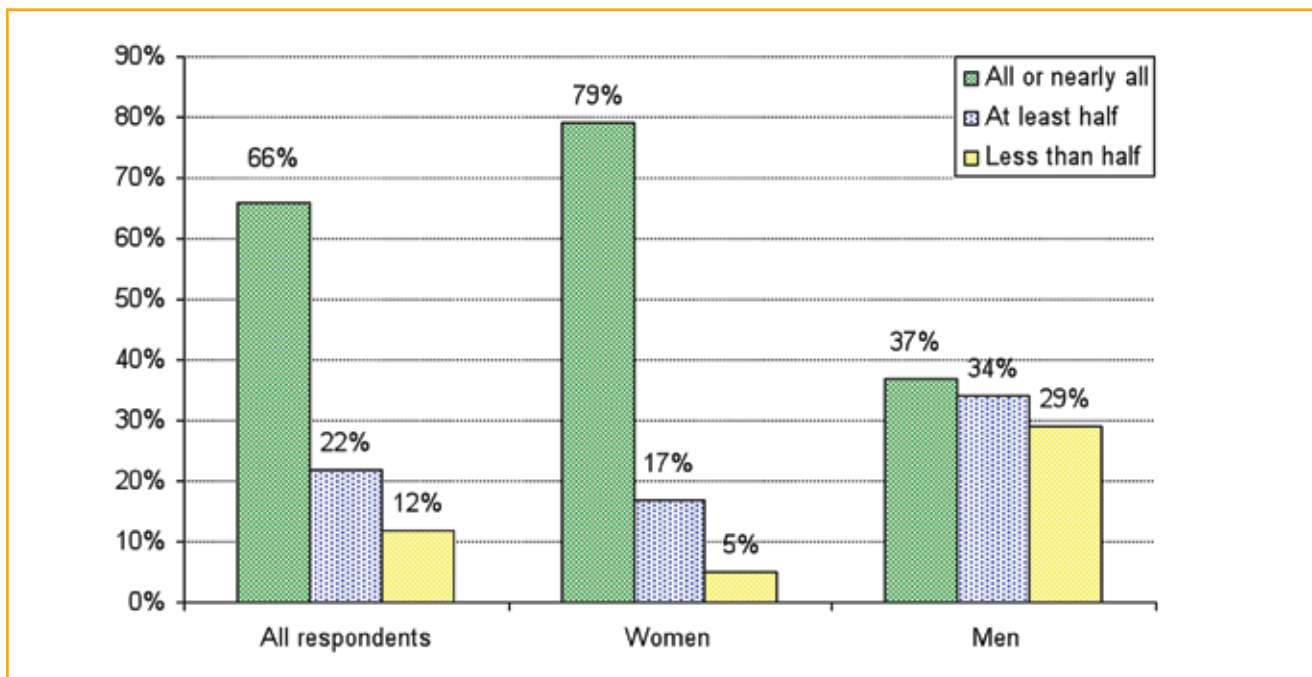
Only persons who did at least some of the shopping for their household were included in this survey. Figure 2.2 summarizes the amount of household shopping they are responsible for.

- Overall, two-thirds of the survey respondents reported that they do all or nearly all of the shopping for their household. This proportion differs significantly based on gender. The vast majority of women indicate that they are responsible for most of their household's shopping, while male involvement was mixed.

Significant differences:

- There was no significant difference by region or income. The only difference by age was observed among the 18-24 age group. This age group was more likely to do half (34%) or less than half (30%) of the shopping for their household.

2.2 HOW MUCH OF THE APPAREL, GIFT AND HOUSEHOLD SHOPPING DO YOU DO FOR YOUR FAMILY?



CURRENT FINANCIAL SITUATION

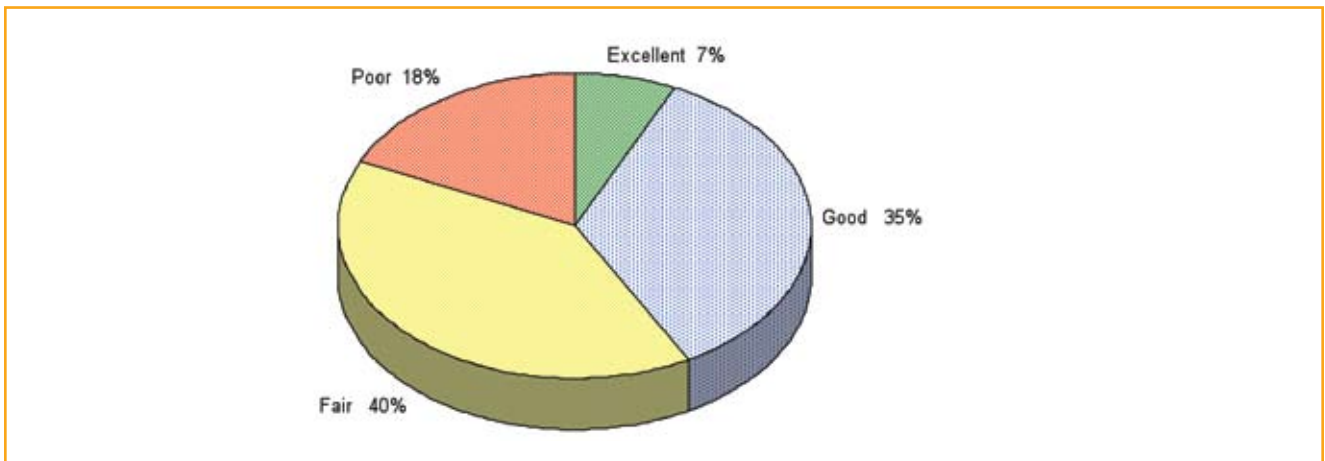
Consumers were asked to rate their current financial situation and whether they think their financial situation will change over the next 12 months. Figure 2.3 summarizes their perceptions regarding their current financial situation.

- **While most consumers rated their financial situation as fair or good, the overall tone was somewhat more negative than positive.** Over half rated their situation as fair to poor, while just over 40% rated their situation as good or excellent.

Significant differences:

- Not surprisingly, financial perceptions are directly related to income. Among consumers who have a household income of \$100,000+, only 26% rated their financial situation as fair to poor. This figure increases as income decreases (75% of those with incomes less than \$50,000 rate their situation as fair to poor).
- Age had a moderate impact on financial perceptions. Persons age 18-54 are more likely to rate their situation as fair or poor (60%+) than those age 55+ (50%).
- Geographic location also has a moderate impact on financial situation. While US and Canadian shoppers had fairly similar perceptions regarding their financial situation, consumers living in the Midwest and South are most likely to rate their financial situation as fair to poor (63% - versus 55% in other regions).
- There was little difference in perceptions between men and women.

2.3 HOW WOULD YOU RATE YOUR FINANCIAL SITUATION TODAY?



FUTURE FINANCIAL SITUATION

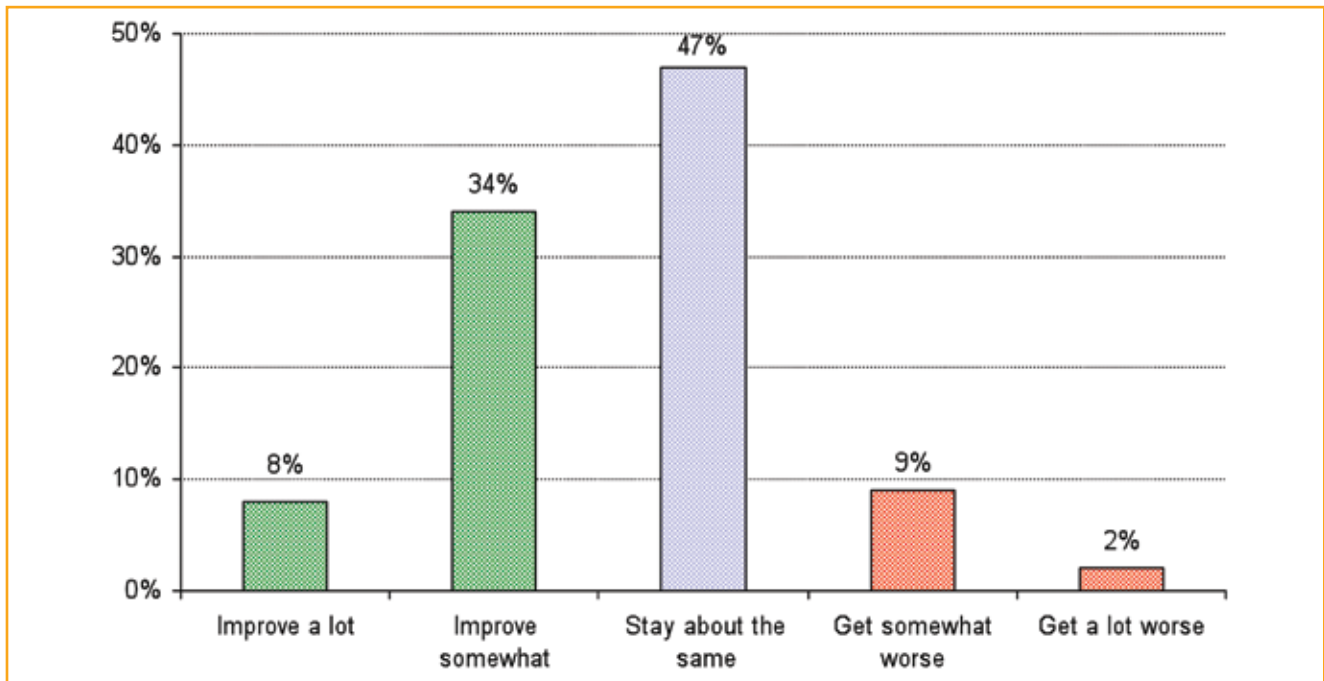
Figure 2.4 summarizes consumer expectations regarding their future financial situation.

- Consumers are somewhat optimistic regarding the next 12 months, as 40% expect their situation to improve, while half expect it to stay the same and only 10% expect it to get worse. However, their optimism is somewhat guarded as they are more likely to expect modest improvements rather than a significant change.

Significant differences:

- Future expectations are more strongly impacted by perceptions regarding current financial situation than by actual income. Those who rate their current situation as excellent are also most likely to expect improvements over the next 12 months (49% versus 40% for others). Among those who rate their situation as fair to poor, 15% expect their situation to get worse.
- Consumers age 18-44 tend to be more optimistic than older consumers (50% of those age 18-44 expect financial improvement versus 35% of those age 45+). Future expectations were similar between men and women.
- US and Canadian expectations were fairly similar. Persons living in the West region are more optimistic than other regions (48% expect improvement).

2.4 OVER THE NEXT 12 MONTHS, DO YOU THINK YOUR FINANCIAL SITUATION WILL:



3. SHOPPING HABITS

VISIT FREQUENCY

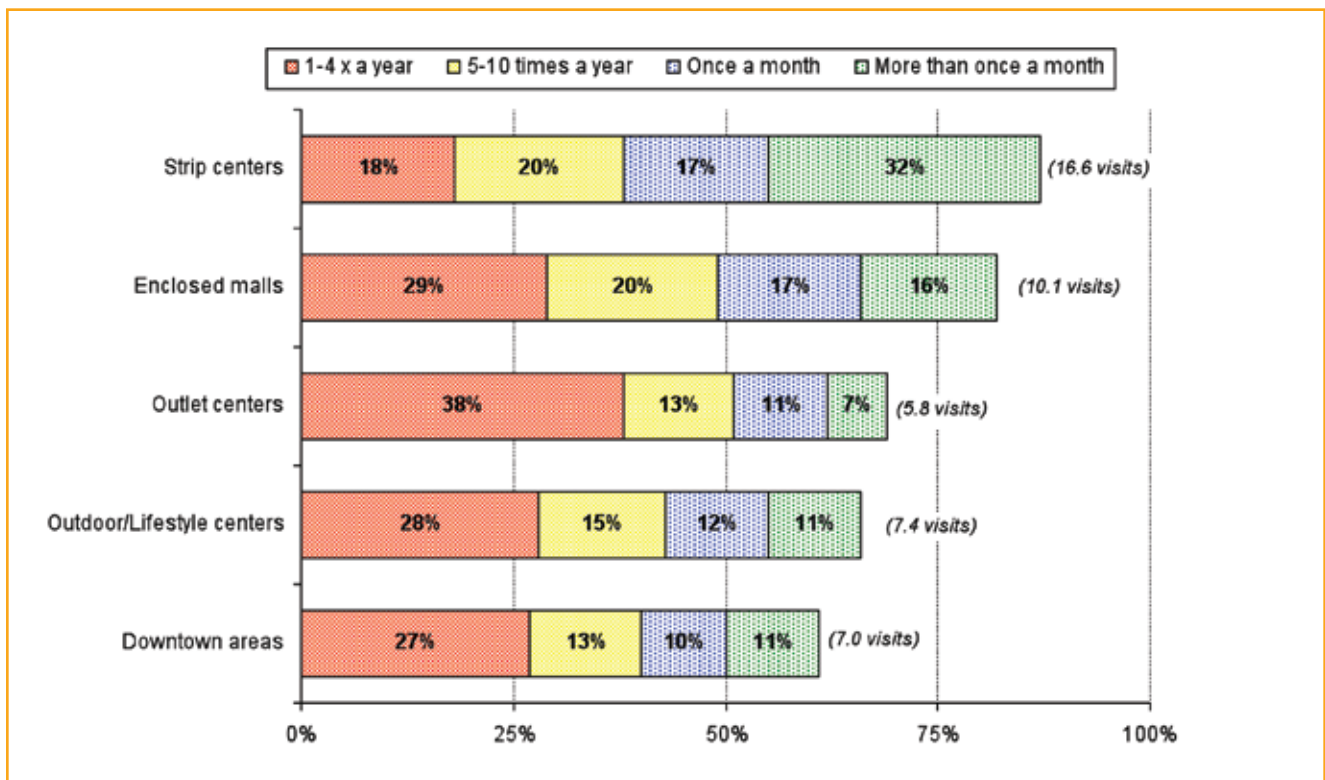
Figure 3.1 compares the frequency with which consumers visit a variety of shopping venues. The chart below shows both the categorical information, as well as the average annual number of visits calculated from this data (shown in the parenthesis behind each bar).

- **Over three-fourths of the respondents report that they shop at strip centers or enclosed malls. Strip centers however, generate higher trip frequency** (with 32% visiting strip centers more than once a month). The estimated average number of visits per year to strip centers is 16.6 versus 10.1 mall visits per year.
- Outlet centers, lifestyle centers and downtown shopping areas attracted similar visitation levels, as 60%-70% of the respondents visited each of these shopping destinations. Consumers report an average of 6-7 visits per year to each of these venues.

Significant differences:

- **Consumer's perception of their financial situation had a stronger impact on shopping visitation and frequency than all other factors** – including household income, age and gender. Persons who rated their financial situation as excellent visited the widest variety of shopping venues and also reported the most frequent trips.
- The charts and tables on the following pages detail differences based on geography, age and income.

3.1 HOW OFTEN DO YOU VISIT THE FOLLOWING TYPES OF SHOPPING VENUES?

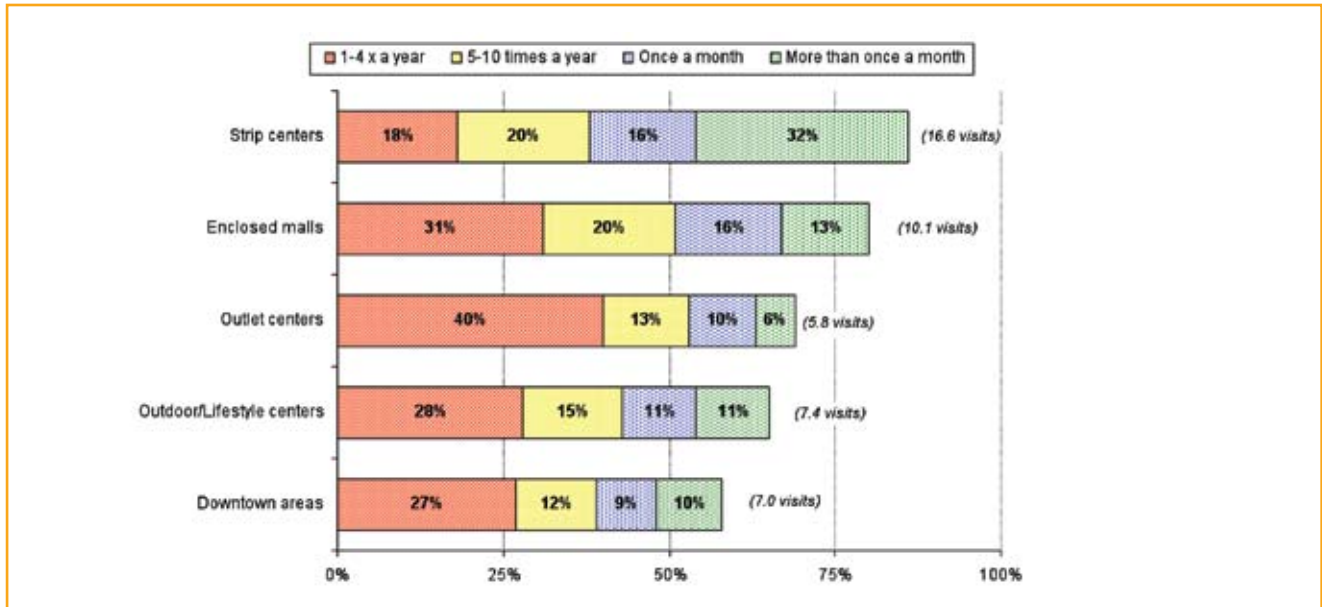


VISIT FREQUENCY

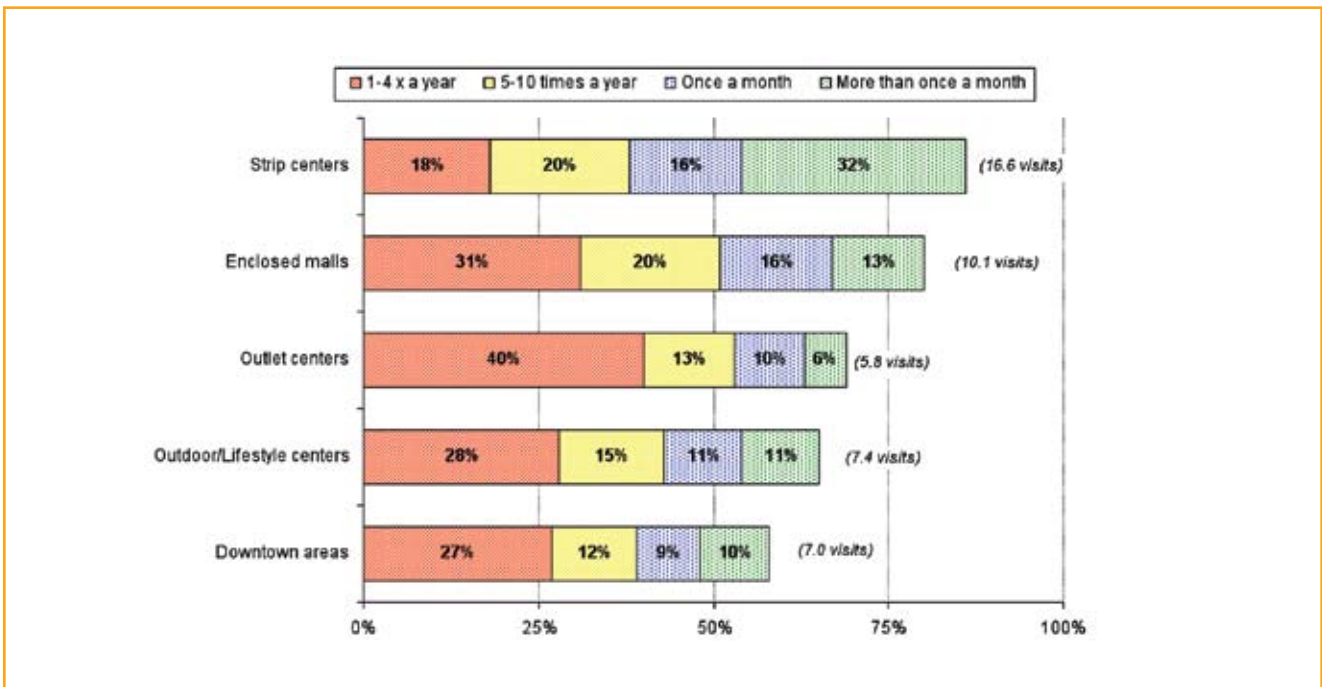
Shopping visitation and frequency differed significantly between US and Canadian residents. Figures 3.2 and 3.3 breakout shopping frequency by venue for US and Canadian residents.

- Canadian shoppers report making more frequent shopping trips in general, than do US shoppers. The most significant difference is that Canadians report a much higher use of enclosed malls (with visit frequency nearly double that observed for the US shoppers). In total 90% of Canadians visit enclosed malls, with nearly 30% visiting malls more than once a month. They report an average of 15.7 mall visits per year, versus an average of 8.7 reported by US shoppers).
- Canadians also report higher use of downtown areas, outlet centers and lifestyle centers.

3.2 SHOPPING FREQUENCY FOR US RESIDENTS



3.3 SHOPPING FREQUENCY FOR CANADIAN RESIDENTS



VISIT FREQUENCY

Figure 3.4 summarizes the annual number of visits consumers make to each shopping venue and highlights significant differences between the key demographic and attitudinal segments.

Significant differences:

- Frequency of visit is fairly similar by age. The persons who differ most are those age 18-24. This age group has above average use of enclosed malls and downtown areas.
- Financial situation has a bigger impact on shopping behavior than does income. Shoppers who describe their financial situation as excellent also report the most frequent visits to all shopping venues. Conversely, household incomes under \$35,000 report below average visitation of all shopping venues (except outlet centers).
- Shopping visitation and visit frequency was surprisingly similar by gender (this may be because men who did no shopping were excluded from this study). The only difference observed by gender is that men were more likely to visit downtown areas (which is likely tied to their work habits/locations).

3.4 ANNUAL NUMBER OF VISITS TO EACH SHOPPING VENUE

(BY AGE)

	18-24	25-34	35-44	45-54	55-64	65+
Enclosed malls	12.6	10.5	9.1	9.4	11.4	9.7
Strip centers	15.1	16.2	15.8	17.9	17.1	16.9
Lifestyle centers	8.7	7.9	6.9	7.3	7.4	6.8
Outlet centers	8.1	6.9	6.4	4.9	4.9	4.9
Downtown areas	12.5	8.7	7.2	5.4	5.4	5.7

(BY INCOME)

	<\$35,000	\$35-\$50,000	\$50-\$75,000	\$75-\$100,000	\$100,000+
Enclosed malls	3.1	10.0	11.0	11.0	12.1
Strip centers	14.7	16.2	16.4	16.8	20.7
Lifestyle centers	5.6	7.4	8.0	8.1	9.2
Outlet centers	5.8	5.7	5.7	6.3	6.3
Downtown areas	7.0	7.1	6.2	7.5	8.1

(BY CURRENT FINANCIAL SITUATION)

	Excellent	Good	Fair	Poor
Enclosed malls	13.3	11.3	9.7	7.5
Strip centers	21.6	17.3	15.3	16.1
Lifestyle centers	9.9	9.0	6.5	6.1
Outlet centers	7.9	6.1	5.3	5.6
Downtown areas	8.4	7.9	6.4	6.1

Bold=Significant difference

SHOPPING VENUES VISITED WITHIN LAST 60 DAYS

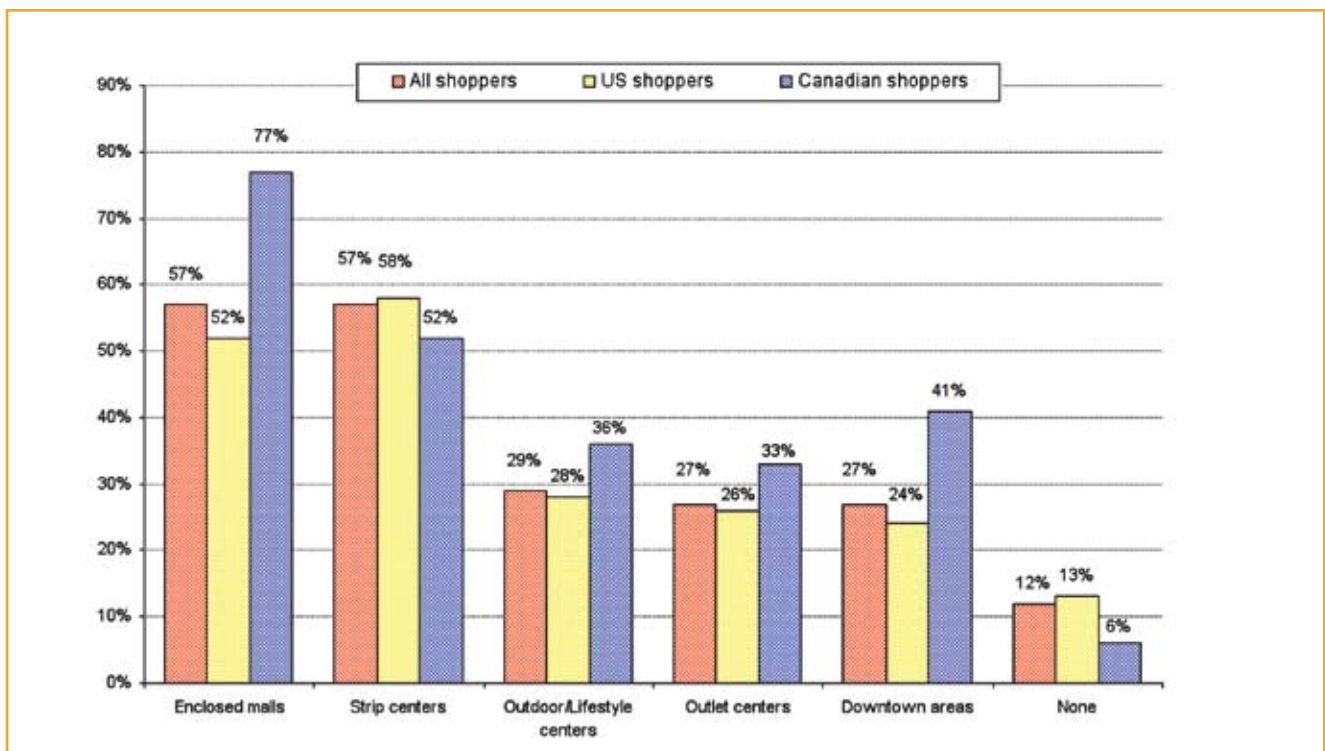
These consumers were also asked which shopping venues they visited within the last 60 days. Figure 3.5 summarizes the share of consumers visiting each type of venue and compares US shoppers versus Canadian shoppers.

- Nearly 60% of the shoppers visited an enclosed mall or strip center within the past 60 days. Canadian shoppers however reported much higher use of enclosed malls than did US shoppers.
- Between 25%-30% of US shoppers reported visiting outlet centers, lifestyle centers, or downtown areas. Canadian shoppers had higher visitation to all three of these formats (especially downtown areas).

Significant differences:

- The main differences based on geography are: Northeast residents report above average use of enclosed malls (61%) and downtown areas (27%). The South and West have the highest lifestyle visitation (30%+), while a larger than average share of Southern residents also report shopping downtown areas (28%).
- Visitation and the type of venue used varied somewhat by age, income and financial situation. The tables on the following page summarize these differences.

3.5 WHICH OF THE FOLLOWING SHOPPING VENUES HAVE YOU VISITED WITHIN THE LAST 60 DAYS?



SHOPPING VENUES VISITED WITHIN LAST 60 DAYS

Figure 3.6 highlights how shopping visitation differs by age, income and geography.

Significant differences:

- Recent shopping habits are fairly similar among persons age 35 and older. The persons who differ most are those age 18-24. This age group has below average use of strip centers and lifestyle centers, and above average use of downtown areas.
- When it comes to income, persons with household incomes under \$35,000 report below average visitation of all shopping venues. The highest income consumers report especially strong use of enclosed malls.
- The only difference observed by gender is men were more likely to visit downtown areas (32% of men versus 25% of women).

3.6 WHICH OF THE FOLLOWING SHOPPING VENUES HAVE YOU VISITED WITHIN THE LAST 60 DAYS?

(BY AGE)

	18-24	25-34	35-44	45-54	55-64	65+
Enclosed malls	59%	57%	55%	57%	60%	56%
Strip centers	41%	51%	56%	62%	60%	61%
Lifestyle centers	21%	30%	29%	29%	34%	31%
Outlet centers	30%	34%	26%	24%	25%	26%
Downtown areas	46%	30%	28%	22%	25%	22%
None	12%	13%	12%	10%	13%	11%

(BY INCOME)

	<\$35,000	\$35-\$50,000	\$50-\$75,000	\$75-\$100,000	\$100,000+
Enclosed malls	46%	54%	61%	64%	71%
Strip centers	49%	56%	58%	61%	66%
Lifestyle centers	18%	30%	34%	36%	38%
Outlet centers	23%	26%	30%	30%	31%
Downtown areas	22%	28%	27%	30%	34%
None	18%	13%	9%	9%	6%

(BY CURRENT FINANCIAL SITUATION)

	<\$35,000	\$35-\$50,000	\$50-\$75,000	\$75-\$100,000	\$100,000+
Enclosed malls	46%	54%	61%	64%	71%
Strip centers	49%	56%	58%	61%	66%
Lifestyle centers	18%	30%	34%	36%	38%
Outlet centers	23%	26%	30%	30%	31%
Downtown areas	22%	28%	27%	30%	34%
None	18%	13%	9%	9%	6%

Bold=Significant difference

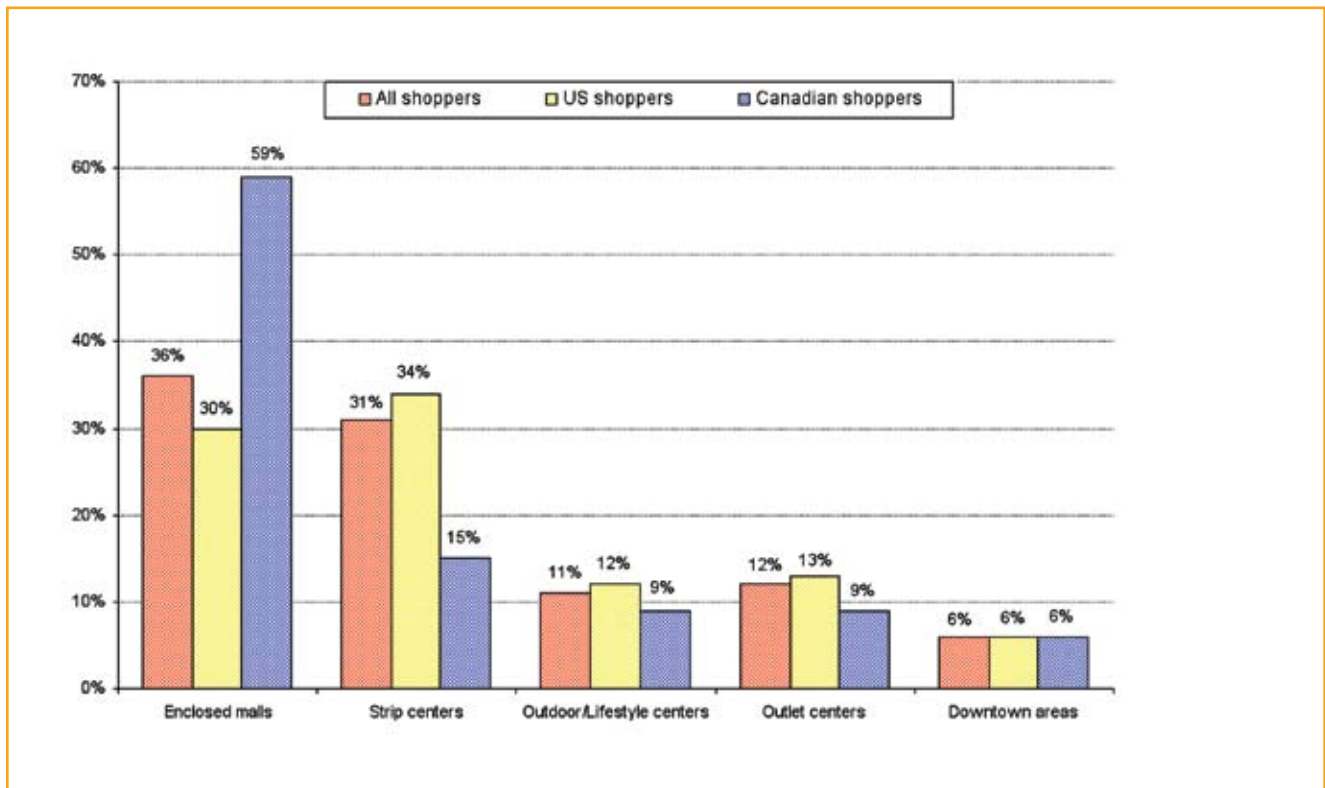
MAIN SHOPPING VENUE

Consumers were also asked which ONE shopping venue they use most often for their household shopping.

Figure 3.7 summarizes consumer preferences and compares US shoppers versus Canadian shoppers.

- Shopping preferences differed significantly between US and Canadian shoppers. For Canadian shoppers, enclosed malls are by far the most preferred shopping venue (59% of Canadian shoppers do most of their shopping at a mall).
- Preferences among US shoppers are split between enclosed malls and strip centers.
- The main differences based on geography are: Northeast residents report above average use of enclosed malls and downtown areas. The South and West have the highest lifestyle visitation, while Midwest and South residents show a stronger preference for strip centers over malls.

3.7 WHICH ONE TYPE OF SHOPPING VENUE DO YOU USE MOST OFTEN FOR ITEMS SUCH AS APPAREL, HOUSEHOLD GOODS AND GIFTS?



- Consumers were also asked “once the recession is over, will you still do most of your shopping at the same venue?” The vast majority of shoppers (76%) indicated that they would continue to do most of their shopping at the same venue they are currently using (21% were uncertain and only 4% expected to switch when the economy gets better).
- Future expectations were similar between US and Canadian shoppers, and across the various shopping venues.

MAIN SHOPPING VENUE

Figure 3.8 highlights how shopping visitation differs by age, income and geography.

Significant differences:

- Most persons indicate that enclosed malls are their main source for apparel, household goods and gifts. The exception to this is the 35-54 age group. This age group is more likely to do most of their shopping at strip centers rather than malls.
- When it comes to income, persons with household incomes under \$35,000 are most likely to cite strip centers as their main shopping venue, while all other income groups are most likely to rely on enclosed malls.

3.8 WHICH ONE TYPE OF SHOPPING VENUE DO YOU USE MOST OFTEN FOR ITEMS SUCH AS APPAREL, HOUSEHOLD GOODS AND GIFTS?

(BY AGE)

	18-24	25-34	35-44	45-54	55-64	65+
Enclosed malls	44%	37%	31%	31%	40%	42%
Strip centers	20%	27%	37%	37%	31%	25%
Lifestyle centers	7%	12%	10%	12%	12%	13%
Outlet centers	16%	15%	13%	10%	7%	13%
Downtown areas	12%	6%	7%	5%	4%	4%

(BY INCOME)

	<\$35,000	\$35-\$50,000	\$50-\$75,000	\$75-\$100,000	\$100,000+
Enclosed malls	30%	36%	38%	40%	41%
Strip centers	35%	32%	30%	28%	25%
Lifestyle centers	8%	10%	12%	14%	15%
Outlet centers	14%	14%	11%	11%	9%
Downtown areas	7%	6%	4%	3%	6%

(BY CURRENT FINANCIAL SITUATION)

	Excellent	Good	Fair	Poor
Enclosed malls	38%	38%	38%	28%
Strip centers	23%	28%	31%	40%
Lifestyle centers	12%	14%	11%	8%
Outlet centers	12%	11%	12%	14%
Downtown areas	9%	5%	5%	6%

Bold=Significant difference

CHANGES IN FREQUENCY OF USE

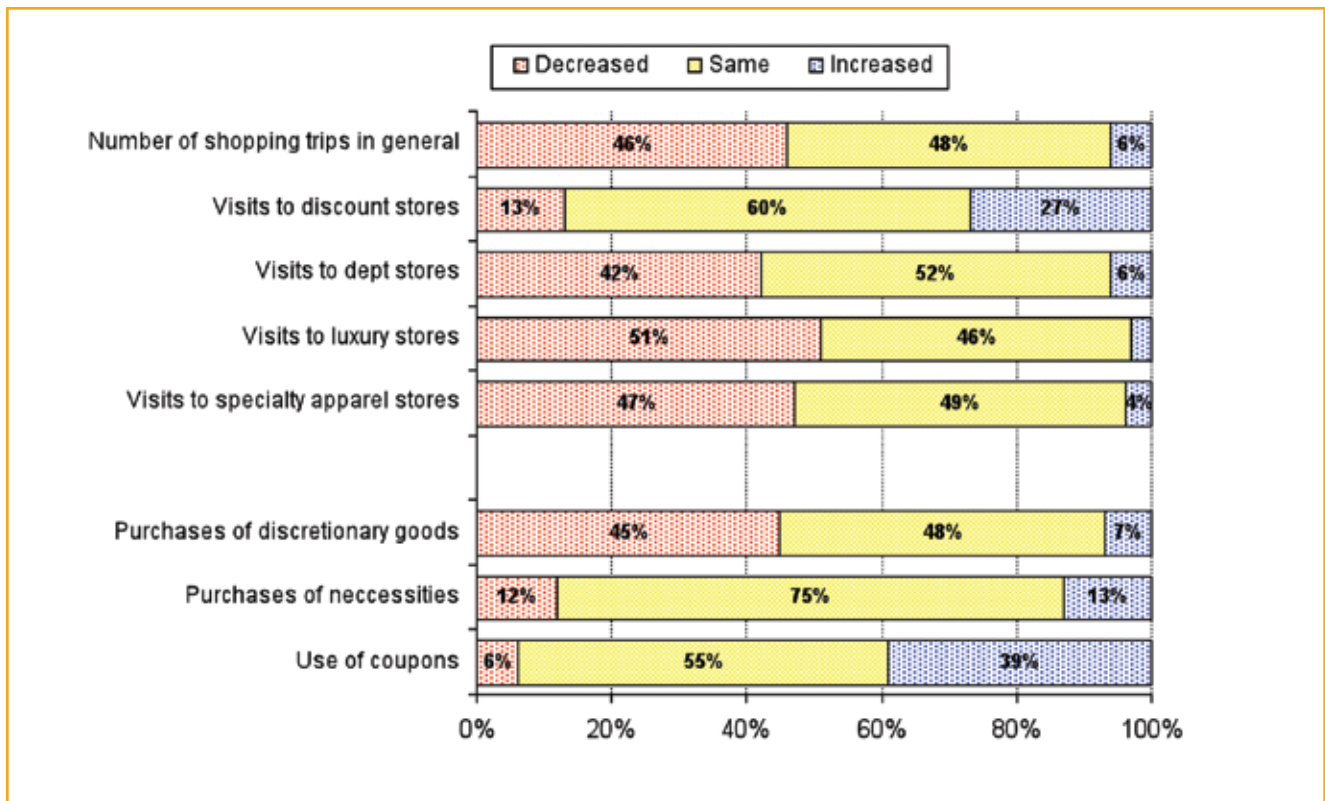
Shoppers were asked if they had changed their shopping habits within the past 12 months. Figure 3.9 summarizes where they made changes.

- Overall, 21% of the shoppers said they did not cut back at all during the last 12 months. The areas where shoppers were most likely to make changes were decreased number of shopping trips in general, as well as decreased shopping trips to luxury stores, specialty apparel stores, department stores and decreased purchasing of discretionary goods.
- Conversely, shoppers were most likely to report increased use of coupons and discount stores.

Significant differences:

- Canadian shoppers were least likely to make changes over the past 12 months. In nearly every category Canadian shoppers were 10 to 15 percentage points below US shoppers in reporting that they had decreased their shopping behaviors.
- The shopper's perception of their financial situation had a bigger impact on their behavior changes than did their actual income. Among the shoppers who rated their financial situation as "excellent", half reported that they did not cut back at all, versus 25% of those who rated their financial situation as good, and 10%-15% who rated their situation as fair to poor. The difference in behavior based on actual income was less significant. Only 25% of those who reported incomes of \$100,000+ indicated they had not cut back, versus 17% of those with incomes of less than \$35,000.
- Women were more likely to report decreased behavior (5%-20% higher than men).
- There was little difference in behavior based on age, income or geography.

3.9 IN THE PAST 12 MONTHS, HAVE YOU CHANGED YOUR HABITS IN ANY OF THE FOLLOWING AREAS:



REASONS FOR CUTTING BACK

Shoppers who had cut back in their shopping habits were asked the reasons why they cut back. Figure 3.10 summarizes their comments.

- Shoppers were somewhat more likely to attribute their cut backs to precautionary measures or concern in general, than to a job loss or salary reduction.

Significant differences:

- Although Canadian shoppers were more likely to report that they did not make a cut back (29% versus 19% of US shoppers), the reasons they gave for cutting back were similar to US shoppers. The only significant difference was that US shoppers were more likely to cite a salary or wage reduction as their reason for cutting back.
- Persons who rated their financial situation as poor were most likely to cut back because of a job loss or salary/wage reduction, while those who rate their situation as good or fair were most likely to cut back as precautionary measure or because of general concern.
- Reasons were similar based on geographic location. The main difference is that West residents were most likely to cite loss of job or salary reduction as a reason for cutting back.
- There was little difference in behavior based on age or income.

3.10 IF YOU HAVE CUT BACK ON SHOPPING, WHAT ARE THE REASONS? (BASE: ALL SHOPPERS)

Comment	%
Did not cut back	21%
Precautionary	28%
Seemed like the right thing to do	23%
Salary/wage cut	20%
Loss of job in hhld	16%
Other economic reason	4%
Health reasons	5%
Fewer people in hhld	4%

Note: does not add up to 100% due to multiple responses

EXPECTED FUTURE CHANGES

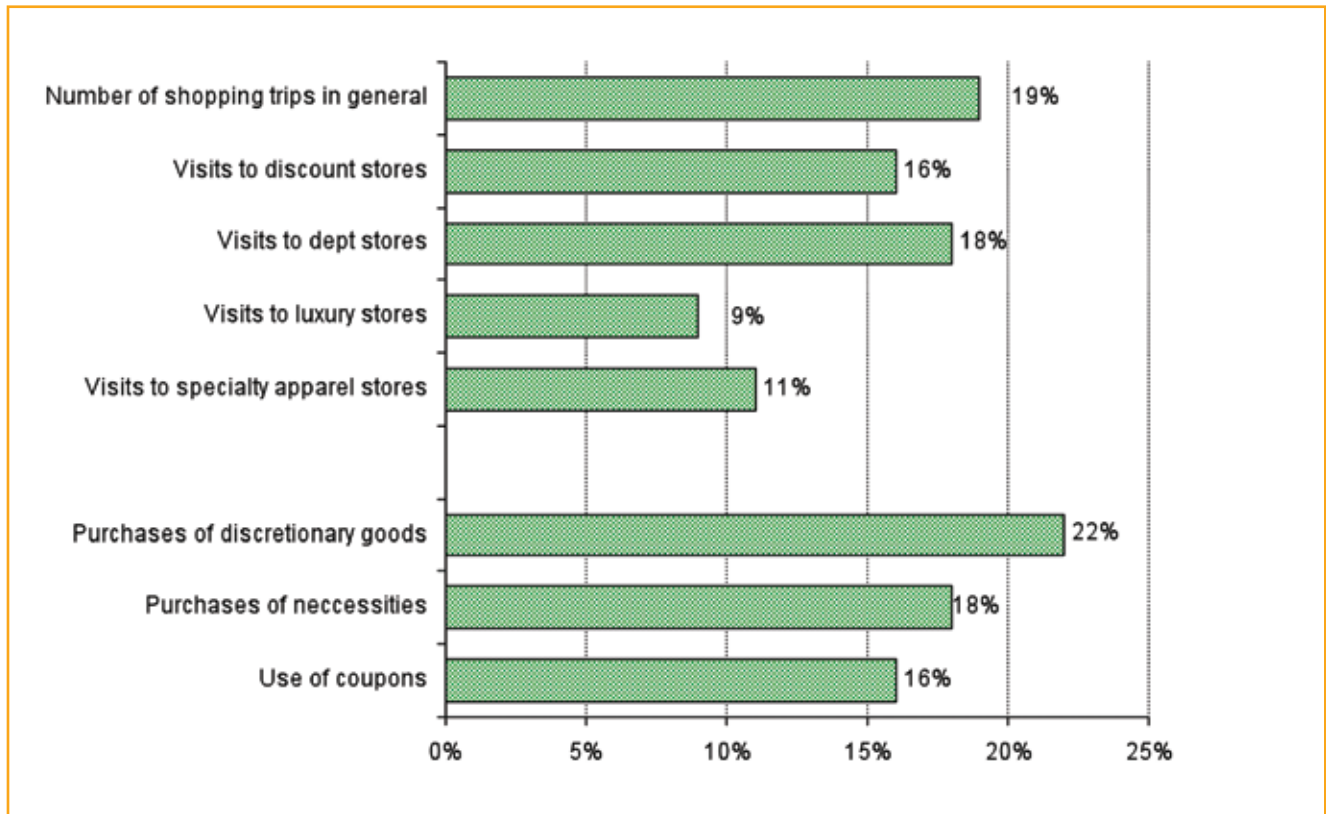
Shoppers were also asked if/how they expected their shopping habits to change when the economy is on an upswing again. Figure 3.11 summarizes the share of shoppers who expect to increase their use of each category.

- In total, 40% of shoppers indicate they expect to increase their shopping behavior as the economy improves. (However, 80% reported that they are shopping less often in at least one area).
- Shoppers were most likely to report expected increases for shopping in general, department store visits and discretionary purchases, while only 10% expected to increase their use of luxury or specialty apparel stores.

Significant differences:

- While US shoppers were most likely to report cutting back on their shopping, they were also more likely to anticipate increased shopping behaviors when the economy improves (44% expected to increase shopping versus 33% of Canadian shoppers).
- Although women were more likely to cut back on their shopping, men and women were equally likely to anticipate increased shopping when the economy improves.

3.11 WHEN THE ECONOMY IS ON AN UPSWING, DO YOU EXPECT ANY CHANGES TO YOUR CURRENT SHOPPING PATTERNS IN THE FOLLOWING AREAS: (% OF CONSUMERS WHO EXPECT INCREASED USE)



CHANGES IN SPENDING

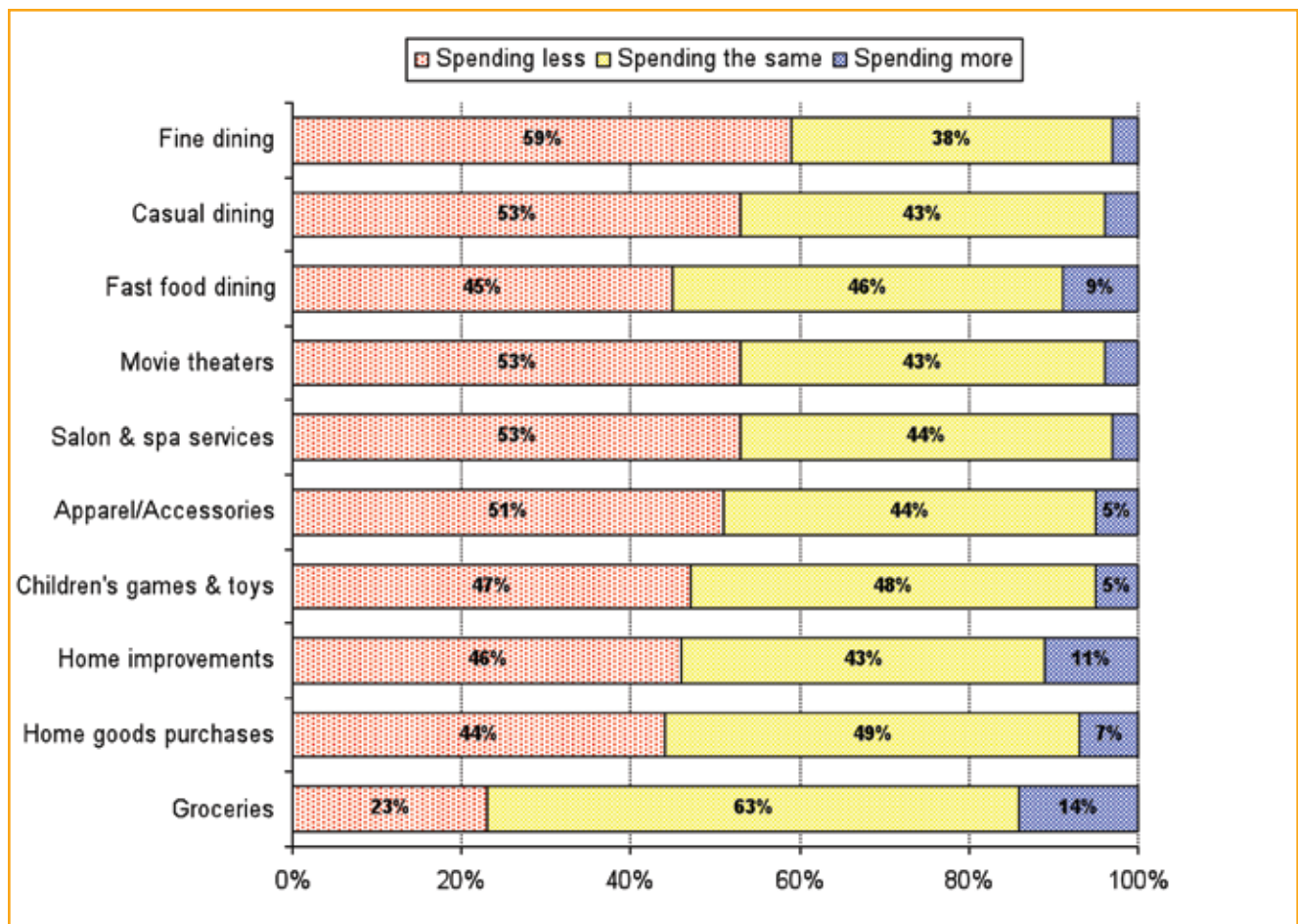
In addition to tracking changes in shopping habits, consumers were also asked how they had changed their spending habits in key consumer categories. Figure 3.12 indicates their spending changes.

- In general, about half of the shoppers reported spending less in each of these categories. The category least affected was groceries, as only one-fourth reported spending less on these goods.

Significant differences:

- The same patterns of significant differences appear. US shoppers were more likely to cut back than Canadian shoppers (US shoppers had a 5-10 percentage point difference in most categories).
- Shoppers with incomes less than \$35,000 were significantly more likely than other incomes groups to reduce their spending in all categories.
- Again, women were more likely than men to report decreased spending.

3.12 IN THE LAST 12 MONTHS, HAVE YOU MADE SPENDING CHANGES IN ANY OF THE FOLLOWING AREAS:



RETAIL EXPECTATIONS/MOTIVATION

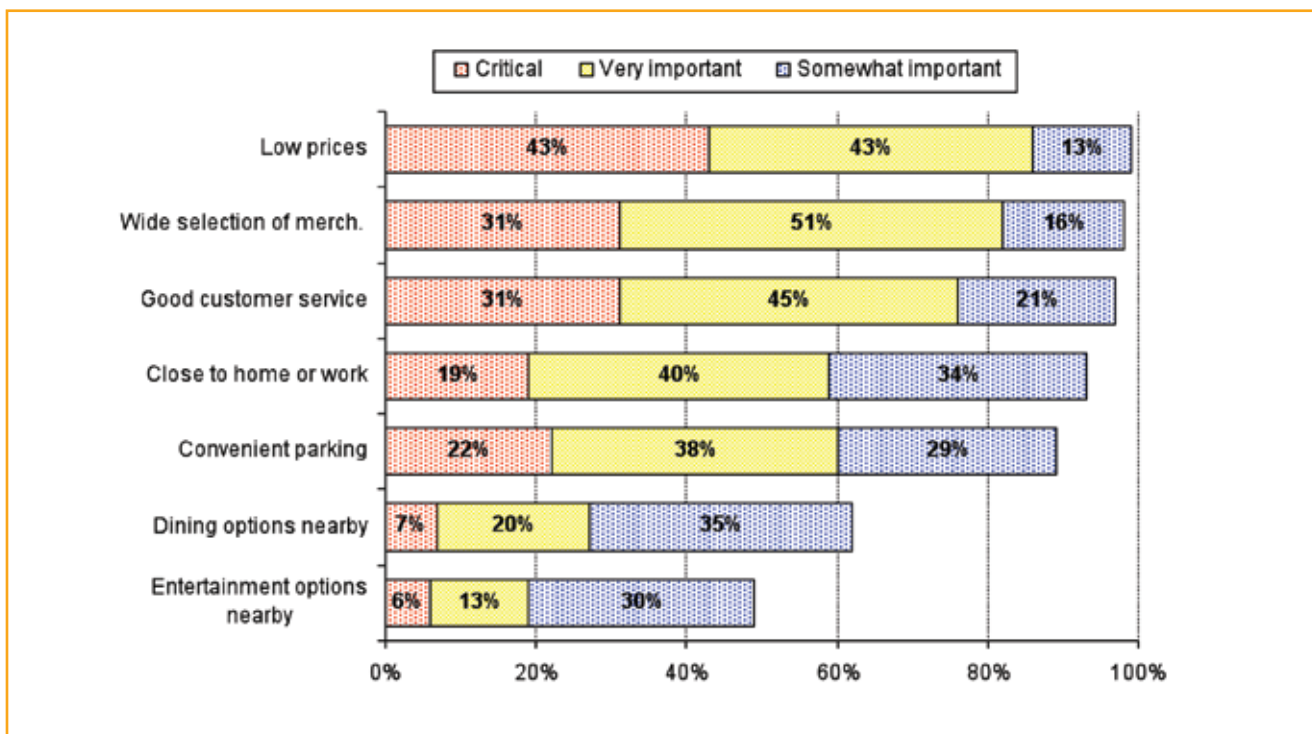
Shoppers were given a list of attributes and asked to rate the importance of each in terms of determining where they do their household shopping. Figure 3.13 summarizes the importance of each attribute.

- Price ranked as the single most important attribute, with merchandise selection and good customer service ranking second. Convenience factors such as location and parking ranked third, with availability of dining or entertainment deemed as being least important.

Significant differences:

- US and Canadian shoppers placed a similar level of importance on each attribute. The only exception is low price – which was much more important to US shoppers (45% critical) than Canadian shoppers (33% critical).
- The most significant differences were based on shopper age and financial situation. Persons who rate their current financial situation as excellent, put less importance on price and a higher level of importance on tertiary attributes such as parking, dining, and entertainment. Persons age 55+ put a much higher level of importance on parking than do younger shoppers. Conversely, younger shoppers put a higher level of importance on entertainment.
- There was little difference in importance ratings based on geographic region, gender or income.

3.13 HOW IMPORTANT ARE THE FOLLOWING ATTRIBUTES IN DETERMINING WHERE YOU SHOP FOR ITEMS SUCH AS APPAREL, HOME GOODS AND GIFTS?

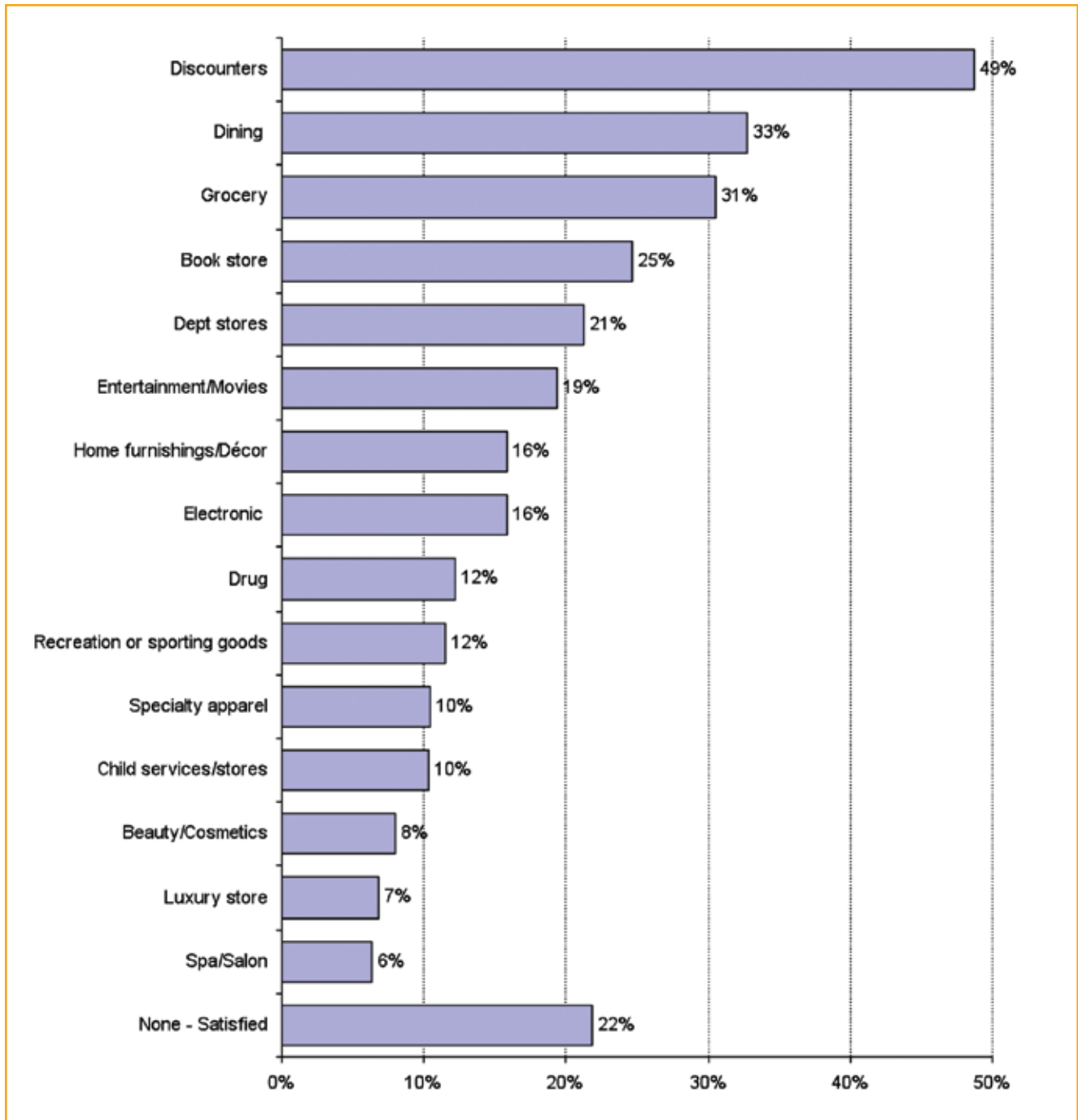


DESIRED MALL ADDITIONS

Figure 3.14 shows types of retailers or services shoppers would like to see added to their local mall.

- The most widely requested addition was more discount options. Nearly half of the shoppers indicated they would like to see more discounters (such as Target, Wal-Mart, Kmart, TJMaxx) at their local mall. The other top requests include more dining options, grocery, book stores, department stores and entertainment/movies.
- Just over 20% indicated they were satisfied with the current offerings at their local mall and did not request any additions.

3.14 WHAT TYPE OF RETAILERS OR SERVICES WOULD YOU LIKE TO SEE MORE OF IN YOUR LOCAL MALL?



DESIRED MALL ADDITIONS

The following tables summarize the top requests by gender, age and income. There were very few differences between US and Canadian shoppers or by region, so these groups are not included in the summary tables.

Significant differences:

- While persons with moderate incomes are most likely to request discounters, this retail category tops the list for nearly all customer segments. Grocers also have a stronger appeal among moderate income consumers than among those with higher incomes. Persons age 18-24 and those with higher incomes requested the widest variety of mall additions.
- Requests between men and women were surprisingly similar. The biggest differences are that men are much more likely to request electronic or sporting good stores, while women are more likely to request home stores.

3.15 WHAT TYPE OF RETAILERS OR SERVICES WOULD YOU LIKE TO SEE MORE OF IN YOUR LOCAL MALL?

(BY AGE)

18-24	25-34	35-44	45-54	55-64	65+
Discount 52%	Discount 49%	Discount 53%	Discount 50%	Discount 50%	Discount 39%
Entertain 34%	Dining 32%	Dining 30%	Dining 35%	Dining 38%	Dining 33%
Grocery 31%	Grocery 27%	Grocery 29%	Grocery 33%	Grocery 32%	Grocery 30%
Book 30%	Book 25%	Book 27%	Book 25%	Home décor 20%	Book 22%
Dining 29%	Child stores 22%	Entertain 21%	Dept st 22%	Book 19%	Dept st 22%
Dept st 26%	Entertain 22%	Dept st 20%	Home décor 20%	Dept st 19%	
Specialty apparel 24%	Dept st 19%	Electronics 18%	Entertain 18%	Entertain 17%	
Electronics 23%	Sporting 15%	Home décor 16%	Electronics 16%		
Beauty 16%	Electronics 15%	Child stores 15%			
Home décor 15%					

(BY INCOME)

<\$35,000	\$35-\$50,000	\$50-\$75,000	\$75-\$100,000	\$100,000+
Discount 55%	Discount 54%	Discount 45%	Discount 46%	Discount 39%
Grocery 37%	Grocery 32%	Dining 34%	Dining 36%	Dining 38%
Dining 29%	Dining 31%	Grocery 27%	Grocery 27%	Book 26%
Book 26%	Book 28%	Book 23%	Dept st 25%	Grocery 26%
Entertain 20%	Dept st 23%	Dept st 20%	Book 20%	Dept st 22%
Dept st 18%	Entertain 20%	Entertain 19%	Entertain 19%	Entertain 19%
Electronics 16%	Electronics 17%	Electronics 16%	Home décor 17%	Home décor 22%
	Home décor 16%	Home décor 15%		Electronics 18%
				Specialty apparel 17%
				Recreation/sporting 16%
				Luxury 15%

(BY GENDER)

Men	Women
Discount 44%	Discount 51%
Dining 29%	Dining 35%
Grocery 29%	Grocery 31%
Electronics 27%	Book 25%
Book 23%	Dept st 23%
Entertain 22%	Entertain 19%
Sporting 18%	Home décor 18%
Dept st 17%	

4. LOYALTY PROGRAMS

PARTICIPATION IN LOYALTY PROGRAMS

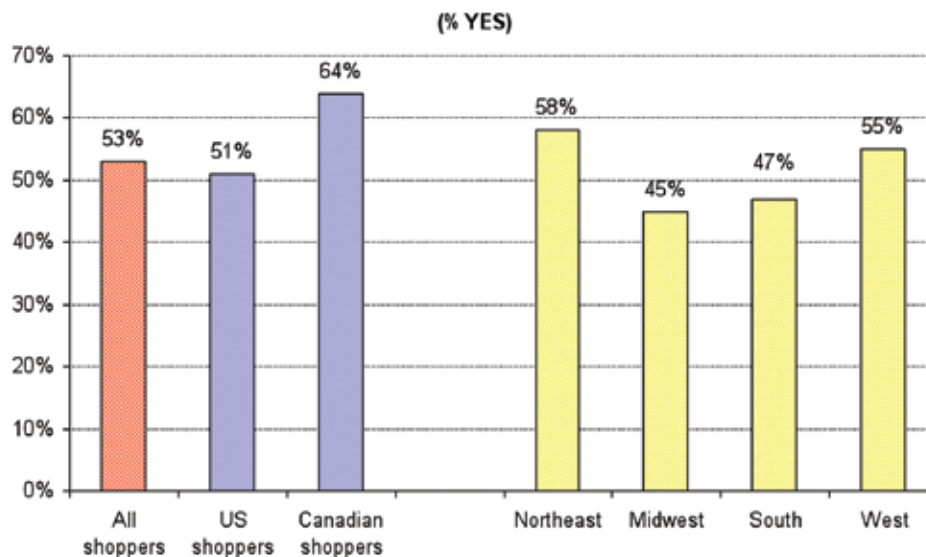
Shoppers were asked about their participation in retailer and mall loyalty programs. Figure 4.1 shows the share of shoppers who participate in a loyalty program, overall and by region.

- **About half of the shoppers report that they belong to a loyalty or rewards program for a retailer or shopping center.**

Significant Differences:

- Participation was fairly consistent across the various age and income groups.
- The most significant differences were based on geography and gender. Canadian shoppers were much more likely to belong to these types of reward programs than were US shoppers. In addition, participation is strongest among shoppers living in the Northeast and West.
- Women were more likely to participate in these reward programs than men (57% versus 45% of men).

4.1 DO YOU PARTICIPATE IN ANY RETAILER OR SHOPPING CENTER LOYALTY/AFFINITY PROGRAMS?



SHOPPING FREQUENCY--DETAIL

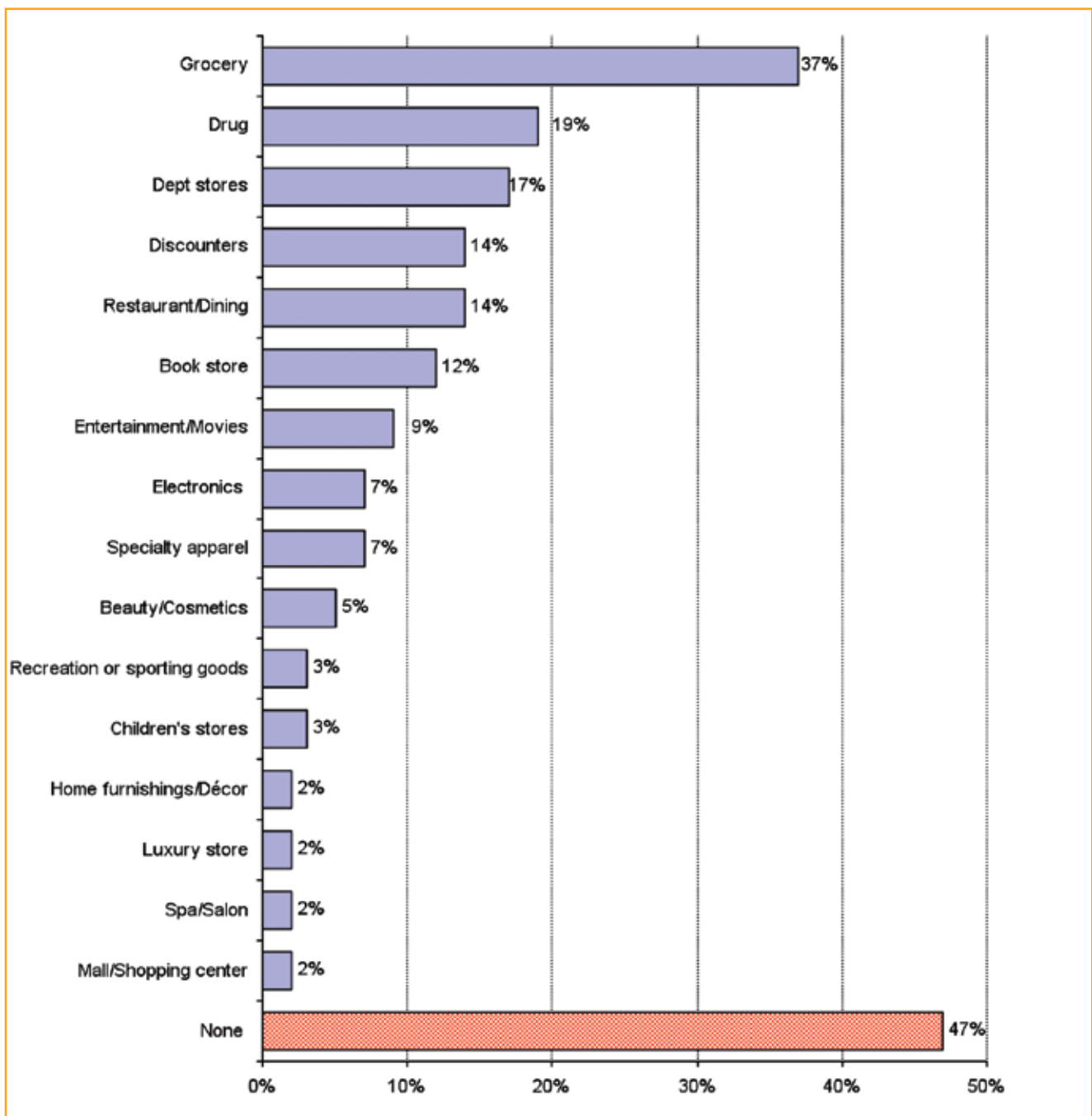
Figure 4.2 summarizes what types of retailer programs consumers belong to.

- The most widely utilized retailer loyalty programs are those operated by grocers. Nearly 40% of shoppers belong to a grocery loyalty program.
- Other popular retail loyalty programs attracting more than 10% of the shoppers include drugstore, department store, discounter, restaurant and book store programs. Only 2% reported belonging to a shopping center loyalty program.

Significant differences:

- The stronger Canadian participation is mainly due to strong participation in drug store, department store and movie theater programs. Conversely, US shoppers have above average participation in restaurant programs.

4.2 WHAT TYPES OF RETAILER LOYALTY PROGRAMS DO YOU PARTICIPATE IN?



REASON FOR PARTICIPATION

The table below summarizes why shoppers belong to these loyalty programs.

- The main reason for participating in retailer loyalty programs is to receive special/extra discounts or to earn rewards based on the customer's purchases.
- Secondary motivators are special gifts or freebies (either at sign-up or throughout the program) or receiving advanced notice of sales. The least important benefit was gaining access to special member-only events.

4.3 WHAT ARE THE MAIN REASONS YOU BELONG TO THESE LOYALTY PROGRAMS?

Reason	%
Receive special or extra discounts	43%
Earn rewards based on how much you purchase	38%
Receive special gifts or freebies	18%
Receive advance notice of sales	16%
Get access to special member-only sales	12%
Get access to special member-only events	9%
Do not belong to loyalty programs	47%

5. SPECIAL EVENTS

EVENT VISITATION

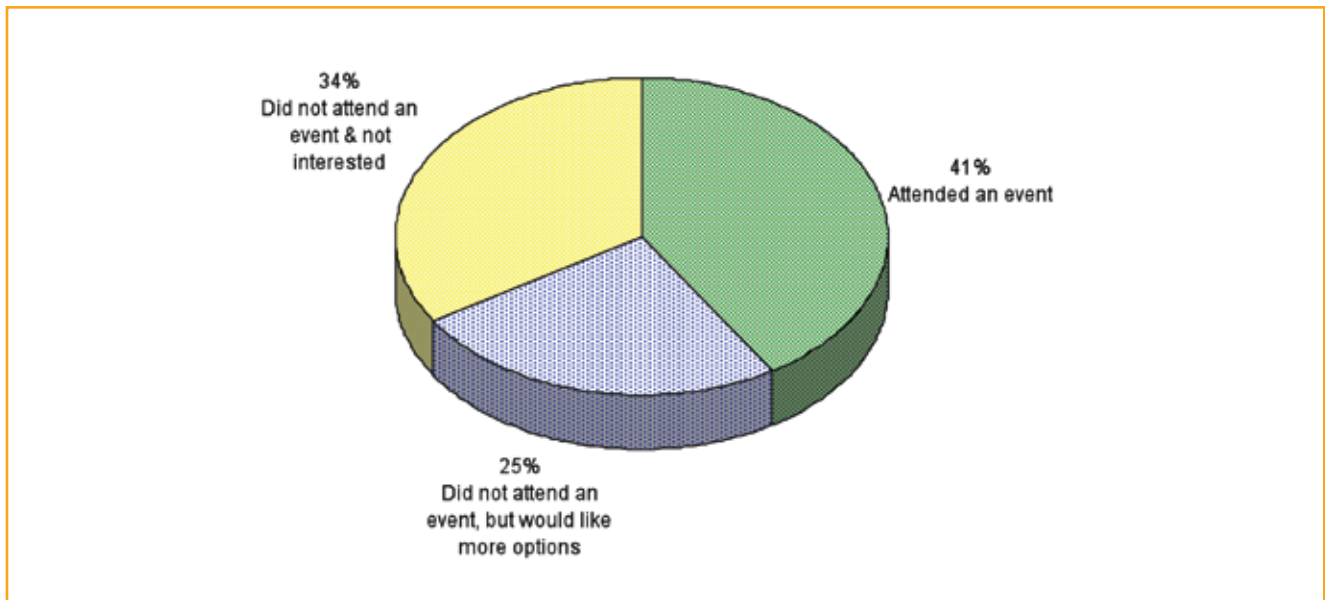
Shoppers were also asked about their use of special events at enclosed malls and open-air shopping centers. The chart below summarizes past use of these events, as well as their level of interest in participating in the future.

- **Forty percent of the shoppers report that they have attended special events at a mall within the past 12 months.** However an additional 25% said that although they did not attend any events during the past 12 months, they would like to see more options at their local mall. One-third of the shoppers said they did not have any interest in events and had not attended any in the past 12 months.

Significant Differences:

- Event use and interest was similar between US and Canadian shoppers, and by geographic region.
- Event use was also surprisingly similar based on gender, age and income. The most significant difference is that while the share of men and women who have attended an event is similar (41% each), women who have not attended an event are more likely to indicate future interest (27%) than men (20%).

5.1 EVENT USE AND INTEREST



EVENT VISITATION

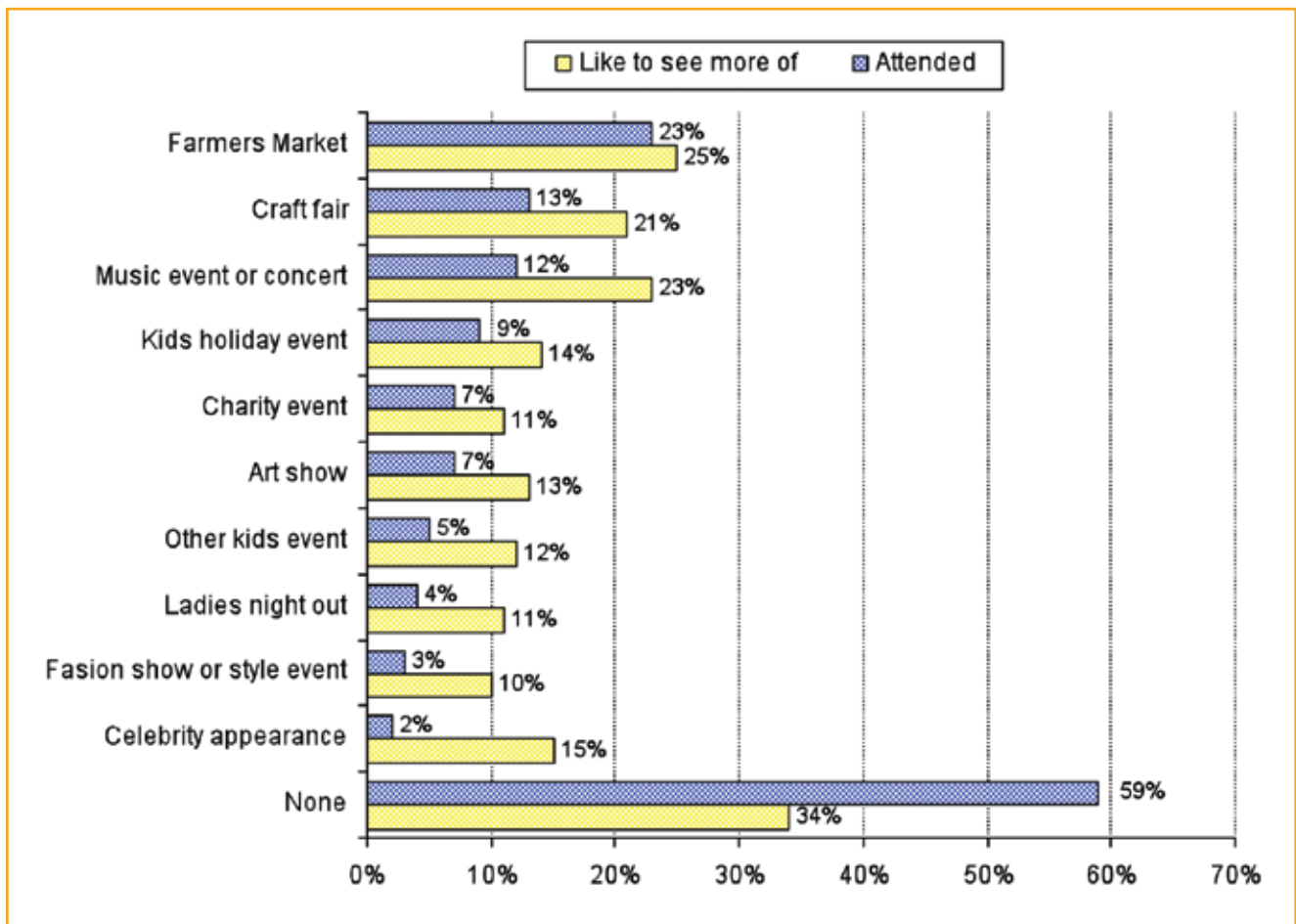
The chart below summarizes what types of events they have visited at shopping centers during the previous 12 months and what type of events they would like to see more of.

- Farmers markets were the most widely attended events, followed by craft fairs, and music events/concerts. These events also topped consumer requests for what they would like to see more of.

Significant differences:

- Although the level of participation in special events did not differ based on demographics, the type of events attended does vary.
- Farmers markets have the broadest appeal, attracting both men and women, as well as shoppers from all income groups and above average attendance among those age 55+.
- Craft fairs tend to appeal more strongly to women and shoppers age 45+. Music events/concerts, fashion/style events, ladies night out and celebrity events tend to appeal to younger consumers.
- Art shows, charity events and music/concerts tend to appeal to the upper income consumers.
- Among the shoppers who have children, about 20% attended a kids event (17% holiday event and 11% other kids event), and one-third of the parents would like to see more children's events.

5.2 IN THE PAST 12 MONTHS, WHICH OF THE FOLLOWING TYPES OF ACTIVITIES/SPECIAL EVENTS HAVE YOU ATTENDED AT AN ENCLOSED MALL OR OUTDOOR SHOPPING CENTER? AND – WHAT TYPE OF EVENTS WOULD LIKE TO SEE MORE OF AT YOUR LOCAL SHOPPING CENTER?



EVENT PRODUCTIVITY

One of the main objectives of hosting special events is to not only draw traffic to the shopping center, but to convert the event traffic into sales for the shopping center's stores and restaurants. To measure the level of event cross-over and conversion, shoppers were asked to recall the last event they attended and whether they also shopped in the mall. Figure 5.3 summarizes the behavior of shoppers who attend events.

- **The majority of event attendees indicated that they visited other areas of the shopping center in addition to attending the special event.**
- Persons attending music events/concerts, farmers markets or charity events were least likely to visit other areas of the shopping center (40%+ only visited the event). This is likely due to the fact that most of these types of events are held outside the shopping center or after hours.
- Consumers attending art shows or fashion/style events were most likely to cross-shop.

Significant differences:

- There was no significant difference between US and Canadian shoppers, and little difference based on geographic regions or demographic factors. The most significant difference is that persons age 55+ are most likely to visit the event only and not shop other areas of the center.

5.3 THINKING ABOUT THE MOST RECENT SPECIAL EVENT YOU ATTENDED AT A SHOPPING CENTER, DID YOU ATTEND ONLY THE EVENT OR VISIT OTHER AREAS OF THE CENTER AS WELL? (BASE: THOSE WHO ATTENDED AN EVENT IN LAST 12 MONTHS)

