



# The Value of a Satisfied Shopper

Retail Pulse – Product Focus

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## The Value of a Satisfied Shopper

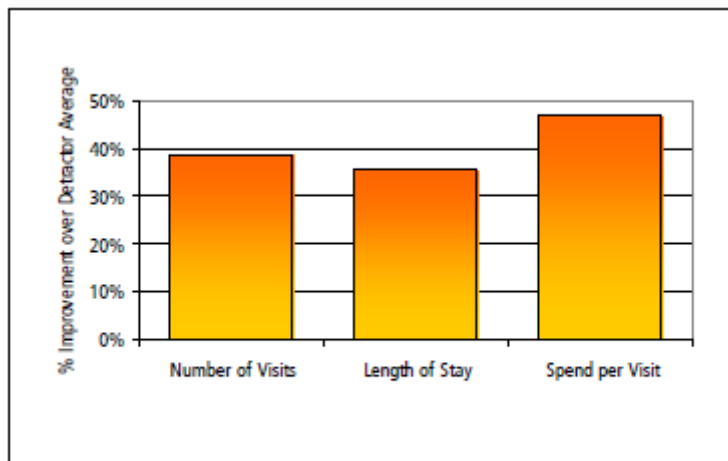
The satisfied shopper spends substantially more than the dissatisfied. Increasing shopper satisfaction can be more effective than recruiting new shoppers; however shoppers are becoming increasingly dissatisfied. FSP's analysis suggests decreased shopper satisfaction has resulted in a 2% decline in nationwide shopper expenditure.

"The more the merrier" is the motto of many shopping centres. The retail property industry seems obsessed with footfall statistics. It is assumed that more shoppers equal more sales. Increasing footfall is often made the marketing objective.

However, shrewd marketers recognise a better strategy. Selling additional product to existing customers is more lucrative and easier. This is the impulse behind the development of Tesco's Clubcard. Other retailers, Boots the Chemist and John Lewis for example, believe in 'delighting the customer'. They combine good product with outstanding customer service.

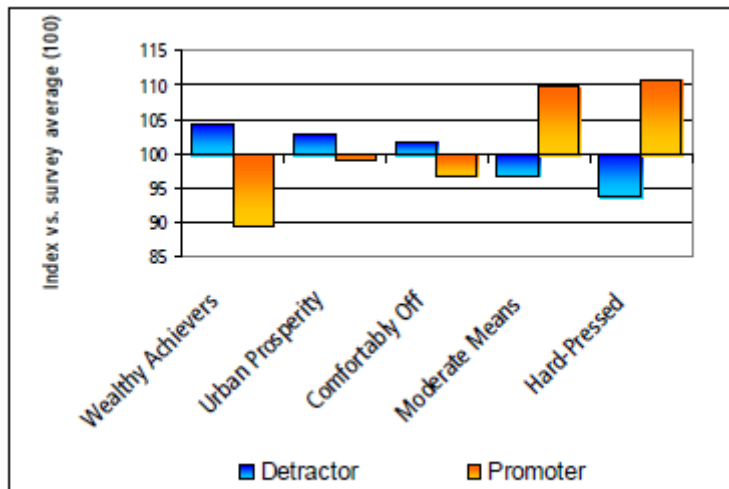
How can shopping centres exploit this insight? Without access to turnover data, it's hard to quantify greater sales to existing customers. FSP has tackled this issue using the detailed consumer responses within its database of annual shopping centre consumer surveys (totaling over 50,000 respondents).

Using Net Promoter Scores (NPS), FSP has identified the level of consumer satisfaction with shopping centres. NPS is based upon the balance between positive and negative responses to the question, "Would you recommend this shopping centre to your friends and family?". By comparing Promoters (with a strongly positive response) with Detractors (with a strongly negative response) across a range of consistent shopping centre indicators, it is possible to identify whether significant differences in performance exist.



Source: FSP Shopper Surveys

The chart above shows average variations in the performance of Promoters compared with Detractors. Analysis shows that Promoters on average make 39% more visits, stay 36% longer and spend 47% more in shopping centres than Detractors. As Detractors represent 41% of respondents in the survey database, a small reduction of Detractors can make a significant difference to retail sales (and therefore store profitability and sustainable rents).



Source: FSP Shopper Surveys

Analysis of FSP's database of shopping surveys in the chart above shows that more affluent lifestyles (such as the Wealthy Achievers and Urban Prosperity ACORN Categories) are more likely to be Detractors than less affluent lifestyles (such as the Moderate Means and Hard Pressed ACORN Categories).

With less affluent Promoters spending more and more affluent Detractors spending less, there is an opportunity for 'satisfied shoppers' to overcome income disadvantages. Equally, dissatisfied shoppers will under-perform their full potential.

FSP's survey database shows 'blue collar' shoppers in Wigan or affluent shoppers in Kingston Upon Thames responding particularly positively to the retail offers in these towns whilst the performance of blue collar shoppers in Northampton or affluent shoppers in Battersea suggests that they could be 'better served'.

FSP has estimated the rental income 'gap' resulting from a strongly positive or strongly negative NPS. Assuming constant annual footfall at a medium size shopping centre, the difference in turnover-related rental income is as much as 20%.

Recent changes in NPS suggest that reducing the concentration of Detractors may be essential to improving current shopping centre performance. Since 2007, NPS (the balance between Promoters and Detractors) has fallen from -8 to -15. Within this change, the most significant movement has been a 16% rise in Detractors. Assuming shopper spending follows the patterns described earlier, the change in NPS suggests that retailers could be experiencing a significant and long lasting drop in turnover, driven by more than just poor economic conditions. If followed across the UK, FSP estimates that this decline in NPS could account for a 2% decline in retailer turnover in shopping centres. Of course, this fall has significant implications for sustainable rents.

FSP's analysis clearly shows the potential of satisfied shoppers to overcome lifestyle variations in household spending. Understanding how to grow the proportion of satisfied shoppers in your centres is the challenge which FSP is equipped to help you meet.



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