

Forrester Consulting

HELPING BUSINESS THRIVE ON TECHNOLOGY CHANGE

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Building Marketing Experiences Why Simon Shopping Malls Make A Vibrant Addition To The Marketing Mix

A commissioned study conducted by Forrester Consulting on
behalf of Simon Property

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Executive Summary

Traditional marketing efforts are giving way to more experiential ones as marketers compete for customer attention and try to effectively communicate their brand identity. Experiential marketing relies on actual customer interactions – rather than images or messages – to create personalized impressions. Shopping malls' reach, available media options, and flexibility make them a considerable media tool for marketers looking to create experiential marketing programs. Successful experiential marketers must first understand that malls attract a variety of customer types. Then, they will use personas and ethnographic research to determine what in-mall offerings – like dynamic media, events, and cross-sponsor promotions – will be most relevant for *their* target customers. Advanced experiential marketers will expect mall developers – like Simon Property – to provide robust marketing services to help them capitalize on all the available marketing opportunities a mall can provide.

Analysis

Experiential Marketing Should Take Priority In The Marketing Mix

Branding – the creation and communication of a set of feelings, associations, and expectations about a particular firm – has been the mainstay of traditional advertising since the 1960s with the birth of television as a mass medium. While the importance of branding has not diminished in recent years due to the proliferation of new media and technology, the process of branding most certainly has as:

- **Media fragmentation stifles the effectiveness of mass media.** Marketers used to be able to limit what their brand meant by advertising through the few channels that reached everyone. Now the availability of technology has multiplied the information resources available to consumers, meaning that consumers now have access to numerous – and potentially competing – authorities on a particular brand. Additionally, media proliferation means consumer attention is fragmented – spread between the multiple sources they rely on for news and product information.¹
- **Marketers pump up the volume.** To counter the decline in mass marketing effectiveness, most marketers just blast out more messages. In response, consumers are taking more aggressive actions to filter out advertising, like signing up for do-not-call lists, blocking online ads, and skipping commercials with digital video recorders.² Brand marketers have little chance that their message will be heard above this advertising cacophony.
- **Consumers can actually experience brands.** Instead of relying on advertising images to convey a brand identity as was the case 40 years ago, today consumers' personal experience with a company's Web site, email program, or call center defines their impression of a brand.³ Commercials showing beautiful, happy customers get trumped by a consumer's real experience with a rude call center rep or error-filled Web site.
- **Other consumers define brands.** Consumer trust of traditional media is on the decline. But trust of – and the ability to connect to – peers is increasing. This combination means that peer reviews and rants are becoming even more central in purchase decisions than advertising.⁴

Marketing Experiences Displace Ad Hoc Marketing Programs

How can marketers manage today's market forces while continuing to communicate their brand and sell products? Forrester believes that successful marketers will use interactive and traditional channels to create marketing experiences that will brand and drive sales by engaging customers (see Figure 1). Forrester defines experiential marketing as:

Marketing programs which use interactions to deliver a brand experience that adapts to the individual consumer's decision process.

Figure 1: Marketing Experiences Differ From Marketing Messages

	Messages	Experience
Objective	Communicate Raise awareness of product and its attributes	Engage Recruit consumers into a two-way ongoing dialog
Marketing unit	Fixed length Time and size dictated by media constraints	Variable length Unlimited, based on consumer interest
Marketing message	Unique selling proposition Make a brand promise	Multiple paths Prove the brand promise
Measurement	Breadth of distribution Reach and frequency	Progress through decision Engagement

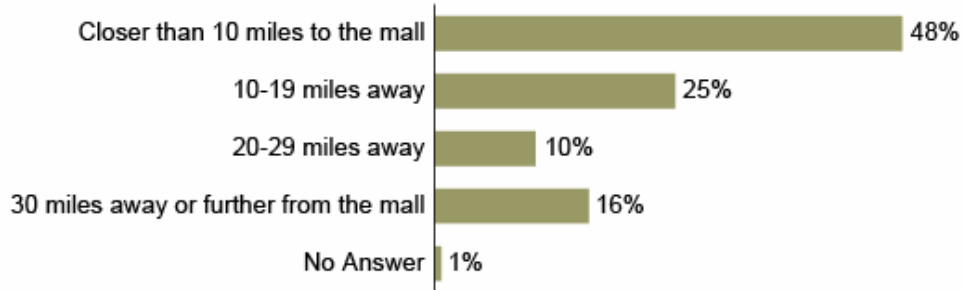
Malls Offer A Forum For Experiential Marketing

Marketers have an ever-increasing menu of options from which to select the media that will help them best accomplish their goals, including creating marketing experiences.⁵ Amidst all the possibilities, the shopping mall emerges as particularly well equipped for experiential marketing because of its:

- Reach.** Almost half of US consumers live within 10 miles of a mall. Nearly three-quarters visit a mall, and 60% purchase at shopping malls at least once every three months (see Figure 2). One mall chain – Simon Malls – accounts for 2.2 billion shopping visits annually across its properties.⁶ Plus malls reach active media consumers who spend more money. Mall shoppers use the Internet, play video games, and read periodicals more than non-mall shoppers.⁷ They also spend more than twice as much as non-mall shoppers on products like apparel and jewelry each quarter (see Figure 3).

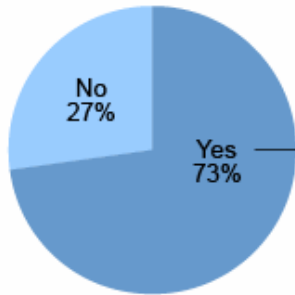
Figure 2: US Consumers Are Regular Mall Shoppers

2-1 "How close do you live to the mall you visit most often?"

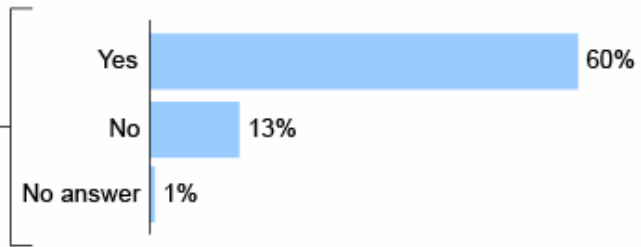


2-2 Mall visitation and purchasing rates in the past three months

"Have you visited a shopping mall in the past three months?"



"Have you purchased anything at a mall in the past three months?"



(numbers have been rounded)

Base: US consumers

Source: Survey conducted by Forrester Research on behalf of Simon Property

Figure 3: Mall Shoppers Spend More Than Non-Mall Shoppers

3-1 "In a typical week, how many hours do you spend doing each of the following?"

	Mall shoppers	Non-mall shoppers	Difference
Using the Internet	10.6	8.3	2.4
Playing video games	1.4	1.1	0.4
Reading magazines or newspapers	5.0	4.9	0.1
Watching TV	11.8	12.6	-0.8

3-2 "In the past three months, approximately how much money have you spent on each of the following types of products?"

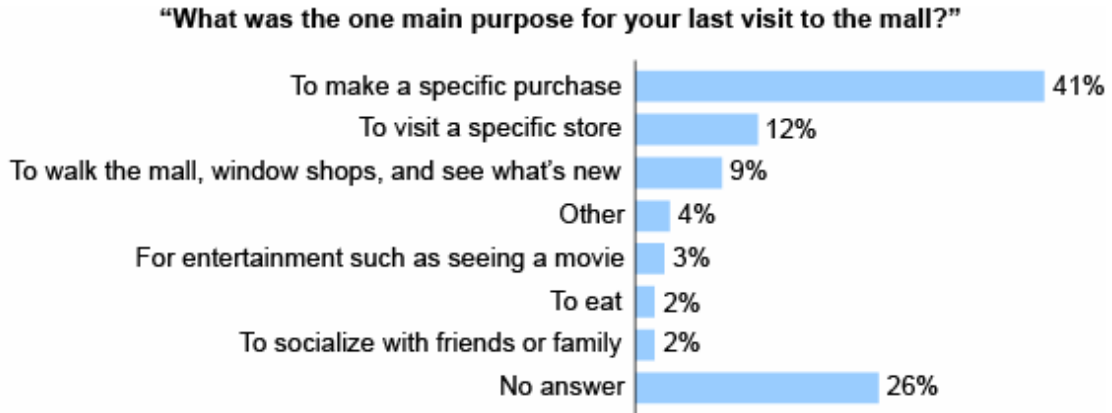
	Mall shoppers	Non-mall shoppers	Difference
Apparel	\$174	\$88	\$86
Computers, consumer electronics	\$209	\$159	\$49
Movies, restaurants	\$236	\$187	\$49
Jewelry, luxury goods	\$123	\$92	\$30
Video games, musics, videos, DVDs, books	\$169	\$119	\$50
Health and beauty aids	\$64	\$42	\$22
Flowers, cards, gifts	\$71	\$50	\$21
Sporting goods, toys	\$69	\$51	\$18

Base: US consumers

Source: Survey conducted by Forrester Research on behalf of Simon Property

- Diversity of attitudes and shopping habits.** Mall shoppers represent all types of consumers – from buyers, to browsers, to entertainment seekers (see Figure 4). Yet, despite their different in-mall goals and behaviors, mall shoppers generally have a few significant similarities: they spend a great deal of time at malls and they value mall-shopping (see Figure 5 and 6). With such a collection of different shopper styles available in malls, in-mall advertisers will easily find consumers who demonstrate desired behaviors and attitudes as well as demographics.

Figure 4: Consumers Accomplish A Range Of Goals At Malls



Base: US consumers
Source: Survey conducted by Forrester Research on behalf of Simon Property

Figure 5: Consumers Spend A Great Deal Of Time At Malls



Base: US online consumers
Source: Survey conducted by Forrester Research on behalf of Simon Property

Figure 6: Positive Mall Attitudes Dominate Shoppers' Mindsets

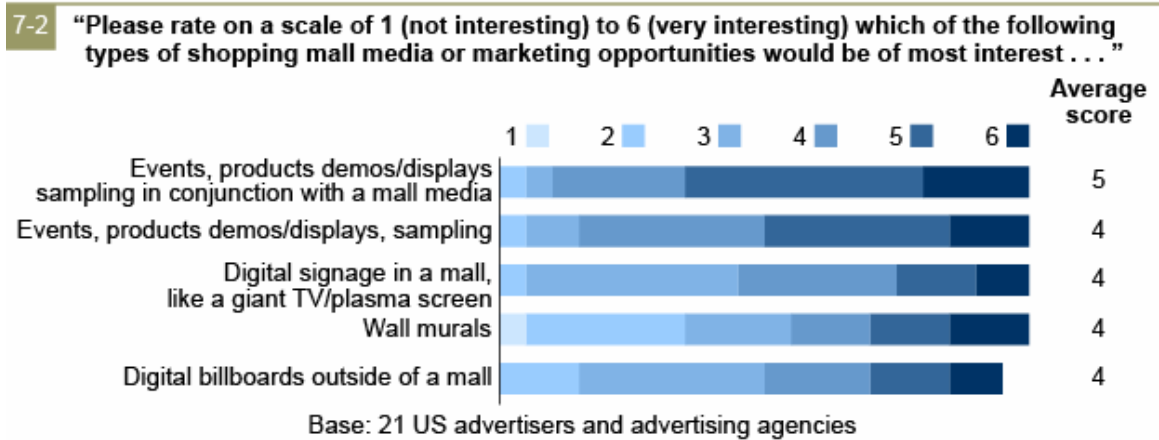
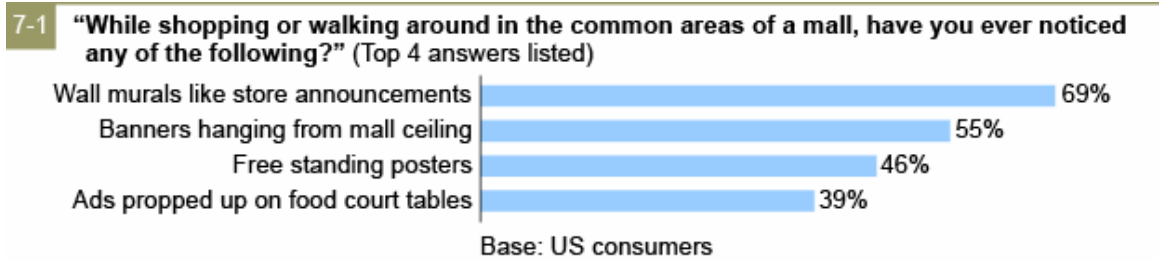


Base: US consumers

Source: Survey conducted by Forrester Research on behalf of Simon Property

- **Media opportunities.** Malls today do more than aggregate shoppers. Most also provide a myriad of media offerings like: backlit billboards, free-standing posters, floor displays, events, radio broadcasts, and digital displays among others. Overall, both media buyers and consumers find in-mall media an attractive possibility. Consumers are interested in digital media and are most apt to notice large ad formats while media buyers favor events and digital media (see Figure 7).⁸

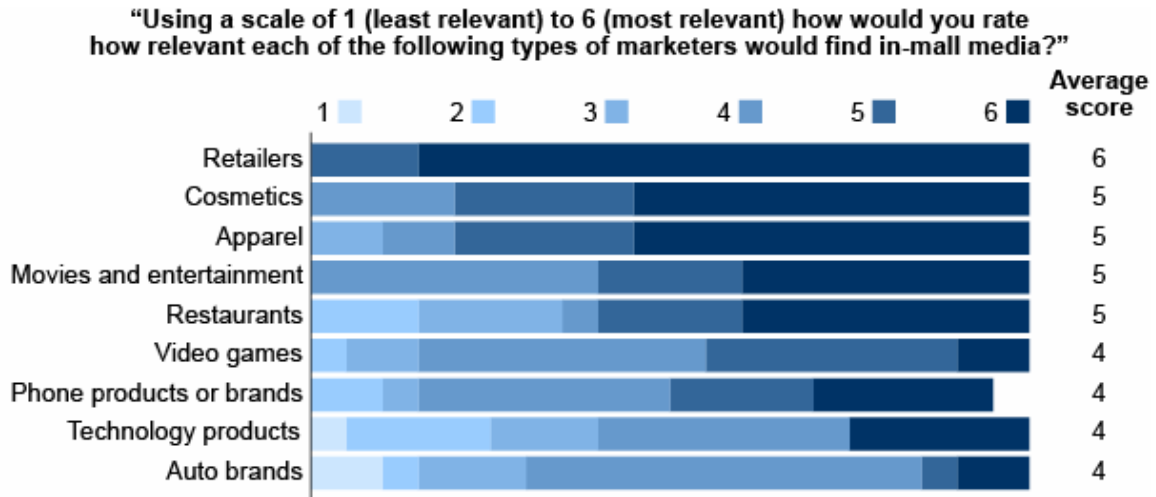
Figure 7: Consumers And Media Buyers Like Mall Ad Formats



Source: Survey conducted by Forrester Research on behalf of Simon Property

- Flexibility.** Not surprisingly, media buyers find mall media the most obvious fit for marketers who actually have mall stores. But, many felt mall media could work well for any industry (see Figure 8). Why? They like that malls have numerous media options which advertisers can orchestrate to best suit their goals and customers – all in one venue. Of particular interest: the ability to integrate in-mall signs, table tents, and promotions with events in order to weave together the emotional, experiential, and relationship elements needed to build integrated marketing experiences.⁹

Figure 8: In-Mall Media Is The Most Natural Fit For Marketers Selling In The Mall



Base: 21 US advertisers and advertising agencies
 Source: Survey conducted by Forrester Research on behalf of Simon Property

How To Use In-Mall Ads To Build Experiential Marketing

To start using in-mall media to build relevant marketing experiences, marketers must focus on how they can make the shoppers’ mall experience better, easier, faster, or more convenient. Forrester recommends getting started with this by:

- Understanding target customers’ in-mall behaviors.** Beyond studying the demographics of mall shoppers, marketers should also use the in-mall attitudes and behaviors of mall shoppers to identify the mall ad format and message that will best fit – and provide value – to their target customers. Creating personas – human representations of customer types – and conducting ethnographic research in malls, can help advertisers determine the right balance of large ads that divert consumer attention with more subtle marketing programs intended to facilitate completion of their existing shopping goals.¹⁰ For example, Concordia Homes determined the “market through service” approach would work better for them than traditional signage, and as a result sponsored large shopping bags at a San Diego mall. Comcast took a similar approach and serviced mall shoppers with shopper lounges at two Seattle area malls.
- Thinking of malls as a blank canvas.** To help marketers create experiential programs that enable consumers to experience the essence of marketers’ brands, mall developers are actively expanding their available media and marketing services beyond mall advertising stereotypes – like table tents in the food court. For example, Simon collaborated with a perfume manufacturer to create an integrated program – consisting of digital signage, perfume sample dispensers, and coupons – that would best drive their customers to buy. Another Simon advertiser, Cadillac, surpassed a simple in-mall car-display in Phipps Plaza in Atlanta. Instead, Cadillac arranged a valet service – free to all Cadillac drivers – which included Cadillac-branded signage, valet tickets, and uniforms. Cadillac also hosts an annual “valet challenge” in the Phipps parking lot where local celebrities drive through an obstacle course to raise money for charity.

- **Continuing a marketing experience across all channels.** Good marketing experiences leverage mall events, media, and store-promotions. But they also continue the experience into media or life events outside of the mall. Simon's *Super Chefs Live!* event toured 20 US locations, using national and local celebrities, chefs, and sponsors to host promotions, cooking lessons, and product demonstrations at area malls. But the program did not stop there. Giveaways included dinners in area restaurants, advertising through local television, pre/post event surveys, and emails through www.simon.com.

Marketers: Expect A Services Approach From Mall Media Providers

Mall property owners eager to position their in-mall media and event space as experiential marketing enablers will take a heavily-services based approach in order to prove how their media can be used to reach the specific demands of your customers. Forrester interviewed 15 marketers and 6 media buying agencies to understand how they would use in-mall media to create experiential marketing. To move forward into the currently uncharted territory of experiential marketing, our interviews show that marketers should look to mall providers to provide the following:

- **Education about mall experiential media.** Many marketers have never advertised in malls. And those who have may not understand the breadth of media opportunities available through malls. Before agreeing to an in-mall trial, ask your media agency or the mall developer approaching you about a buy to provide an overview about the in-mall options available for you and how they would affect your business

*"Experiential marketing is becoming more and more important. I am looking for any media company to show how their media will help us hold the consumer relationship longer."
(Consumer goods company)*

*"We are trying to figure out this concept of engagement and how a mall could enable it. We'd like the mall to show us a 'smack me in the head' best practice of what great programs we could do with them."
(Consumer goods company)*

- **Deep consumer demographic and behavioral data.** Interviewees agree that the reach of mall shoppers is attractive. Leveraging in-mall media would be easier with deep demographic data as well as data describing the subtleties of mall shoppers' mindsets. Look for more studies like Simon Malls Shopper Profile and this Forrester report to explore the details of mall shoppers like their ages, income-levels, purchase habits, visit frequency, mall traffic patterns, and mall likes and dislikes.

*"Mall marketing is a big opportunity. This is a lot people. But we are interested in more than just the number of unique visitors and the frequency of visits."
(Traditional advertising agency)*

*"I'm looking for malls to show me details about their consumers. What are their demographics? What are they buying? What brought them to the mall? What are they using to pay? How I can enhance their shopping environment with in-mall ads?"
(Credit card company)*

- **Case studies and metrics from similar campaigns.** Malls are a non-traditional media. As such, until they run their own trials, marketers need proof that mall media will work for their marketing goals. Simon's *Arbitron Reach and Frequency Study* which provides audited media metrics and its *OnSpot Report* validating the effectiveness of new Simon digital media are good initial resources to address marketer concerns. Next steps? Mall providers

will publish case studies showing how marketers across industries have used in-mall media to accomplish myriad business goals.

- **A focus on marketing solutions**, Media planning has transformed away from mass marketing to focus on channels that can provide measurable improvements to company goals. To this end, marketers expect media companies – of all types – to approach them with solutions to answer their marketing challenges. Simon's *Kidgets Club* – a membership organization for parents and kids – is one of Simon's solutions-focused marketing offerings. The program provides members benefits by creating an environment in which Simon can execute integrated programs for marketers interested in promoting children's welfare. Radio Disney's "Feelin' Groovy" event features multi-sponsor radio shows, mock health exams for dolls, and safety and cleanliness booths all managed by Simon resources.

"Media companies are not about selling space any more. They provide a consulting service. I want a mall developer to tell me what my consumer is thinking about my product and propose an integrated way to use their media to drive sales." (Technology company).

"We always look for a different way of talking to our audience. Malls, be different – propose different formats or point of purchase material. Malls that can orchestrate unique combinations of promotional items, poster size, format, location of the advertising, etc. will be key." (Supermarket)

Appendix: Endnotes

¹ Advances in computing and telecommunications have swept away media distribution barriers, releasing a Pandora's Box of new content. The resulting fragmentation has shattered the notion of the mass-media consumer, forcing marketers to use hard quantitative data and analytical techniques to find and reach their audience. As Procter & Gamble CMO Jim Stengel recently said, "We must accept the fact that there is no 'mass' in 'mass media' anymore and leverage more targeted approaches." See the April 6, 2004 Forrester Big Idea, "Left Brain Marketing."

² Consumers feel overwhelmed by intrusive, irrelevant ads. The result: a backlash against advertising — manifesting itself in the growing popularity of do-not-call lists, spam filters, online ad blockers, and ad skipping on digital video recorders (DVRs). See the May 28, 2004 Forrester Trends, "The Consumer Advertising Backlash."

³ Customers continuously re-evaluate firms with every experience -- from marketing messages to post-sales-support interactions. Rather than letting one bad touch sour their impressions, firms must establish proactive, informed, and continuous dialogues with customers. See the September 2002, Forrester Report, "Focus on Customer Experience, Not CRM."

⁴ Individuals increasingly take cues from one another rather than from institutional sources like corporations, media outlets, religions, and political bodies. Dropping levels of trust across industries and institutions, accompanied by higher levels of trust for P2P information sources like the Net, inhibit companies' ability to form and maintain relationships with new and existing customers. See the February 13, 2006, Forrester Big Idea, "Social Computing."

⁵ By 2010, firms will spend \$26 billion on Internet marketing. In fact, one-third of firms have already increased online spending by more than 25% in 2005 relative to 2004. And more than half of these firms will increase online spending further by shifting dollars from other channels. See the April 27, 2006 Forrester Trends "Interactive Marketing Channels To Watch in 2006."

⁶ See the *Simon Malls Shopper Profile Study*, conducted by Arbitron Inc in December 2003 and published on 2004.

⁷ Mall shoppers are defined as those who have visited a shopping mall in the past three months.

⁸ Consumers show strong interest in video monitors which show relevant content. See the *Simon Malls Shopper Profile Study*, conducted by Arbitron Inc in December 2003 and published on 2004

⁹ Forrester defines integrated marketing as: *Weaving together digital and physical channels to engage consumers' emotions, deliver brand experiences, and form ongoing relationships.* See the February 23, 2003 brief "The Essentials of Integrated Marketing."

¹⁰ The most effective personas are those based on a direct study of actual, individual users, presented as a story about a real person, focused on enabling design and strategy decisions. See the December 2003, Forrester Report, "The Power of Design Personas."