

COVID-19 IMPACT ON CONSUMER SHOPPING PATTERNS

2019 - 2021



INTRODUCTION

The COVID-19 pandemic created a public health crisis that began in March 2020, ultimately upsetting all aspects of everyday life, including education, work-life balance, and most drastically, the economy—the damage was unprecedented in speed and ferocity. To stop the spread of the disease, most states ordered nonessential businesses to shut down. As a result, supply chains were disrupted as shopping habits changed and retailers sought new ways to deliver products to consumers.

Many retailers were forced to quickly shift their business models to comply with closure mandates in order to get products in the hands of customers. As a result, online sales grew exponentially, and options such as curbside pickup became a necessity. But now, well into 2021, are consumers still reliant on digital channels for their shopping or are they returning to their pre-pandemic behaviors of using a combination of shopping both in-store and online?

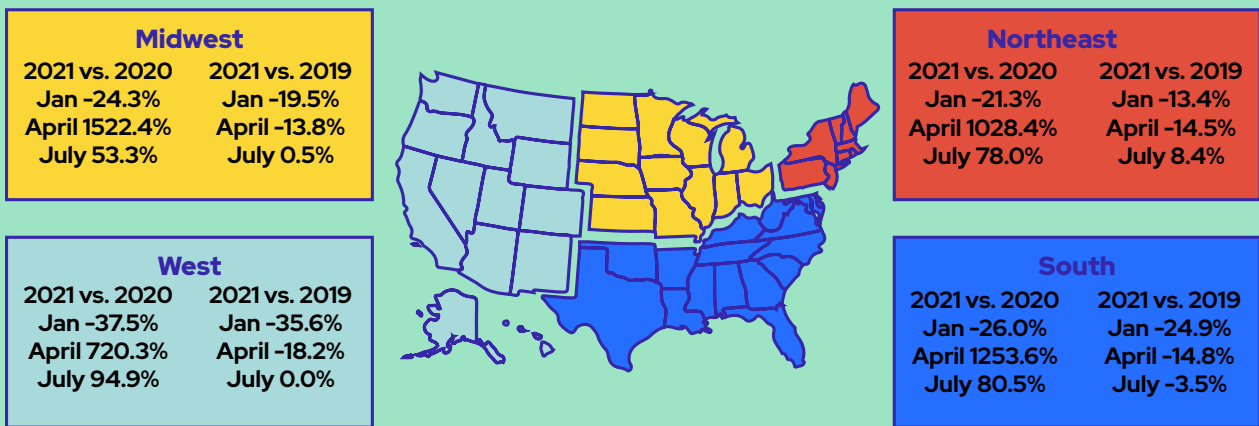
Using data to assess whether consumer behaviors during the pandemic are still in place, this report reviews the impact of COVID-19 on the Marketplaces Industry. Our data focused primarily on consumer foot traffic, days shopped, time of day shopped, length of stay and the number of visits, revealing that changes in consumer shopping patterns during the pandemic were temporary due to concerns over the COVID-19-related health risks.

METHODOLOGY

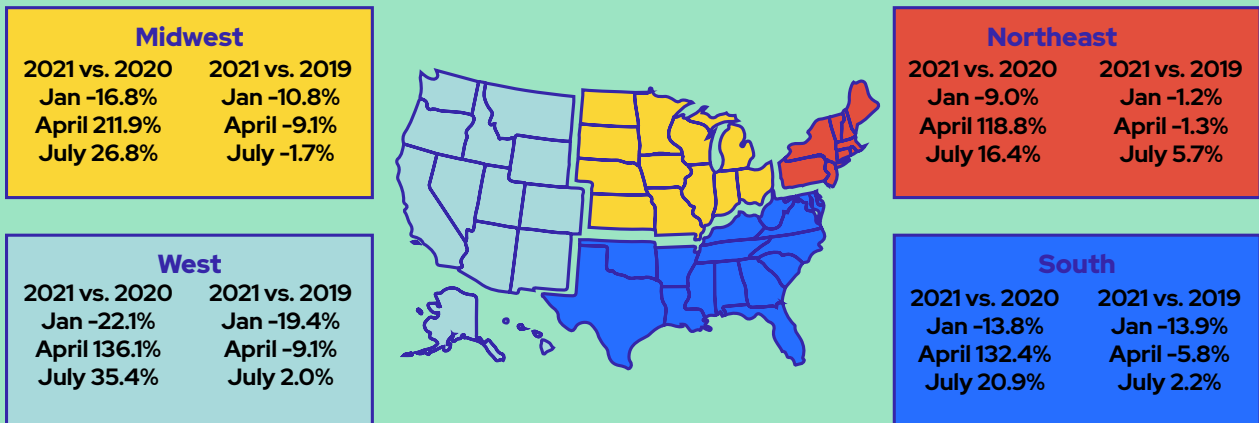
The data that form the basis of this analysis were provided by Placer.ai—a location data analytics firm—and are based on consumer behaviors tracked at roughly 200 randomly selected shopping center properties (100 indoor malls and 100 grocery-anchored open-air centers) representing all geographic regions across the United States. All data presented is national, unless otherwise noted. For purposes of this report, the pre-pandemic period refers to March 2019 through February 2020. The pandemic period refers to March 2020 to February 2021 and the recovery period refers to March 2021 to the present day.

Foot Traffic

Malls



Open-Air



Source: Placer.ai

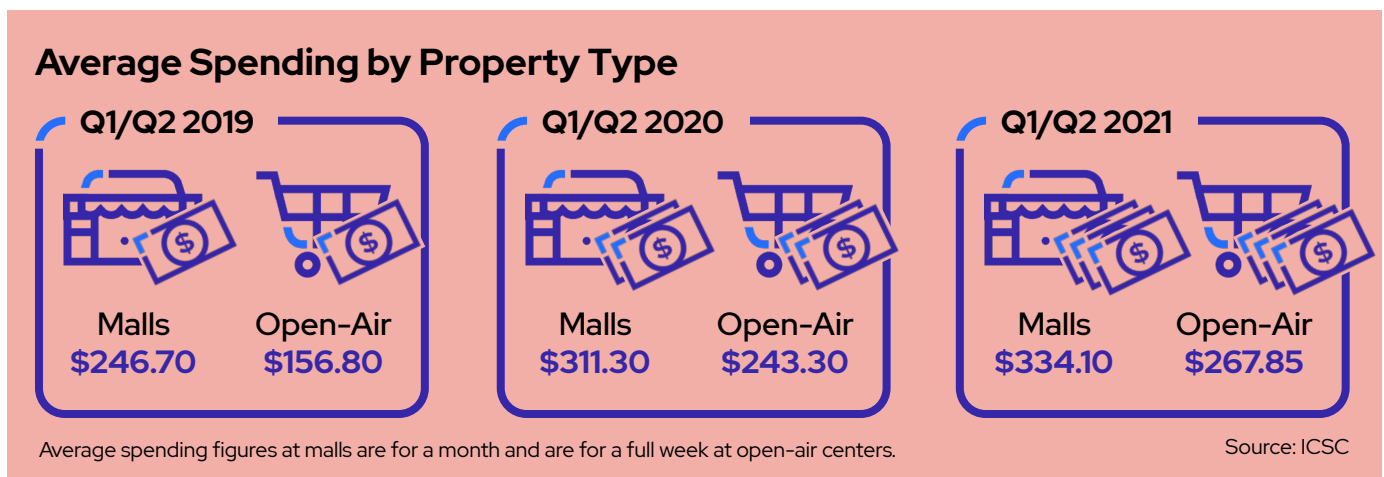
IMPACT OF COVID-19

The worldwide outbreak of COVID-19 had an immediate and monumental impact on people’s lives. For their own health and safety and following government-imposed restrictions, consumers made many adjustments to their usual shopping routines. Our consumer survey data collected throughout the pandemic showed that 73 percent of adults said the COVID-19 pandemic has brought about significant changes to the way they shop, the types of purchases they make and how they spend money.

Within the Marketplaces Industry, malls were among the hardest hit. The data show that in March 2020, when the pandemic began, foot traffic at indoor malls declined 56 percent over 2019. In the second quarter of 2020, the average monthly year-over-year decline in foot traffic to indoor malls was 75 percent. However, in the second half of the year, the declines lessened as government restrictions eased, resulting in declines for Q3 and Q4 of 38 percent and 32 percent, respectively.

While grocery stores were deemed essential and allowed to remain open, not all tenants at grocery-anchored centers were as fortunate, and the result was a decrease in foot traffic to those properties. March 2020 saw a year-over-year decline in visitors of 31 percent as the pandemic-related mandates called for business closures, and the months that followed saw that number decline by an average 43 percent during Q2.

Shoppers may have decreased the frequency in which they visited marketplaces, but they became much more purposeful during each trip with 72 percent saying their goal was to get in and out quickly. During the 12 months prior to the pandemic, consumers spent roughly 73 minutes per visit at indoor malls; the time per visit dropped to 56 minutes between March 2020 and February 2021. At grocery-anchored open-air centers, the length of stay per visit averaged 43 minutes prior to COVID-19 but declined to 37 minutes during the pandemic. However, when comparing basket sizes during the first two quarters of 2021 to those in 2019 total purchases increased, with malls seeing an \$87.40 increase and grocery-anchored centers a \$111.05 increase.



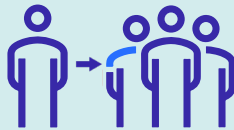
Work from home gave people more flexibility to shop and visit marketplaces during non-traditional times and days of the week. At both indoor malls and grocery-anchored centers, there was a shift in consumers moving away from shopping later in the day, between 6:00 p.m. and midnight, toward shopping earlier in the day. Additionally, there was also a small shift away from shopping on Friday and Saturday toward shopping on Tuesday and primarily Wednesday at indoor malls. At grocery-anchored centers, the pandemic brought a slight shift away from shopping on Friday and Saturday toward Tuesday, Wednesday, and Thursday.

Day of the Week Distribution

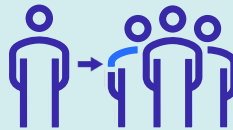
Indoor Malls



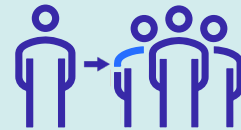
Mar 2019 – Feb 2020



Mar 2020 – Feb 2021



Mar 2021 – July 2021

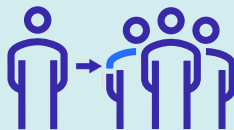


	Mar 2019 – Feb 2020	Mar 2020 – Feb 2021	Mar 2021 – July 2021
Tuesday	10.2%	10.7%	10.8%
Wednesday	10.4%	11.6%	11.3%
Friday	16.5%	15.7%	15.5%
Saturday	24.5%	23.0%	22.5%

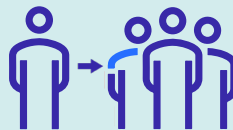
Open Air



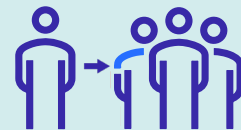
Mar 2019 – Feb 2020



Mar 2020 – Feb 2021



Mar 2021 – July 2021



	Mar 2019 – Feb 2020	Mar 2020 – Feb 2021	Mar 2021 – July 2021
Tuesday	12.2%	12.4%	12.6%
Wednesday	12.2%	12.9%	12.9%
Thursday	12.6%	12.9%	12.6%
Friday	16.1%	15.5%	15.5%
Saturday	19.6%	19.1%	18.6%

Source: Placer.ai

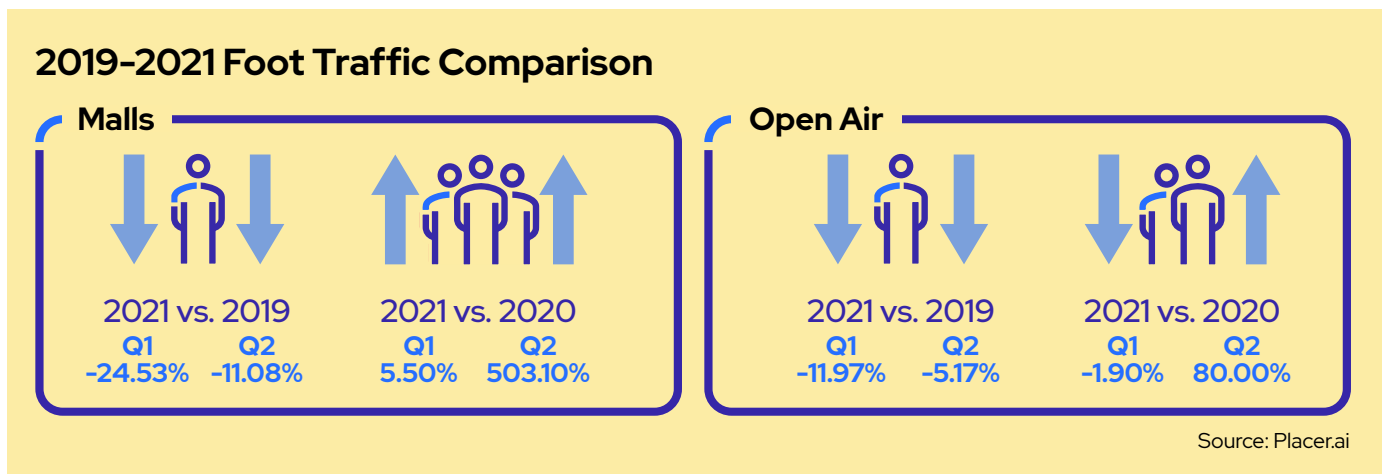
As previously mentioned, government mandates and concerns around health and safety resulted in sales shifting online. In 2019, an average 66 percent of consumers made monthly online purchases. However, as e-commerce sales soared throughout the pandemic, that share rose to a monthly average of 74 percent in 2020. In Q2-2020, e-commerce surged 221 percent for grocery and 118 percent for sporting goods, hobby, and bookstores over the same period of 2019.

RECOVERY FROM COVID-19

As cities and states across the country continue to reopen, consumers are emerging from their homes and are ready to return to their pre-COVID routines. The question that remains is how much time will it take the Marketplaces Industry to fully recover economically? Is the activity we're seeing in malls and other retail spaces signs of recovery? Will we see consumers returning to their pre-pandemic behaviors?

According to a recent ICSC consumer survey, 48 percent of adults said they expect their adopted pandemic behaviors to fade rather quickly as the COVID-19 health crisis improves. We are already seeing foot traffic levels rebounding as we move through 2021. In Q2, foot traffic for malls was down only 11 percent and 5 percent for grocery-anchored centers compared to 2019. In July, for the first time in 2021, foot traffic surpassed 2019 levels at indoor malls (+0.9 percent) and grocery-anchored centers (+ 1.8 percent), nationally.

This improvement in foot traffic illustrates the temporary nature of the pandemic-related shifts in shopping behavior. More than three-fifths (62 percent) of consumers in mid-July said that since business re-openings, the easing of restrictions and a significant reduction in COVID-19 cases, they find themselves returning to pre-pandemic shopping behaviors, including visiting stores more often and shopping online less. In January, retailers, and landlords showed confidence that foot traffic would return to pre-COVID-19 levels within 12 months.



Consumer behaviors are reverting to what they were pre-pandemic: Between March and July 2021, the median length of stay at a physical store increased, and averaged 66 minutes at indoor malls but still short of the 73 minutes pre-pandemic; while at grocery-anchored centers, the length of stay increased 2 minutes between March and July 2021 to 39 minutes, about 4 minutes short of pre-pandemic levels.

The expectation that foot traffic and dwell time will continue its upward trajectory is supported by the 52 percent of adults who say since they could not do what they wanted to over the past year, they will likely go out of their way to engage in those activities even more than before. Furthermore, 73 percent of consumers say even though they may shop online, brick-and-mortar stores offer a personal experience that can't be entirely replaced by a website.

The data shows that while the Marketplaces Industry has not fully recovered from the impacts of the pandemic, there looks to be a rebound and return to old behavior on the horizon. Despite the shift to online shopping, marketplaces and physical retail spaces will remain an essential part of the consumer shopping journey, serving to enhance the overall omnichannel shopping experience.



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