



Identifying Market Opportunities

The Important Role of Consumer Research Tools

By Walter Bialas

Increased competition is forcing many centers to focus more acutely on their market position and how they can better meet consumer needs. The best method for centers to identify ways to maximize their market potential is to employ a mix of new and traditional research tools. Used properly, these tools can illuminate the right strategic path and help benchmark successful execution.

There are several long-standing, effective strategies for understanding consumer shopping habits at any given center. While each one serves a different purpose, together they have created the backbone for feedback in the retail real estate industry.

Intercept Surveys

Shopper intercept surveys have been a popular tool for consumer researchers looking to understand the general

demographics of the center's most typical shoppers. By stationing interviewers around exit points of the center, they are able to "intercept" patrons when they have finished shopping. By asking questions pertaining to the consumer's reason for shopping, their place of residence, and even how much money they are spending, researchers are able to understand the shoppers in their center, the center's trade area, and the competitive landscape.

Intercept surveys however, fall into the "right time, right place" category. While they are extremely effective, they can also be costly and might not make sense for a small center owner with a limited research budget. There are also seasonal issues associated with intercept research. Because shopping is highly influenced by the time of the year, certain months do not reflect the normal flow of traffic. Times of higher or lower than average shopper activity can skew results, making the survey inaccurate.

For example, the holiday season in general should be avoided because of this issue. If the center is highly dependent on summer tourism, however, then any surveys should balance summer visitations with resident shopping.

Telephone Surveys

Sometimes it is also important for retail centers to reach consumers who do not shop at their center. For this task, researchers most commonly turn to telephone surveys. Reaching the consumer who is shopping the competition can be equally beneficial to understanding the dynamics of a loyal consumer and how to position a property competitively. Whether the consumer is shopping exclusively elsewhere, online or in several places for different items, telephone surveys can help a researcher understand what their center is missing and how to attract the shopper.

Focus Groups

When looking for more qualitative answers to their questions, researchers turn to focus groups. The flexible nature of focus groups is effective in that open-ended questions can be asked and shoppers can elaborate on answers and provide deeper responses.

There are two types of focus groups. Formal focus groups are video taped behind a mirrored glass wall to get a log of participants' reactions, body language and demeanor for review at a later date. Informal focus groups are more of a gathering of people to discuss different issues at hand.

No matter the type that is used, the most important aspect of focus groups is that they are dialogue-based, and framed with open-ended questions. Gaining in-depth explanations for consumer attitudes (their

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Despite the benefits of telephone surveys, they do have several disadvantages. When speaking on the phone, it is easy for the respondent to simply hang up. The interviewer in this case has little control over the consumer's actions. They must work harder to establish themselves as a legitimate entity before gaining the attention of the person whom they are contacting. The survey also must be appropriately scaled and well structured to maximize the chance of a respondent sticking through to the end.

It is often the case that telephone surveys can become more costly than intercept surveys, because the lists of numbers themselves are expensive. Another downfall to telephone surveys is that it is impossible to use visual aids, so it is more of a challenge to convey questions clearly. As more young people begin to choose cell phones over home landlines, telephone surveys are losing their validity with the concern that they are missing the younger demographic. Obtaining cell phone lists is more expensive than landlines, so cost becomes even more of a concern.

likes and dislikes) are important when dealing with any shopping center. Understanding how these issues can be addressed is also a common outcome of focus groups, and can be used when a center is undergoing a redevelopment or plans to change the center mix and the amenities that are offered.

There have been records of focus groups being used prior to the construction of a site as well. During the beginning stages of planning and development for Waters Creek, a mixed-use center in Allen, Texas, developers consulted a number of women about the center's layout, from landscaping to parking options to outdoor art. The research found that these women did not favor the typical shopping center traits such as large fountains, tall buildings and flat topography. Rather they wanted calming waterways, buildings of various sizes with a village look and feel, settled in the rolling topography surrounding the area. While this project has just been completed, only time will tell if these design features enhance shopper traffic and center sales.

Uh...

BASIC RESEARCH TOOLS

Tool	Value	Participants	Cost
Intercept Surveys →	Define Trade Area Understand Shopper	→ 300-400 →	→ \$15K-20K
Telephone Surveys →	Gauge Non-Shoppers Responses Identify Leasing Weaknesses	→ 300-400 →	→ \$12K-18K
Focus Groups →	Customized to Center Insight into Shopper's Wants	→ 10-50 →	→ \$2K+
Social Media →	Candid Feedback Uncover Potential Issues Early	→ Unlimited →	→ \$0

Source: Madison Marquette Market Research

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Focus groups provide additional benefits because there is an opportunity to use visual aides. Illustrating the concept that is being conveyed can help the consumer understand exactly what is trying to be accomplished. Focus groups are rarely used by themselves. Often being used in conjunction with telephone and/or intercept surveys, this free-forum style of surveying can be used to generate ideas for future research tactics.

The major downfall with focus groups, aside from being extremely costly, lies in their fundamental limitation of size. Typically, focus groups consist of around a dozen people. As such, care must be taken when applying the sentiments of a small sample group to a wider population. Another pitfall of focus groups is that the consumer can potentially be swayed to answer particular questions in a certain way, especially in the informal focus group setting. Because they are directed by a moderator, the way that they ask or frame an idea can sometimes imply the concept for which they are looking. This is why it is important to either find a good moderator, or opt for the more formal approach.

New Internet Opportunities

The world now has over 184 million blogs, and 77% of active Internet users read them. On any given day about one million blog entries are posted on the Internet. No longer associated with the internet savvy demographic, blogs and other online forums are reaching billions of people of every age and gender, now encompassing the entire population. This global phenomenon provides useful, often unfiltered information and opinions from various consumer segments.

In retail real estate, monitoring these sites presents several advantages that were previously unattainable by utilizing traditional surveys. Consumer's uncensored and anonymous opinions are exposed for the world to read, comment, and respond to without being probed or influenced to do so. And it's free.

Monitoring blogs can also be useful throughout the year. Unconcerned with the season or the time of the year, center owners are able to log on to understand exactly what changes influenced certain consumer reactions. This immediate feedback, whether to new store openings or updated amenities, can help centers adjust tactics in real time instead of having to rely on costly focus groups or intercept surveys at the end of a repositioning campaign.

This information can also prompt a dialogue with tenants. Relaying the information back to retailers about what their consumers are saying can help facilitate more frequent conversations with tenants and provide a factual basis to address problem areas. Internet monitoring is also a great way to monitor the competition. By finding out what competitors are doing, and how their consumers are reacting, it is now possible to stay on top of market trends.

As with every research tool, there are certain drawbacks associated with monitoring online blogs. First, the demographics are often unknown and therefore skewed. Without knowing details such as the age or gender of the consumer responding, it is hard to place their comments in a definitive category that relates to your center.

The information expressed in blogs is also similar to that of focus groups in that it is qualitative. If one shopper says something negative about the opening of a new store, it certainly does not mean that all shoppers agree. It is important to remember this when monitoring, because one user post is never reflective of the population.

Combing the internet for any mention of your brand's name can also be extremely exhausting and time consuming. This issue can be mitigated by limiting the search to popular content aggregators and online communities such as Yelp, Facebook, MySpace, Twitter, Blogpulse and Google news/blog search.

While the technology is still maturing and user numbers continue to grow, it is becoming clear that these new information tools will begin to shape the way in which the industry assesses their shoppers. Its immediate, innovative and uncensored style will grab the attention of more shoppers in the years ahead. It is up to the retailers and developers to tune in and appropriately categorize what they have to say.

It is important to remember however, that no one tool alone, either on- or offline, can give a complete and total understanding of a product or the current market. Combining these tools will draw the most complete — and valid — conclusions and descriptions of a targeted population.

Walter Bialas (walter.bialas@madisonmarquette.com) is VP of Research in our Washington, D.C. office. **P**

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NEW INTERNET TOOLS REVEAL CONSUMER ATTITUDES & BEHAVIOR

There are several internet websites out there dedicated to breaking through the clutter to help focus blogging initiatives and research. Many of them can be applied directly to retail real estate to alleviate some of the challenges of finding out what everyone is saying.



Yelp.com is a blogging network specific to geographic location, that discusses everything from restaurants to real estate to shopping and nightlife. Most shopping centers are currently listed, and include a list of retailers within the center.



Technorati provides an extensive blog directory, including search options for "Real Estate" and "Fashion." By clicking on these two keywords, the website directs you to separate blog directories dealing with those sectors of business.



The **Google Blog Search** is useful as a general search for all blogs on the internet. By searching for a particular retailer or location, the results will list what consumers are saying about its installation.

Sites like **Facebook** and **MySpace** are social networking tools that allow users to join groups and create events and discussions around areas of interest. Groups about particular retailers and centers can be created, complete with discussion boards where members can discuss new trends or changes.



With tools such as **Twitter**, members can send current thoughts or activities to their "followers" instantaneously. Centers could use this tool to inform shoppers about store openings, special events, sales and holiday hours. Retailers could also find through Twitter what their followers are interested in, and stage events or sales accordingly.



Nielsen's **Blogpulse** is one of many sites that helps those who monitor blogs to discover trends and organize information by searching to see who is talking about you, and specifying trends by keywords for any topic of your choice. For example, if a particular center wants to track blog activity about one of their retailers, it is possible to limit their search to that center and that retailer.

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