

April 2023

Navigating a Changing Mall: Analyzing Consumer Behavior

Malls still play a key role in the wider retail landscape. This report analyzes changes in shopping center visitor behavior to see how malls are maintaining relevance in 2023.



Despite Naysayers, Malls Are Maintaining Relevance

When malls first emerged on the American retail scene, their value proposition was simple. By combining specialty retailers and dining brands under one roof and adding anchor tenants to draw in a wide audience, shopping centers offered a venue that both facilitated socializing and provided a convenient one-stop shopping experience. But with the rise of the web – the ultimate one-stop-shop – analysts began [questioning](#) the relevance of the format, with many calling on malls to [reinvent themselves](#) in order to survive.

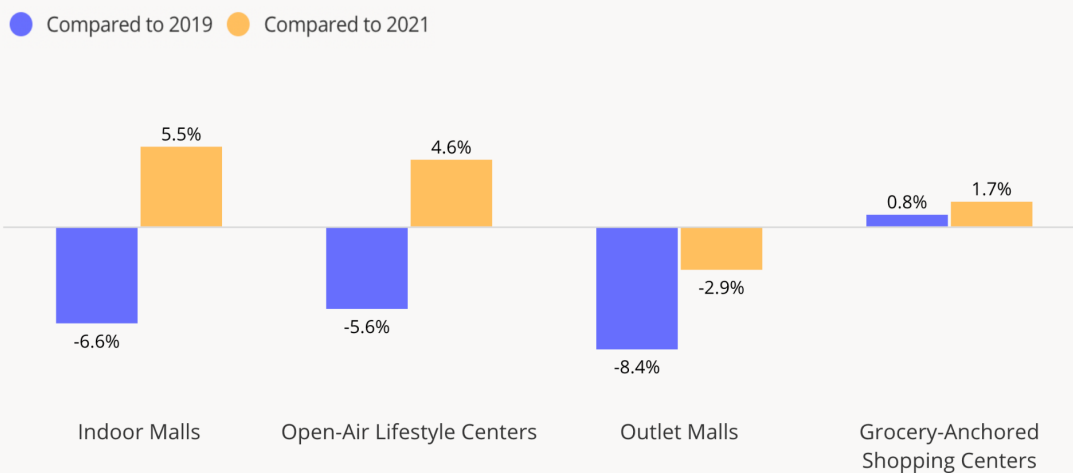
But while some shopping centers have succeeded in [rising to the top](#) through [innovation](#), other malls are carrying on with business as usual. And although traffic has dipped slightly over the years, visits have not dropped as dramatically as predicted. So who is still visiting malls? How do shopping centers visits today differ from pre-pandemic trends? And which type of mall was most popular among 2022 mall visitors?

This white paper looks at recent location intelligence data to better understand the current state of malls and shopping centers. First, we looked at data from Grocery-Anchored Shopping Centers and from the [Placer.ai Mall Indexes](#), which focus on top-tier Indoor Malls, Open-Air Lifestyle Centers (not including outlet malls), and Outlet Malls. We analyzed visit numbers, dwell times, daily and weekly visit distribution, and visitor journey information to see how actual visit patterns have changed in recent years. We also zoomed out to the wider Shopping Center category which includes thousands of shopping centers throughout the country to understand how inflation and high gas prices may have impacted shopping center traffic.

How Have Mall Visits Changed Over The Last Three Years?

The [pandemic restrictions](#) had a [profound impact](#) on malls. Online shopping [soared](#), and predictions of the [end of malls](#) led many popular mall-based brands to press on [reconfiguring their store fleet](#) and redirect their focus to off-mall venues. But despite the [extreme rhetoric](#) surrounding the future of malls, mall traffic has [rebounded](#), with year-over-three-year (Yo3Y) visit gaps for all four shopping center segments analyzed narrowing below 10%.

Change in Annual Visits to Shopping Centers | 2022



Indoor Malls and Open-Air Lifestyle Centers posted similar 2022 visit trends, including a similar dip in Yo3Y visits – likely due to a stronger focus on bringing in the right audiences combined with the ongoing effects of economic headwinds like inflation. YoY traffic also grew for both segments, which indicates that Indoor Malls and Open-Air Lifestyle Centers are also still recovering from the COVID impact.

Meanwhile, Grocery-Anchored Shopping Centers saw visits increase in 2022 relative to both 2019 and 2021 – perhaps thanks to the resurgence of [necessity-based shopping, the growth of suburbs](#) due to migration and professional shifts, and consumers' desire to consolidate trips during the gas price surge of 2022.



Grocery-Anchored Shopping Centers saw visit growth relative to both 2019 and 2021.

Outlet Malls faced the most challenges in 2022, with visits down both YoY and Yo3Y. Part of the traffic dip may be due to last year's [high gas prices](#) leading some people to cut down on driving time, since most consumers tend to drive further to outlet malls than to the other three categories. Outlet Malls may also be facing increased competition from other [off-price brands](#) and the [increase](#) in discount options at traditional retailers. The [ongoing](#) inflation may mean that outlet malls will continue to

feel the strain over the coming months as consumers continue to [cut down](#) on shopping sprees, limit travel costs, and focus on essentials.

Consumer Behavior Patterns Across Mall Types

While Grocery-Anchored Shopping Centers have a distinct function, Indoor Malls, Open-Air Lifestyle Centers, and Outlet Malls also appear to serve different purposes in consumers' shopping and recreation routines.

Hourly and Weekly Visit Distribution

Visits to Indoor Malls, Open-Air Lifestyle Centers, and Outlet Mall are distributed differently throughout the day and week.

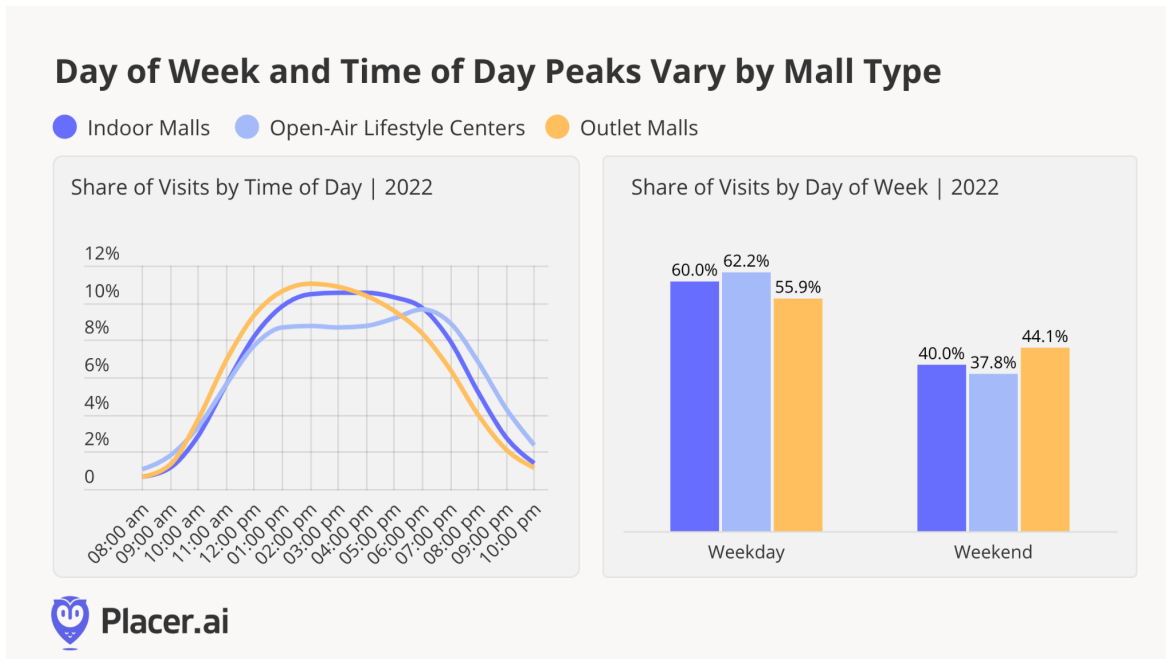
Outlet Malls are not as plentiful as Indoor Malls or Open-Air Lifestyle Centers and generally demand more open space, which means that getting to an outlet mall usually requires a longer drive. This may explain why Outlet Malls receive the largest share of weekend visits – 44.1%, compared to 40.0% and 37.8% for Indoor Malls and Open-Air Lifestyle Centers, respectively. Perhaps due to the larger share of weekend visits, traffic to Outlet Malls also peaks earliest in the day, with the majority (54.3%) of visits taking place before 3 PM, another indication of the day-trip nature of the visit and the opportunities that entails.



Open-Air Lifestyle Centers had the lowest relative share of weekend visits, perhaps because consumers visit these formats for more routine afterwork recreation.

The hourly visit distribution for Indoor Malls was relatively similar to that of Outlet Malls, with Indoor Malls seeing slightly fewer morning visits and slightly more late afternoon and evening visits. Meanwhile, Open-Air Lifestyle Centers had the largest share of late visits – 22.3% of traffic to Open-Air Lifestyle Centers was between 7 PM and 10 PM, compared to just 17.3% of evening visits for Indoor Malls and 13.6% of visits for Outlet Malls. Open-Air Lifestyle Centers also had the lowest relative share of

weekend visits, which may indicate that consumers turn to visit these formats for more routine afterwork recreation rather than for weekend outings.



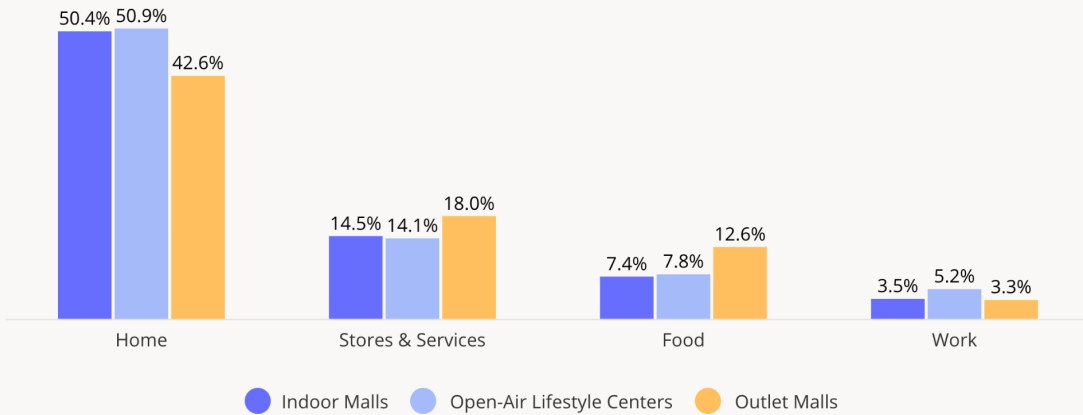
Differences in Visitor Journey

Consumers don't just visit the different types of malls during different times and on different days of the week – they also often arrive at the various types of malls from distinct places.

Mall-goers tend to arrive at Indoor Malls and Open-Air Lifestyle Centers directly from home, while Outlet Malls see a relatively high proportion of visitors coming from dining venues – perhaps shoppers make more pit stops during the longer drive. Outlet Malls also see more visits coming from other shops and services (such as pet stores and car shops), perhaps because consumers take advantage of the longer drive Outlet Malls to run other errands on the way. This is also an indication of one of the strengths of Indoor Malls and Open-Air Lifestyle Centers as these formats bring those shops and services and dining options into one unified experience.

Visitor Journey Across Mall Types

Share of Visits to Indoor Malls By Category of Location Prior to Visit | 2022



Seasonal Visitation Patterns

Visits to the different mall types also follow different seasonal patterns – although all four categories saw their 2022 weekly visits peak in December.

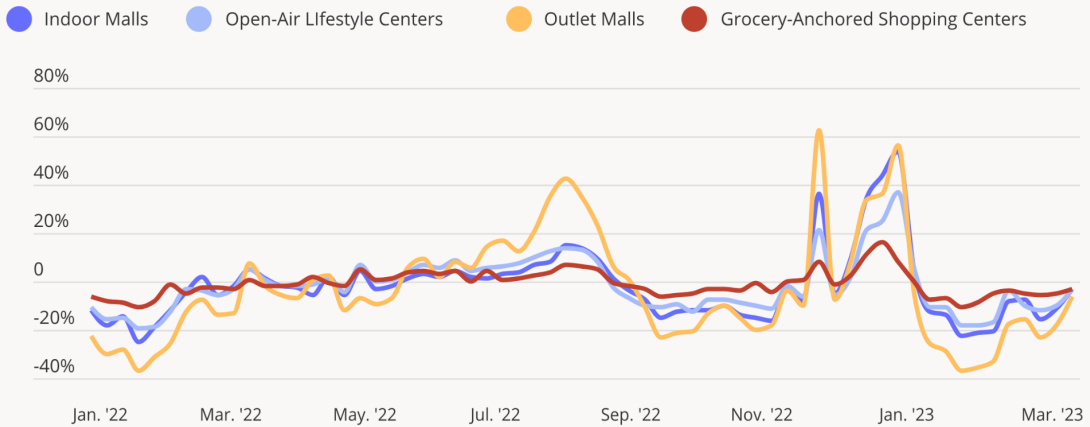


Outlet Malls had more traffic peaks throughout the year than the other formats – another indication of the added allure of Outlet Malls when there is time on hand.

Visitation patterns to Outlet Malls were the most volatile, with traffic peaking not just over Black Friday and during the holiday shopping season, but also between mid-July and mid-August for Back to School shopping – another indication of the added allure Outlet Malls have when there is time on hand. Meanwhile, Grocery-Anchored Shopping Centers expectedly had the most stable seasonal pattern, with the only major peaks taking place the week of Thanksgiving and the week before Christmas – perhaps driven by home cooks prepping for big family dinners.

Different Mall Types See Different Seasonality Trends

Weekly Visits Compared to 2022 Weekly Average



Indoor Malls and Open-Air Lifestyle Centers also exhibited relative seasonal stability, without any major peaks between January and October 2022. Visits to both categories then surged the week of Black Friday and the weeks surrounding Christmas. The spikes were more pronounced for Indoor Malls, which may be more conducive to mission-driven holiday shopping.

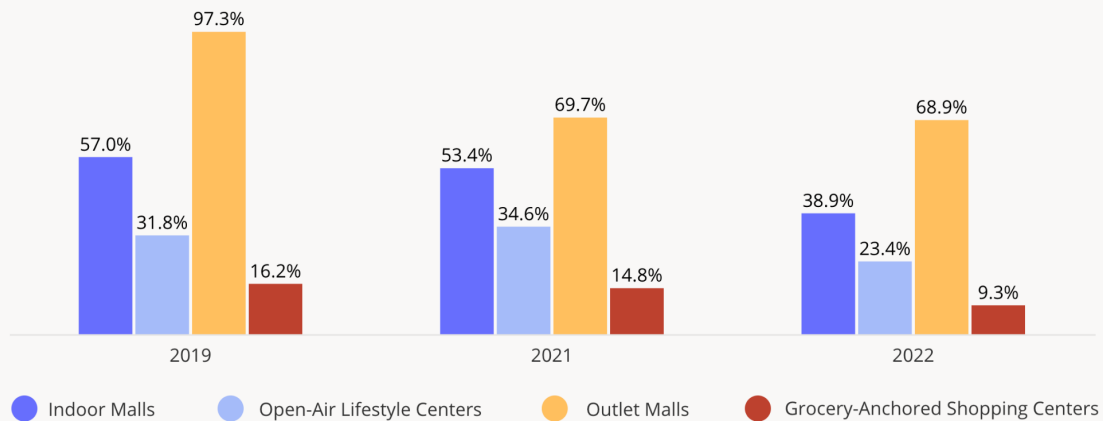
Outlet Malls See Largest Black Friday Boost

Comparing [Black Friday](#) visits to different types of malls in 2019, 2021, 2022 reveals that – while the day may have [lost some of its centrality](#) – the retail holiday still manages to drive visit peaks to the sector.

Outlet Malls in particular seem to benefit from the day, perhaps thanks to bargain-hunters looking to take advantage of the double markdown of Black Friday promotions on top of already discounted outlet prices.

Outlet Malls See Higher Visit Peak During Black Friday

Black Friday Week Visits Compared to Annual Weekly Average



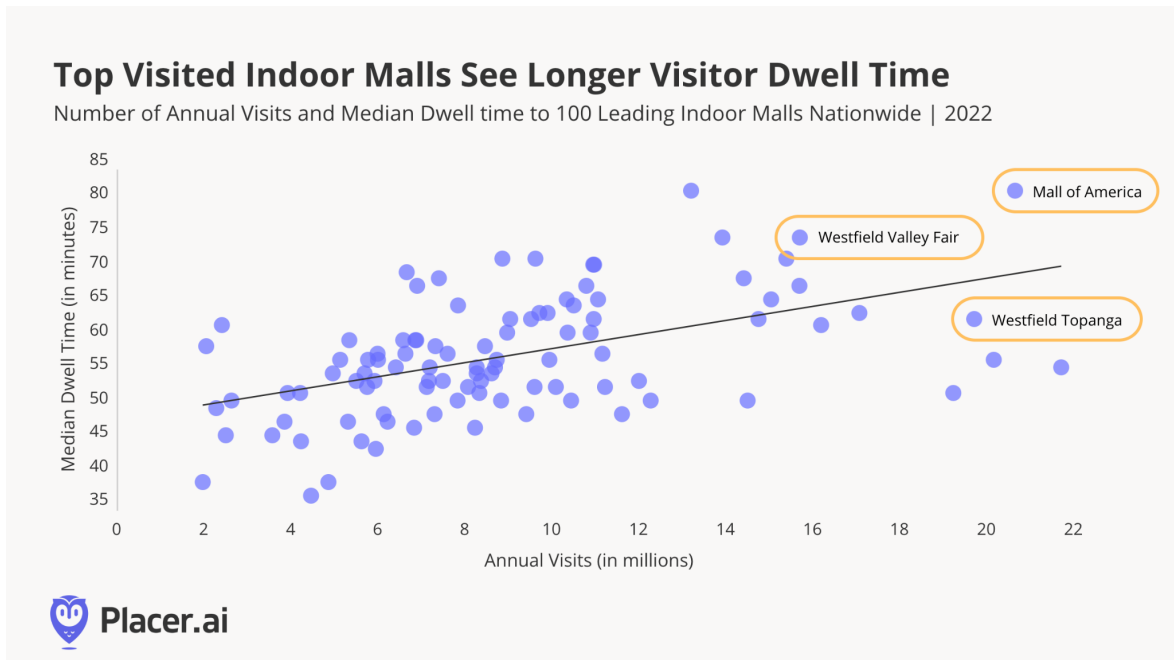
Indoor Malls also received a significant Black Friday traffic bump, while Open-Air Lifestyle Centers received a more moderate boost. Grocery-Anchored Shopping Centers saw the smallest spike during the week of Black Friday, with at least some of the already-small increase likely due to a grocery-led [Turkey Wednesday](#) bump rather than to shoppers looking for post-Thanksgiving deals.

Diving Into Indoor Malls and Grocery-Anchored Shopping Centers

Indoor Malls were [deeply impacted](#) by the COVID closures, while Grocery-Anchored Shopping Centers benefited from their anchor's "essential business" status and from the [pandemic grocery boom](#) and continued to draw visits. Now, with inflation having [replaced](#) COVID as consumers' primary concern, we dove into the data to better understand where the Indoor Mall and Grocery-Anchored Shopping Center sectors stand today.

Indoor Malls – the Strong Get Stronger

As overall mall traffic continues its recovery trajectory, some malls are still succeeding in standing out from the pack – and many of these top malls are seeing an increase in both visit numbers and visit length.



Analyzing 2022 visit data for the 100 malls in Placer.ai’s Indoor Mall Index reveals a positive correlation between annual visit volume and median dwell time. For example, the Mall of America, Westfield Valley Fair, and Westfield Topanga all saw higher visit numbers and longer visit durations than the Indoor Mall Index average of 9.1 million visits and 58 minutes of median visit duration.



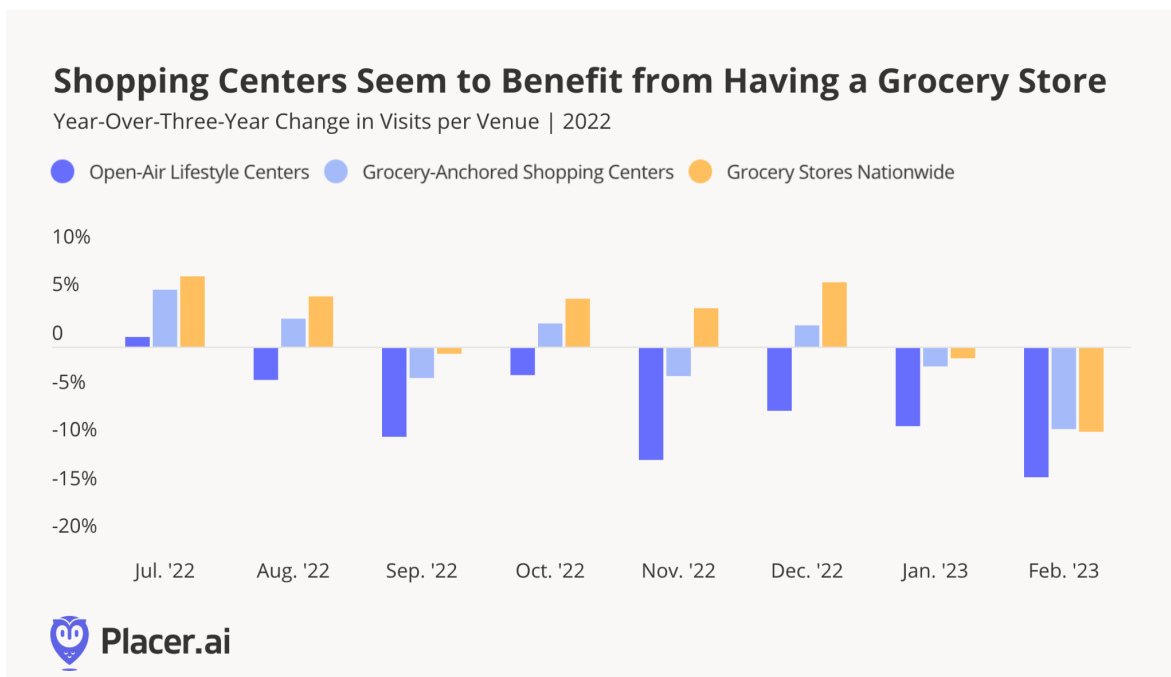
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The fact that the more popular malls also tend to have longer visit durations may indicate that those malls are offering a particularly attractive and generally holistic experience that draws in more visitors and invites them to stay longer. This is likely

driven by a wider shift to broaden tenant mix to create a more comprehensive, day away experience.

Grocery Stores Drive Shopping Center Visits

While some malls are leaning on [unique experiential offerings](#) to attract visitors, other shopping centers are counting on their anchor tenants to drive visits – but the anchor often looks different than a couple decades ago. Grocery stores as mall anchors are [nothing new](#), but the trend has [accelerated recently](#) thanks to the [strength](#) of the grocery category over the past couple of years.



Location intelligence suggests that grocery's success is helping Grocery-Anchored Shopping Centers stay ahead of more traditional Open-Air Lifestyle Centers. Between July 2022 and February 2023, Grocery-Anchored Shopping Centers outperformed Open-Air Lifestyle Centers on a Yo3Y basis, perhaps thanks to the strong visit trends in the wider Grocery category.

More Repeat Visits at Grocery-Anchored Shopping Centers

And grocery anchors aren't just driving visits to shopping centers – they're also increasing visit frequency.



Analyzing February 2023 data indicates that the share of repeat visitors was significantly higher for four leading Grocery-Anchored Shopping Centers than for the wider Open-Air Lifestyle Center sector. The larger share of repeat visitors could be attributed to consumers visiting these centers on routine grocery runs and stopping by additional stores or dining venues in the center along the way.

Regional Differences Across Shopping Centers

So far, our analysis focused on venues included in the Placer.ai Mall Indexes – top-tier Indoor Malls, Open-Air Lifestyle Centers, Outlet Malls, and Grocery-Anchored Shopping Centers. But the shopping center space also includes “B” malls, strip malls, and a wide variety of other types of local and regional shopping centers that play an important role in shaping the industry. So to adopt a wider lens, we looked at visit trends for the Placer.ai Shopping Center Industry, which analyzes thousands of shopping centers or all types of sizes throughout the country.

How is Inflation Impacting Visits to Shopping Centers Across Regions?

While visits to Shopping Centers nationwide dipped 3.1% in February 2023 relative to February 2022, some states saw statewide Shopping Center visits increase on a YoY basis. And comparing YoY traffic and inflation indicates a correlation between states with lower-than-average inflation and states with stronger-than-average visit trends.

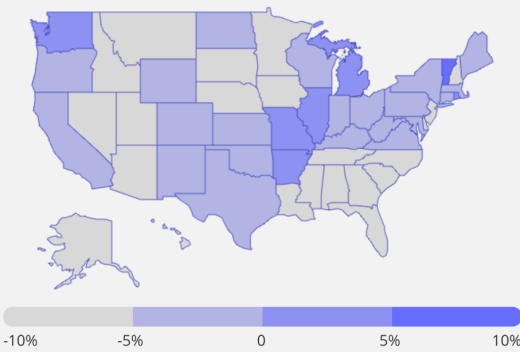


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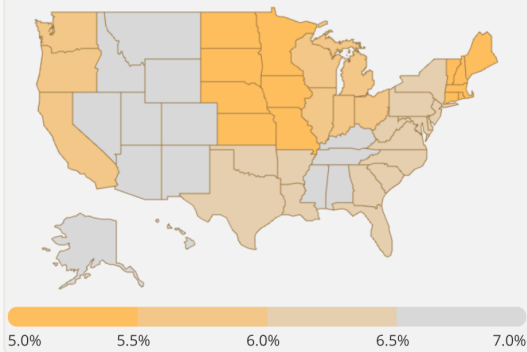
Could the Regional Inflation Rate be Correlated with Shopping Center Performance?

February 2023

Change In Visits at Shopping Centers | Year-Over-Year Comparison



Consumer Price Index | Year-Over-Year Comparison | Bureau of Labor Statistics Data

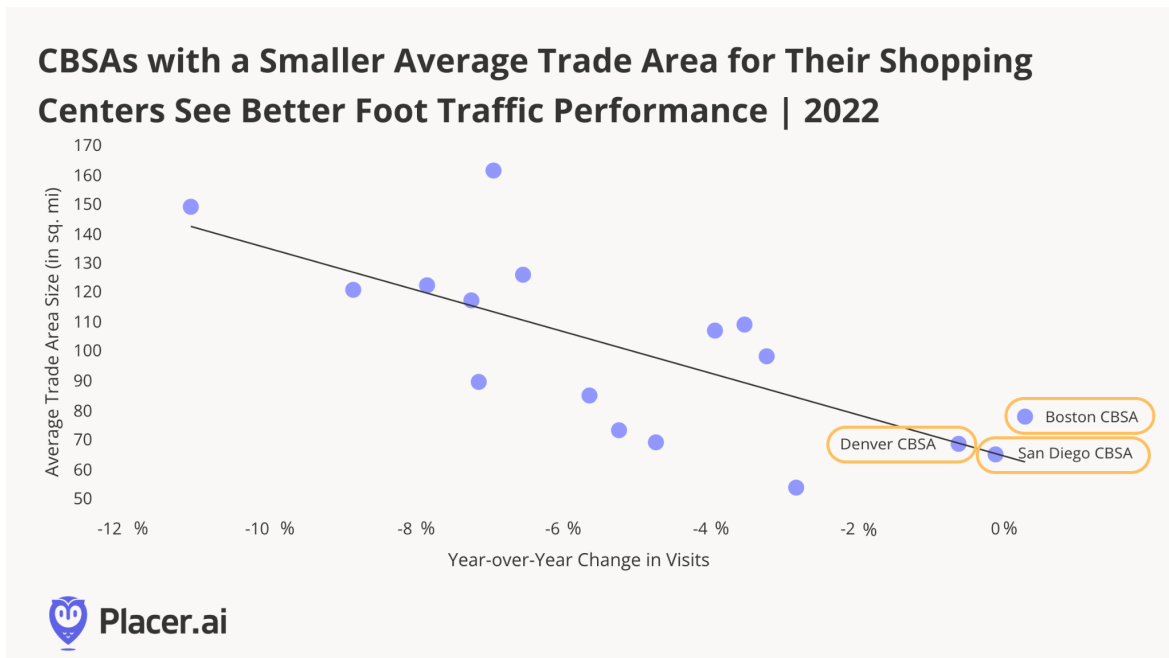


In Vermont, for example, where February 2023 YoY inflation stood at 5.1%, statewide visits to Shopping Centers increased 6.2% in the same period. And many states with high inflation are seeing relatively large visit gaps – for example, Utah had a 6.7% inflation rate in February 2023 and an 11.0% drop in Shopping Center visits.

Did Regional Car Culture Impact Shopping Center Performance in 2022?

A shopping center's region determines not just the impact inflation is having on its visitors' budgets – it can also affect its trade area size. Different metro areas tend to have different **car cultures** due to differences in urban planning, public transportation, sprawl, gas prices, and a host of other factors that determine how far most people drive to work, school – or the mall.

An analysis of 16 major metro areas throughout the country with **trade areas** ranging from over 150 square miles to 68.7 square miles reveals an interesting correlation between trade area size and COVID visit recovery.



Shopping centers in CBSAs with larger trade area sizes tended to have lower Yo3Y visits than Shopping Centers in CBSAs with smaller trade area sizes. Shopping Centers in the Detroit-Warren-Dearborn CBSA, for example, had a trade area size of 153.7 square miles, on average, and saw a 10.2% decrease in Yo3Y visits in 2022. Meanwhile, Shopping Centers in the Boston-Cambridge-Newton CBSA, with their average trade area size of 81.2 square miles, saw 0.4% more visitors in 2022 than in 2019. Perhaps the high gas prices of 2022 kept some visitors from driving to further Shopping Centers.

Malls Continue to Draw in Visitors

Although the role of malls has shifted over the past decades, shopping centers continue to play a key role in the American retail landscape, with different types of centers serving different purposes. Indoor Malls, Outlet Malls, Open-Air Shopping Centers, and Grocery-Anchored Shopping Centers all perform a specific function in consumers' shopping and recreation routine and display specific visitation patterns.

As the wider retail space adapts to [changing consumer behavior](#), the role of shopping centers may shift further. But if the past couple of years are any indication, malls are unlikely to become obsolete any time soon. Instead, shopping centers will continue to evolve along with the American consumer to maintain relevance in 2023 and beyond.

Key Takeaways

- 1. Regional Inflation correlates with Shopping Center visit trends:**
Comparing statewide year-over-year (YoY) Shopping Center traffic and inflation indicates that states with lower-than-average inflation are also experiencing stronger-than-average YoY visits to their Shopping Centers. The impact on visits indicates that a dissipation of inflationary impact could signal a rapid rise in consumer foot traffic.
- 2. The different shopping center types have different COVID recovery rates:**
Although year-over-three-year (Yo3Y) visit gaps for all four shopping center segments analyzed have narrowed below 10%, Grocery-Anchored Shopping Centers have seen Yo3Y visit growth, while Outlet Malls saw visit gaps both Yo3Y and YoY. Indoor Malls and Open-Air Lifestyle Centers, meanwhile, saw positive YoY visit trends coupled with Yo3Y dips. The relative strength, especially in the face of significant economic headwinds is noteworthy and acts as the latest signal of the growing power of top performers in these spaces.
- 3. The different shopping center types have different visitor journeys and different hourly and daily visit distribution patterns:** Indoor Malls, Open-Air Lifestyle Centers, and Outlet Malls appear to serve different purposes in consumers' shopping and recreation routines. Outlet Malls see more early afternoon and weekend visits, while Open-Air Lifestyle Centers see

more evening and weekday visits. Outlet Malls also see the greatest share of visitors coming from dining venues and from specialty retailers and service providers.

4. **The different shopping centers types have different seasonal visitation patterns:** All four shopping center segments saw their weekly visits peaks over Black Friday and during the holiday season, although Grocery-Anchored Shopping Malls saw the smallest spikes. Outlet Malls received an additional boost during the summer Back-to-School shopping season.
5. **Different opportunities define the roads forward for each shopping center type:** By understanding regional trends, format based behaviors and more, shopping center owners can better optimize their fleet to drive success and meet shifting consumer demands.
6. **Grocery anchors likely drive more shopping center visits:** Grocery-Anchored Shopping Centers are experiencing a stronger Yo3Y recovery than Open-Air Lifestyle Centers, and several shopping centers with grocery stores also seem to see a larger share of repeat monthly shoppers. There is a likely benefit from their suburban orientation, but the ability to draw regular visits represents an ongoing strength for these centers.