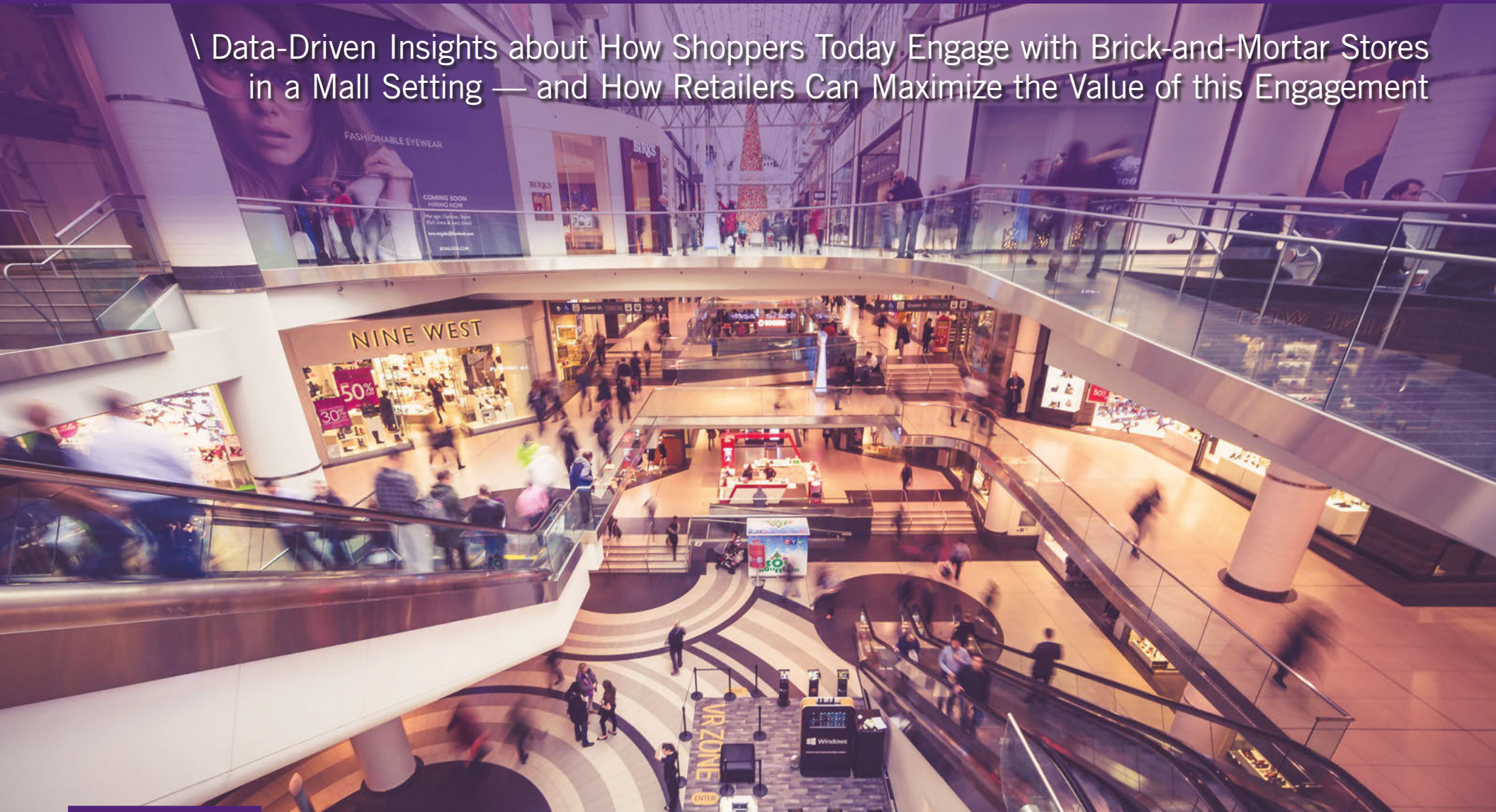




SPIEGEL
RESEARCH
CENTER

It's Complicated: How Consumers Engage, Shop, and Buy in Stores and Malls

\ Data-Driven Insights about How Shoppers Today Engage with Brick-and-Mortar Stores in a Mall Setting — and How Retailers Can Maximize the Value of this Engagement



By analyzing engagement and purchase data, the Spiegel Research Center uncovered insights about how people shop and buy in stores within malls.

\ Executive Summary

Insights into How Shoppers Engage with Stores in Shopping Malls

More than 20% of Shopping Malls Are Predicted to Close in Five Years*

The growth of e-commerce over the past decade has been like a tidal wave crashing on brick-and-mortar retailers around the world. Nowhere has this impact been more severe than at shopping malls.

Retailers Need Data-Driven Insight on Customer Behavior

As e-commerce continues to reshape consumers' shopping and buying behaviors by offering unprecedented levels of convenience and selection, malls and their tenants face immense pressure to adapt to this shifting landscape. To develop strategies for how to better attract and serve today's shoppers, brick-and-mortar retailers need to first understand how consumers are engaging and buying in malls and stores—and what impact this engagement has on consumers' purchase behavior.

*Credit Suisse, May 2017.

Spiegel's Analysis Has Uncovered New Insights to Guide Engagement Strategies

Northwestern University's Spiegel Research Center has conducted groundbreaking research that analyzes the nature of the relationships between shoppers, malls, and stores. When it comes to how malls and stores engage with shoppers and how that engagement drives purchase behavior, we found that these relationships are, indeed, complicated.

In this report, we share data-driven insights to drive more valuable strategies for malls and stores to satisfy today's consumer.

QUESTIONS WE ADDRESS

- Do shoppers go to malls to visit one store or to browse among several?
- Does engagement at the mall-level matter?
- Is real-time, location-based marketing effective?
- Does engagement have a different impact on “planners” than on “impulse shoppers?”
- Is it more important for stores to play offense or defense?
- Does engagement exclusivity matter?
- What type of engagement has the greatest impact on sales?

\ Executive Summary

About the Research

The Spiegel research team partnered with PARCO, one of Japan's largest operators of shopping malls, to analyze data about how shoppers engage with malls and their individual stores.

PARCO's mobile app gives users personalized news feeds with ads and promotions about stores and products, promotions and coupons, and general mall- and store-level information. The app includes a loyalty award system based on purchases at all the mall's stores, as well as "favoriting" a store, liking an item in the news feed, and checking in at a store. Through beacon technology, the app also can deliver real-time messages to shoppers based on their location and purchase history.

PARCO

PARCO's high volume of shopper traffic and the app's advanced features provided a rare opportunity for Spiegel to analyze the following:

- How shoppers travel throughout a mall in a typical visit
- How engagement with the mall and stores influences purchase behavior
- How real-time messages influence purchase behavior
- How store-level loyalty shapes the impact of various forms of engagement

To answer these questions, Spiegel analyzed more than 42,000 customer engagements in 2016 and 2017 from various PARCO malls across Japan and at instances at PARCO's Tokyo-area malls.

\ Mall-Level Findings

How Malls Can Attract More Shoppers and Drive More Purchases for Tenants

To gain a full understanding of how shoppers behave in a mall setting, we looked at the impact of customer engagement on two levels:

1) the mall level and 2) the store level.

We expected shopper engagement with individual stores and brands would be important, and it was. Yet, we found that there are also distinct characteristics of how shoppers engage with malls themselves. These mall-level engagement characteristics have important implications for mall operators as they develop marketing and customer-experience strategies to drive more traffic to their malls and stores and then optimize the purchase behavior of shoppers once they arrive.

QUESTIONS WE ANSWER:

- 1. Do shoppers go to malls to visit one store or to browse among several?**
- 2. Does engagement at the mall-level matter?**
- 3. Is real-time, location-based marketing effective?**
- 4. Does engagement have a different impact on “planners” than on “impulse shoppers?”**

\ Mall-Level Findings

1. Do shoppers go to malls to visit one store or to browse among several?

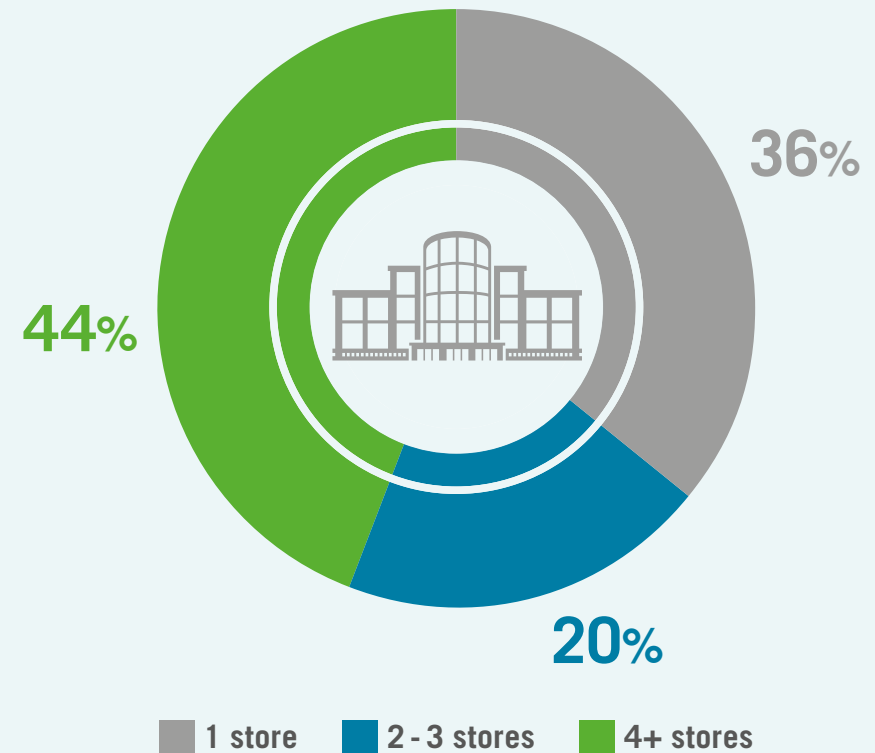
The Answer: There are some of each.

Even though the convenience of having access to numerous stores in one location is the core of malls' value, we found that **more than one-third of shoppers visit only one store** when they go to a mall. At the other end of the spectrum, **nearly half visit four or more stores** during each trip to the mall.

We also found that, outside of a handful of anchor stores, shoppers don't visit the same store(s) repeatedly on subsequent mall trips. This is encouraging news for mall operators because it means that there is a "spillover" effect and that non-anchor stores have a vested interest in seeing the anchor stores succeed.

Digging deeper: This data reflects how people shop at brick-and-mortar malls, and we are currently in the process of analyzing how this compares with the way shoppers act in "digital malls." These and other insights will be included in Part 2 of our analysis of engagement in retail marketing.

NUMBER OF STORES VISITED
PER MALL VISIT



Our research found that the lion's share of mall shoppers are either one-store shoppers (36%) or serial browsers who visit four or more stores (44%).

\ Mall-Level Findings

2. Does Mall-Level Engagement Matter?

The Answer: Yes ... and the impact is significant.

To answer this question, we looked at how a shopper's engagement with the mall app—in terms of checking in, liking an ad in the newsfeed, or rating a purchase—affected the likelihood of that shopper's purchases at any store in the mall. We also looked at how the amount of time between a shopper's engagement correlated to purchase likelihood.

We found that all of these forms of engagement with the mall app significantly affected purchase behavior. We also found that **mall operators' engagement with shoppers benefits the mall and the stores, even when shoppers are away from the shopping center.**

In addition to creating mall-based loyalty programs, **mall operators can share information about deals that are tailored to the individual shopper's past purchase preferences.**

MALL-LEVEL ENGAGEMENT'S IMPACT ON PURCHASE BEHAVIOR



Checked In or Liked

Shoppers who checked in at a store or liked an item in the app's news feed were 35% more likely to make a purchase in the following week.



Rated Last Purchase

Shoppers who rated their last purchase were 10% more likely to make a purchase at the mall in the following week.



Time Since Last Purchase

Shoppers who went more than a week since last engaging with the app were 17% less likely to make a purchase in the following week.

\ Mall-Level Findings

3. Are real-time, push messages effective at getting shoppers to visit more stores and make more purchases?

The Answer: Hugely, for the die-hards.

Malls are always looking to encourage shoppers to expand their trips by visiting additional stores. One way PARCO looked to do this was by sending shoppers real-time, location-based push messages (RTMs) using beacon technology. (Note, these weren't personalized based on prior shopping behaviors.) When shoppers were at the mall, they would receive messages offering bonus loyalty points if they made purchases at additional stores.

Was this tactic effective? When it comes to *visiting* additional stores, the answer is unequivocally yes. But when it comes to *making purchases* at those stores, it depends on the shopper's loyalty level.

Across all loyalty levels, shoppers who received RTMs visited more stores. But only shoppers in the highest loyalty level actually made significantly more purchases at those stores.

IMPACT OF REAL-TIME, PUSH MESSAGES ACROSS LOYALTY GROUPS

VISIT ADDITIONAL STORES



Most-loyal shoppers



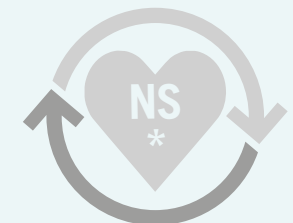
All other loyalty levels

Shoppers of all loyalty levels visited additional stores after receiving RTMs. The impact, however, was greater among the most-loyal shoppers, who were 2.70x more likely to visit additional stores after receiving a message, whereas shoppers of all other loyalty levels were only 1.78x more likely.

INCREASE PURCHASE AMOUNT AT ADDITIONAL STORES



Most-loyal shoppers



All other loyalty levels

But when it comes to shaping purchase behavior at those additional stores, RTMs only had a significant impact on the most-loyal shoppers, who increased their average basket size by +33%. RTMs had no impact on purchase amount in additional store for less-loyals.

*No Significant Impact

\ Mall-Level Findings

4. Does engagement have a different impact on “planners” than on “impulse shoppers?”

The Answer: Absolutely.

We analyzed whether a shopper liked an ad in the app during the week before coming to the mall as a proxy for that person’s level of planning. We then looked at the impact that real-time, location-based push messages (RTMs) had on “planners” and “impulse shoppers.”

For planners, we found that RTMs had no impact on the number of stores these shoppers visited. This speaks to the fact that these shoppers are “on a mission” and may view RTMs as a distraction.

With impulse shoppers, however, ones who received RTMs offering bonus points for visiting additional stores were more likely to expand their mall journey by making purchases at other stores.

IMPACT OF REAL-TIME PUSH MESSAGES

LIKELIHOOD OF VISITING ADDITIONAL STORES AFTER RECEIVING RTMS

Not Significant



Planners

More Likely



Impulse Shoppers

For shoppers who plan their mall trips ahead of time by liking or clipping ads in their news feed, their decision of how many stores to visit was largely unaffected by receiving RTMs. Non-planners, however, were more likely to visit additional stores after receiving an RTM.

\ Store-Level Findings

How Brands Can Engage With Mall Shoppers in Ways that Optimize Purchase Behavior

Now that we've looked at the ways that mall-level engagement shapes shopper behavior, we turn our attention to the interactions that occur at the store level.

As noted in the previous section, stores within a mall have a symbiotic relationship: better-performing anchor stores attract more traffic, and increased traffic has a positive spillover effect for all of the tenants.

But the relationship among stores is more complicated. Stores within a mall need to fight against their fellow tenants for shoppers' loyalty. Stores also need to realize that there are customer segments that concentrate their mall shopping in only one or two stores. Thus, the degree to which this loyalty exists, by customer, significantly affects the effectiveness of engagement in driving purchase behavior.

QUESTIONS WE ANSWER:

- 1. When fighting for potential customers, is it more important to play offense or defense?**
- 2. Does engagement exclusivity matter to potential customers? What about to existing customers?**
- 3. For existing customers, what type of engagement has the greatest impact on sales?**

\ Store-Level Findings

1. When fighting for potential customers, is it more important to play offense or defense?

The Answer: Focus on offense ... but don't slack on defense.

Most stores at a mall focus their marketing efforts on “playing offense,” that is, engaging with shoppers in a way that encourages them to buy more from that store. But our research found that, in some circumstances, the benefits of “playing defense”—that is, engaging with shoppers in a way that lessens their incentive to engage with other brands—can be powerful as well.

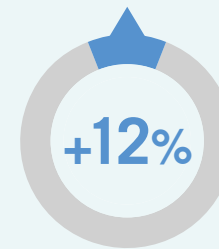
To study this, we looked at one store, “Store A,” and analyzed whether liking Store A’s ads in the news feed affected the amount the shopper spent at Store A. We also looked at the impact that liking other stores’ ads had on purchases from Store A. We found that the impact of liking ads is highly dependent on the degree of existing brand loyalty, as well as the level of engagement with other brands.

Stores should strive for focused and exclusive engagement with potential customers. By serving up valuable content that grabs potential customers’ attention and doesn’t give them a reason to keep looking for other content, stores can prevent competitors from grabbing a potential customer’s attention.

IMPACT OF LIKING ADS ON PURCHASE AMOUNT



If the shopper didn't list Store A as a favorite, liking Store A's ads had no impact on future purchase amounts.



If the shopper did list Store A as a favorite, liking Store A's ads led to a 12% increase in future purchase amounts.



If the shopper liked another store's ad, this led to a 10% decrease in the amount purchased from Store A.

\ Store-Level Findings

2. Does engagement exclusivity matter to potential customers? What about to existing customers?

The Answer: It's a big deal for both groups.

To study the exclusivity effect on potential customers, we looked at whether “favoriting” Store A on the app influenced the likelihood of a shopper making a purchase from Store A. We also looked at this impact when Store A was the only store that the shopper favorited as well as when it was one of several stores favorited.

For existing customers, we conducted a similar study, but instead of looking at the impact on whether the shopper visited the store, we looked at the impact on future purchase amounts.

Investments in engagement that led shoppers to declare their loyalty to you—and only you—pay big dividends. Look for ways to provide deals, incentives, and content that convince shoppers that you have everything they need in your category. Once they've found you, show them that they don't need to look any further.

POTENTIAL CUSTOMERS: EXCLUSIVITY'S IMPACT ON STORE VISITS



Favorite Only Store A



**Favorite Store A
and Other Stores**

Shoppers who “favorited” only Store A were significantly more likely to purchase from Store A than shoppers who favorited Store A and other stores.

EXISTING CUSTOMERS: EXCLUSIVITY'S IMPACT ON PURCHASE AMOUNT



Favorite Only Store A



Slight Decrease

**Favorite Store A
and Other Stores**

When existing customers favorited only Store A, their future purchases increased by nearly 8%. But when existing customers favorited Store A along with other stores, it had a slightly negative impact on future purchases.

\ Store-Level Findings

3. For existing customers, what type of engagement has the greatest impact on sales?

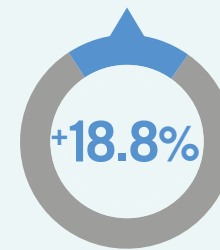
The Answer: Engagement that is relevant, by customer, works the best.

Not all engagement is created equal when it comes to driving future purchase behavior. We found that in the mall setting, the type of engagement matters when trying to prompt existing customers to purchase more.

To study this, we looked at the impact of two different engagement behaviors on existing customers' future purchases: liking Store A's ad in the news feed and favoriting Store A. We found that the impact of engaging with a store's ads was more than double the impact of engaging with the brand itself—even if that engagement was exclusive to the brand.

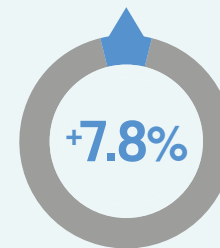
Providing deals, incentives, and other valuable content to your existing customers is even more important than earning their exclusive loyalty. Look for ways to use your knowledge of each shopper's personal tastes and shopping habits to provide information and incentives that are tailored to that shopper.

TYPE OF ENGAGEMENT'S IMPACT ON FUTURE PURCHASES



Liked Store A's Ad

When existing customers liked an ad from Store A in their news feed, it led to an increase of nearly 19% in future purchases.



Favorited Store A

When existing customers favorited Store A (and only Store A) in their news feed, it led to an increase of about 8% in future purchases. As noted on the previous slide, when existing customers favorited Store A and other stores, the impact was slightly negative.

\ Insights in Action

How mall operators and stores can take their shopper relationships to the next level

For more than four decades, marketers have been using the term “relationship” to describe their engagement with shoppers. Our research into the way that shoppers today engage with malls and the stores within malls found that while these relationships still exist, their nature has changed dramatically.

Just as online dating, texting, and other new technology have reshaped the way couples meet and interact, the rise of e-commerce and omnichannel retailing has radically altered the way malls and stores need to engage with shoppers. Our evidence shows that there are many different types of relationships today and fewer shoppers are looking to get “married.”

As mall operators and stores think about what they must do to protect and nurture relationships against a backdrop of unprecedented pressure from e-commerce, our research provides valuable insight about the effectiveness of various types of engagement.

OUR RECOMMENDATIONS

- **Want more sales? Put a ring on it.**
- **Set the mood by understanding context.**
- **In committed relationships, personal touches go a long way.**
- **Coming on too strong can scare some people away.**
- **The relationship between malls and stores? It's complicated.**

How Malls and Stores Can Nurture Relationships With Shoppers

Based on our research and analysis on how various forms of consumer engagement drive purchase behavior for shoppers at malls, we recommend that mall operators and stores consider these five principles when developing an engagement strategy.

Want more sales? Put a ring on it.	Set the mood by understanding context.	In committed relationships, personal touches go a long way.	Coming on too strong can scare some people away.	The relationship between malls and stores? Understand the complexity and synergy.
For new prospects and existing customers alike, being a shopper's sole favorite brand pays major dividends. Look for opportunities to make the relationship "exclusive" by earning their undivided attention and loyalty.	The impact of engagement is very contextual. It depends on the extent of loyalty between the shopper and the stores, as well as on the type of engagement. Stores need to understand each shopper's level of loyalty and use this context to determine which type of engagement will be most effective in driving sales.	For existing customers, engagement about deals and promotions has a much greater impact than engagement with the brand itself. Pay attention to your customers' buying behavior and deliver promotions and content that are tailored to each shopper's personal tastes.	Some shoppers aren't looking to "play the field" when they come to a mall, so don't pressure them to check out other stores. Identify these "planners," and give them their space; don't send them distracting messages when they are on a mission.	By focusing on engaging with shoppers before, during, and after the purchase, malls can drive more traffic to the mall and encourage shoppers to visit more stores once they arrive. At one level, this engagement should be a rising tide that benefits all stores at a mall. But increased mall-level engagement could end up hurting stores that don't do a good job of creating exclusive loyalty and standing out from competitors.

Meet the Team

This research was led by the following members of the Spiegel Research Center:

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Review the Research

PUBLISHED RESEARCH ON RETAIL ENGAGEMENT

The results and insights from the Spiegel Research Center's research into how consumer engagement shapes shoppers' purchase behavior in retail settings have been published in the following journals and textbooks:

Academic Journal Publications

- Kim, S.J., Wang, R. J.H., Maslowska, E., & Malthouse, E.C. (2015). The Effects of Adopting and Using a Brand's Mobile Application on Customers' Subsequent Purchase Behavior. *Journal of Interactive Marketing*, 31, 28-41. [\[Abstract\]](#)
- Wang, R, Malthouse, E.C., Krishnamurthi, L. (2015). On the Go: How Mobile Shopping Affects Customer Purchase Behavior. *Journal of Retailing*, 91(2), 217-234. [\[Abstract\]](#)
- Wang, Kim and Malthouse (2016), Branded Apps and Mobile Platforms as New Tools for Advertising, *The New Advertising: Branding, Content and Consumer Relationships in the Data-driven Social Media Era*, edited by Ruth Brown, Valerie Jones and Bryan Ming Wang, Praeger, Santa Barbara, CA. [\[Abstract\]](#)

White Papers and E-Books

- Wang, R. (2016). Shopping on the Go: How Mobile Usage Affects Customer Purchase Behaviors. Spiegel Research Center. [\[Full white paper\]](#)
- Collinger, T. Branded App ROI: Evidence of the Value of Consumer Engagement Via Branded Apps. Spiegel Research Center. [\[Full e-book\]](#)

More Insights from the Spiegel Research Center

As the digital marketing communications landscape evolves, we will continue to look for innovative ways to measure the impact of engagement on consumer behavior.

To dive deeper into Spiegel's research about how engagement across channels and settings influences purchase behavior and customer value, we invite you to visit us online.

LEARN MORE about the Spiegel Research Center's research-driven insights on marketing communications by visiting: spiegel.medill.northwestern.edu



Social Media Contests

Do consumers who engage in social media contests buy more?



Branded Apps

What is the ROI in terms of customer lifetime value of creating and nurturing branded apps?



Consumer Engagement Engine

How do the new ways that consumers engage with brands affect customer value?



Loyalty Programs

Do instant rewards drive purchase in a loyalty program?



Online Reviews

How do star ratings and reviews content influence purchases?



Multi-Platform Engagement

How does multi-channel engagement affect purchase behavior?

About the Spiegel Research Center

Understanding Customer Engagement that Drives Business Performance

The Medill IMC Spiegel Digital & Database Research Center is the first research center at the Medill School of Journalism, Media, Integrated Marketing Communications. It was founded in 2011 by a generous gift from the late Professor Emeritus Edward J. “Ted” Spiegel and his wife Audrey and fortified by the support of corporations, alumni, and friends. The center is part of Northwestern’s long tradition of applied research about advertising and marketing. The focus of the Spiegel Research Center is to do evidence-based, data-driven analysis to prove the relationship between customer engagement and purchase behavior. The center’s research focuses on consumer behavior in social media and on mobile devices.

