NON-STORE RETAILING AND SHOPPING CENTER VITALITY[1]

Tony Hernandez,* Ph.D.
Research Associate

Ricardo Gomez-Insausti, Ph.D.
Research Associate

Marco Biasiotto, B.A.
Senior GIS Analyst
Centre for the Study of Commercial Activity, Ryerson University, Toronto, Ontario, Canada.

OVERVIEW

This paper explores the nature and extent of multi-channel shopping activities and their impact on the vitality of shopping centers, specifically focusing on the interaction between the Internet and the retail environment. The research is based on a comprehensive large-scale intercept survey of shoppers within three regional malls in the Greater Toronto Area, Ontario, Canada. Findings reveal that a relatively small proportion of mall shoppers are using the Internet to purchase products (albeit with substantial variation across product categories). Many customers are, however, viewing the Internet as a retail information resource, providing timely product details and mall information. The Internet performs the function of an electronic interactive "shop-window" with shoppers gathering information for retail consumption that is predominantly bricks-and-mortar based. Deterred by concerns regarding Internet security and privacy, the cost and speed of delivery of products, and the ever-present desire for retail sensory experiences (that is, the act of physically shopping)—the vast majority of shoppers do not view the Internet as a viable or safe means of purchasing products on a regular basis. Yet, a significant proportion of retail sales are generated by shoppers viewing prod-

*thernand@research.ryerson.ca

ucts online and making purchases in-store. Shopping center developers have significant potential to strategically develop their Internet capabilities and further strengthen online partnerships with retailers within their malls, and promote the clicks-to-bricks role of the Internet. The Internet provides shopping center developers with a marketing vehicle to attract and retain the increasingly complex "multi-channel" shopper.

■ Introduction

A substantial amount of recent retail research has focused on the debate concerning the relationship between non-store versus bricks-and-mortar retailing (see for example, Michalak, 1999). There exists a wide range of opinions, and an equally varied set of predictions, as to the future course for non-store retailing and its associated effect on the built retail landscape. If recent news articles are to be believed, the Internet is rapidly changing consumer behavior, and the apparent exponential growth of online sales is on the verge of obliterating the retail landscape, as we know it. As Deloitte & Touche (1999) conclude, "after 15 years of media attention, electronic shopping has finally reached critical mass of consumer interest and technical ability." Simply, some believe that bricks-and-mortar retail will soon be bulldozed to rubble by the new e-commerce based channels of distribution. Unsurprisingly, such forecasts have led to some knee-jerk reactions by retailers and developers alike. For example, the Saint Louis Galleria in St. Louis, MO, informed their 170 mall tenants of an in-store e-commerce advertising ban. This move was triggered by a growing concern at the level of trade deflection from mall-based to Web-based purchases—it should be noted that the action on the part of the shopping center management was later revoked due to protests by tenants. While these pessimistic visions of this "new world of retailing" may not represent the broader population as a whole, it is undeniable that Internet retailing poses a significant challenge to traditional shopping center developers and their tenants (Dwyer, 1996, 1997, 1998; PricewaterhouseCoopers, 1999). The response has been variable. Some retailers have gone "all-out" to differentiate themselves via their Internet retail offer, allocating substantial resources to Internet infrastructures and supply networks; and developing increasingly detailed information about the new breed of Web shoppers (Corbley, 2000). Others have been more cautious and have entered the Internet arena warily (Dawe and Evans, 2000; Jones and Biasiotto, 1997). Notably, some retail developers have

largely seen the Internet as a soft-marketing and information dissemination resource for tenants as opposed to customers (Nair, 1999). A central thrust arising from such research has highlighted the need for a balanced approach, with multi-channel retailing seen by some as the key to success (Baker, 1999a; Deloitte & Touche, 1999) with the development of clicks-and-bricks strategies.

Internet Retail Studies

There are a number of sources from which to gather Internet research findings (see Table 1). Based on information gathered from these types of sources (supplemented by other secondary data) this section provides an overview of the Internet marketplace. There exists a wide range of esti-

TABLE 1. SOURCES OF INTERNET RESEARCH INTELLIGENCE

Resource	Content	Exemplars (Web sites)
E-commerce news agencies	Up-to-date reporting of findings from a variety of research bodies	emarketer.com, ecommercetimes.com, cyberatlas.Internet.com, allec.com, Internet.com, bizrate.com, eretail.net, commerce.net, jupitercommunications.com
E-commerce monitoring and tracking companies	Combination of panel based survey results and Web traffic statistics	cyberdialogue.com, pcdataonline.com, mediametrix.com, nielsen-netratings.com, greenfield.com, statmarket.com, activmedia.com, forrester.com, onechannel.net, datamonitor.com
Corporate and sector specific consulting groups	Survey and collaborative project based research	harrisinteractive.com, bcg.com, angusreid.com, pwcglobal.com, jcwilliams.com, ey.com, kpmg.com, artherandersen.com, msdw.com, dttus.com
Government agencies	International, national and regional surveys	statscan.ca, stat-usa.gov, ftc.gov
Industry & trade associations	Industry specific research	retailcouncil.org, nfr.com, icsc.org, shop.org

mates regarding the impact of the Internet. The prediction of the scale and scope of online sales has grown into its own "new cottage industry" (Baker, 1999b). The level of error associated with such crystal ball gazing is eventually grounded in reality, and as Baker (1999b, 1999c) notes, "the revisions made to estimates can often be astronomical." With the errors inherent in online estimates noted, this section presents key findings from a broad range of recent research selective reporting has been used to reflect the general trends. Research review has largely been confined to studies that relate to the Canadian consumer directly (and/or comparatively through cross-border analysis with the U.S./Europe).

Canadian Internet Usage and Online Sales

Canada is a world leader in terms of Internet penetration with 13.3 million people online, albeit dwarfed by the U.S. in absolute terms, 110.8 million people online (Konarski, 2000). In 1999, 43% of Canadians had access to the Internet, compared to 41% in the U.S., 24% in the U.K. and only 14% in Japan (IDC Canada, 2000). The dominant age groups of Canadian users are 18–29 years. It was estimated that the demographic pendulum had swing in 2000 when women formed the majority of Web users (Gebler, 2000; Dawe and Evans, 2000). Education and income remain key indicators of Internet access, with university/college educated, professional and upper income Canadians having a far greater propensity to have access to the Internet. Furthermore, a recent study revealed that, with only a few exceptions, shoppers at Canadian retail stores are similar to those who visit retailer Web sites—based on an analysis of age, region, income and gender (Media Metrix Canada, 2000).

Despite the high levels of relatively low-cost Internet access, the level of retail-to-consumer activity remains relatively low, as only 12% of Canadian households have made an Internet purchase (Retail Council of Canada, 1999). The percentage of retail sales that are purchased directly through the Internet is extremely low, accounting for less than 1% of total retail sales. Statistics Canada (2000) estimated the value at 0.3% of total retail sales in 1999, compared to 0.6% in the U.S. (U.S. Census Bureau, 2000). This figure is predicted to rise in Canada to approximately 4.5% ($13 billion) by 2003 (IDC, 2000). In total, it estimated that Canadian consumers spent $1.4 billion through direct Internet purchases in 1999 (Retail Council of Canada, 1999). The widely predicted dire effects of Internet sales on traditional store-based retailers have not been realized, as PricewaterhouseCoopers (1999) noted "under the most extreme circumstances [Internet sales]show only a minimal impact." This view is further supported by Michalak (2000) who commented that "the amount of business being conducted on the Internet in Canada is still very small

relative to geography or the traditional bricks-and-mortar retail." In fact, the majority of business on the Internet is in the form of business-to-business as opposed to business-to-consumer, with the latter accounting for approximately three-quarters of all Internet trade—which is expected to increase proportionally. As Bartlett (2000) notes, "there will always be the traditional aspect of people going to malls and stores to go shopping. That is not going to disappear. On the other hand, businesses are motivated to move online by greater efficiency."

In terms of actual expenditure, online sales are skewed towards certain products, with a small number of retail categories accounting for the majority of sales; namely, computer products, travel, books and music (see for example, Bizrate.com, 1999). Computer software accounted for over 30% and books just under 25% of all Canadian Internet purchases in 1999 (Retail Council of Canada, 1999). Critically, Dawe and Evans (2000) reported that only approximately one-quarter of Canadian retailers have an operational Web site. This is reflected in the flow of trade, with 63% of Canadian Internet retail traffic being directed towards U.S.-based Web sites (Retail Council of Canada, 1999; Angus Reid /Deloitte & Touche, 1999). This forms a "hidden" flow of cross-border trade, and has been highlighted by the Retail Council of Canada as an area of concern.

Canada vs. U.S.: Some Comparisons

A recent survey by IDC Canada (2000) concluded that Canadian retailers are slow when it comes to integrating the Internet into their business. The survey found that 64% of Canadian retailers recognized that they lagged behind their U.S. counterparts in their development and execution of e-commerce strategies. As Michalak (2000) noted, "both Canada and the U.S. have the best telecommunications systems in the world, the highest rates of Internet adoption and use anywhere on earth . . . however, the responses of the respective business communities to the e-commerce challenge are vastly different." Indeed, as Andrew Jablonski, e-commerce specialist at PricewaterhouseCoopers (2000) highlights, "many studies have indicated that the Canadian online market lags the U.S. by as much as one-and-a half to two years." Canadian retailers' technological inertia is reflected in survey results; for example, a survey undertaken by the Retail Council of Canada revealed that only 26% of Canadian retailers were online as opposed to 50% of U.S. retailers (Retail Council of Canada, 1999). The scarcity of online retailers in Canada was reported by Cyber-Atlas (2000) that concluded that despite efforts on the part of Canadian consumers to find Canada-based Web sites "they often end up at a foreign (usually U.S.) site, either because they offer a better selection and shopping experience or because there are so few domestic sites to visit."

Reasons for the slow uptake of e-commerce by Canadian business include, for example, the high costs associated with online developments, a lack of management commitment and conservatism amongst the Canadian retail elite (Dawe and Evans, 2000; Andersen Consulting, 1999) coupled with consumer fears concerning privacy and security. However, there is increasing pressure being placed on Canadian retailers and retail developers by their U.S. counterparts to develop an online presence. As the Boston Consulting Group (1999) concluded, "Canadian companies need to move quickly and decisively to protect their home markets and expand." Simply, the Canadian e-commerce market is not as developed as that in the U.S. when measured by a number of benchmarks, such as market share across a range of products, the percentage of online shoppers, and the number of first time and repeat Internet purchases being made (bizrate.com, 1999). These differences exist despite the fact that the demographic profiles of e-shoppers are very similar between both countries.

Multi-channel Retail

The need for a balanced multi-channel approach to retail business is increasingly being viewed as imperative to retail success—and has grown into a popular business model. As Whitefield (2000) suggests, develop "multi-channel access so no one channel is a threat. It will be store-based retailers, with their infrastructures for handling customer service and processing returns, that will make up the substance of e-commerce." It is increasingly being argued that retail success in the not so distant future won't be a battle to the death between bricks and clicks—it will simply be a matter of changing the channel. These channels include the Internet, stores and catalogs, which in combination provide a multitude of retail offerings, from pure-play Internet to solely store-based retailers (Boston Consulting Group, 2000). In essence, the traditional debate of "bricks versus clicks" has shifted to issues regarding the appropriate type and mix of channels. The interrelated nature of these channels forms the focus of this study.

Recent research suggests that retailers providing multi-channels are more successful than those who are not; for example a survey by NFO Interactive (2000) for VISA USA reported that nearly half of online consumers prefer to buy from an online retailer who also has a physical store. As Baker (1999a) points out, creating an online presence was seen by many retailers as an instinctive defensive strategy. The Internet is now viewed as a necessary complement to the retail property portfolio. The merits of a clicks-and-bricks strategy are witnessed through the mixed fortunes of pure-play Internet retailers, and the growing number of these

retailers who are now developing a physical presence (with showcase-type stores), for example, Amazon.com and Gateway Computers. Survey evidence suggests that understanding the nature of multi-channel behavior is key to retail success.

Research conducted by Media Metrix Canada (2000) highlighted that merchandise preferences are being reinforced in a multi-channel environment. They reported that 34% of store shoppers looked for or purchased something in-store that they had seen on the Web, and 27% of store shoppers looked for or purchased something online that they had seen in-store. Moreover, shoppers who visited the retailer's Web site spent 33% more on an annual basis on in-store purchases than shoppers who had not visited the Web. Notably, a survey by the Retail Council of Canada (1999) revealed that the net influence on consumer in-store spending was equivalent to seven times the value of purchases paid for online. Multi-channel retailers enjoy higher buyer conversion rates, repeat purchases and purchase value when compared to pure-play Internet retailers. As Seth Geiger (2000) at bizrate.com points out, "far from siphoning shoppers away from stores and catalogues . . . online shopping sites fuel the growth of the entire retail community building brand and customer loyalty across multiple channels."

A key aspect of multi-channel retail is the role of retailers' Web sites in an informational context. Evidence suggests that browsing and gathering information on products online for purchases that are ultimately undertaken in-store is prevalent. As Dawe and Evans (2000) argue, "even if consumers do not actually buy online they will increasingly make this their first source of information to assist them in making a purchasing decision."

The shopping experience itself performs both functional and societal roles. Paco Underhill (1999) in his book *Why we Shop* explains that "we live in a tactile-deprived society and shopping is one of our few chances to freely experience the material world first hand. Almost all unplanned buying is a result of touching, hearing, smelling or tasting something on the premises of a store." The need for physical interaction with the shopping environment and product is key in certain retail sectors such as fashion; that is, where purchases focus on ego or self-definition in-store retail will be favored (Shopping Centers Today, 1999). Recreating these experiences in a "virtual" Web-enabled environment has largely been unsuccessful to date. Nonetheless, as Michalak (2000) points out, "the more tiresome a purchase is in the physical world, the more likely the consumers will try an online alternative," which suggests that the potential impact of the Internet will be skewed towards shopping activities which are routine, monotonous and undifferentiated.

■ Research Objective

Research into the impacts of non-store retailing on consumer behavior within specific shopping center markets has been lacking. Despite issues concerning the quality (and bias) of data on Internet retailing (Konarski, 2000), the majority of current research predictions (and estimates) cover regional, national or international markets. The "crystal ball-gazing" analysis of the Internet has largely not focused on the localized effect of e-retail. Indeed, the hyperbole and rhetoric surrounding Internet research has provided shopping center developers and tenants with little in the way of usable benchmarks.

The aim of this research has been to make steps towards addressing this gap in current understanding by providing insight into the impact of non-store retailing at the local level. The premise of this study is that the vast majority of shopping is still undertaken at a localized micro level. However, recent studies have shown that multi-channel activity is playing an increasingly important role (see for example, Okamura, 2000; Hyde, 2000). Evidence to date suggests that shopping experiences across channel influence purchase behavior. The Internet drives in-store sales, and in-store experiences drive online sales. A key aspect of the study has therefore been to develop understanding of the interaction between retailers' virtual stores (i.e., Web sites) and their grounded stores (i.e., physical presence in shopping centers).

■ Method and Data Analysis

Multi-channel shopping behaviors are examined for three regional malls in Canada. Research was divided into three stages. First, background research was undertaken that involved an extensive literature review, interviews with shopping center management and the selection and trade area analysis of three regional malls. The management teams were interviewed to gather "local knowledge" of the respective markets and gain insight on the impact of the Internet within the malls surveyed. Analysis of the trade areas surrounding the three sample malls was conducted to develop an understanding of the local consumer-base. The second stage of the research involved designing, testing and administering face-to-face intercept surveys within the three selected malls, and preparing survey data for statistical analysis. The final stage of research involved data analysis (chi-square significance testing), synthesis of findings and report production.

Malls

Three regional malls were identified within the Greater Toronto Area (GTA) Ontario, Canada for research. Information provided by the shopping center developer from previous market research projects was used in the selection of the three malls—specifically, previously collected data on the level of Internet access of shoppers by mall. In addition, tenant databases held at the Centre for the Study of Commercial Activity, Ryerson University, were also analyzed. Malls were chosen to reflect the universe of shopper types, encompassing a cross-section of shoppers (Internet users and non-users). Please note that the shopping center developer has requested the malls remain anonymous. They are referred to in this report as Malls A, B and C. The three malls were all major nodes of retail activity, with sizeable trade areas.

Survey and Analytical Techniques

The research was primarily based on intercept surveys conducted within the malls. The survey comprised 26 questions. Information was collected on a broad range of multi-channel related issues, including shopping purpose and number of stores visited; the frequency of visit and amount of money spent; access to the Internet; use of the Internet for product and mall information; the level and nature of visits to Web sites of retailers in the mall; retail expenditure by channel; reasons for online shopping; concerns about online shopping; and general sociodemographic details. The surveys were administered over a one-month period (weekdays and weekends) from the beginning of November 2000.

Since survey data were mostly categorical, comparative analyses were undertaken through cross-tabulation techniques. Chi-square tests are used extensively within the study as they provide a robust method of comparing frequency distributions (i.e., nominal data) to determine if they significantly differ from each other. All tests and parameters in this study were considered significant at the $p = .05$.

The Sample

In total, 1,937 surveys were satisfactorily completed, representing a significant sample size. Table 2 provides a breakdown by mall of the survey sample by weekday/weekend and time of the interview. A smaller number of surveys were undertaken in Mall C (n = 487), when compared against Malls A and B (n = 725 surveys, respectively), due to differences in shopper flow within each of the malls. The sample size of each of the malls exceeds the number required for statistical significance. The survey distribution by

TABLE 2. SURVEY SAMPLE

	Mall A %	Mall B %	Mall C %	Total %
Total No. of Surveys	725	725	487	1937
Day of Survey (χ^2 = 14.025, p = .001)				
Weekday	65.5	73.8	73.1	70.5
Weekend	34.5	26.2	26.9	29.5
Time of Interview (χ^2 = 132.878, p = .000)				
Morning (before 12 p.m.)	7.5	5.1	6.2	6.3
Lunchtime (12 p.m. to 1:59 p.m.)	9.6	6.1	11.2	8.6
Early Afternoon (2 p.m. to 3:59 p.m.)	13.9	9.2	12.4	11.8
Late Afternoon (4 p.m. to 5:59 p.m.)	23.6	16.7	20.4	20.3
Evening (6 p.m. and after)	17.2	23.1	18.6	19.8

day and time reflects the flow of shoppers in the mall, with weekend and late afternoon/early evening peaks.

■ Survey Results

Trade Areas

Survey respondents were asked to provide the postal code of their usual place of residence. The postal code data allow the distribution of customers to be analyzed and trade areas delimited. In total, 95.8% of respondents provided a valid postal code that could be geocoded (that is, assigned a locational coordinate that can be mapped in GIS software). Table 3 provides a breakdown of the trade area by mall. The malls demonstrate a classical distance decay effect: the regional pull of these malls is reflected in the relatively large proportion of shoppers travelling 12.5 km or more. Specifically, Mall A has the largest draw of the three malls, with 60% of customers falling within an 8.34 km radius, compared to 4.95 km and 6.45 km respectively for Malls B and C. Please note that in order to maintain confidentiality, respondent spatial distributions have not been mapped. These reveal key differences in the trade areas, with Mall A drawing shoppers from the entire GTA, in comparison to compact, tightly clustered (localized) distributions for Malls B and C.

Sociodemographics

The survey collected basic demographic information from each respondent, and comparative analysis is provided in Table 4. There was no

TABLE 3. TRADE AREAS

	Mall A %	Mall B %	Mall C %	Total %
Total No. of Geocoded (Matched) Records	690	704	463	1857
Geocoded Surveys as Proportion of Total	95.2	97.1	95.1	95.8
Distance from Residence (χ^2 = 194.626, p = .000)				
Less than 1 km	16.2	23.0	3.9	14.4
1 km–2.49 km	13.9	24.4	14.9	17.7
2.5 km–4.99 km	15.8	13.5	32.2	20.5
5.0 km–7.49 km	9.4	12.2	11.9	11.2
7.5 km–9.9 km	11.0	7.1	4.8	7.6
10.0 km–12.49 km	9.0	5.3	6.9	7.1
12.5 km or greater	24.6	14.5	25.5	21.5
Sixty per cent of Respondents Within	8.34 km	4.95 km	6.45 km	6.58 km

significant difference found in gender, with 54.8% of the total sample female and 45.2% male. The malls did, however, differ significantly (statistically) across all the other sociodemographic indicators, specifically: age, household income, employment status, number of persons contributing to household income, household size, and the number of adults and children. For example, Mall B was more skewed towards middle-aged customers (35 to 54 year olds) and higher incomes when compared to the other malls. The proportion of retired shoppers in Malls A and C were greater than in Mall B, as reflected in the age profile (55 years and older), and household size (proportion of two person households). The differences in sociodemographic profile reflect the diversity within the sample, with the customer base of each mall varying significantly. The sample comprised a broad spectrum of shopper types.

Shopping Trip Purpose

The survey respondents were asked to indicate their main reason/s for choosing the mall. On average, 1.4 reasons were given, and as Table 5 shows, the maxim "location, location, location" remains key for retailers, with the vast majority of shoppers choosing the mall due to its proximity. Moreover, 55% of all respondents indicated that proximity was their one-and-only reason for visiting that particular mall. Proximity to the mall was followed by the assortment of stores and services, a comfortable environment, easy to get to, parking availability and meeting people. No

TABLE 4. SOCIODEMOGRAPHICS

	Mall A %	Mall B %	Mall C %	Total %
Gender (χ^2 = 7.689, p = .021)				
Male	47.0	47.2	39.8	45.2
Female	53.0	52.8	60.2	54.8
Age (χ^2 = 75.048, p = .000)				
15 to 19 years	7.8	9.7	17.0	10.8
20 to 24 years	13.6	12.3	16.0	13.7
25 to 34 years	24.2	18.9	19.1	20.9
35 to 44 years	17.6	24.0	17.2	19.9
45 to 54 years	16.5	21.7	13.9	17.8
55 to 64 years	11.7	8.3	6.2	9.1
65 years or older	8.5	5.2	10.6	7.8
Household Income[a] (χ^2 = 43.051, p = .000)				
Less than $25,000	7.5	5.1	6.2	6.3
$25,000 to $34,999	9.6	6.1	11.2	8.6
$35,000 to $49,999	13.9	9.2	12.4	11.8
$50,000 to $74,999	23.6	16.7	20.4	20.3
$75,000 to $99,999	17.2	23.1	18.6	19.8
$100,000 to $149,000	15.3	23.6	18.9	19.2
$150,000 or higher	12.9	16.2	12.4	14.0
Household Size (χ^2 = 106.291, p = .000)				
One person	16.5	8.7	6.8	11.1
Two persons	32.5	19.9	24.7	25.8
Three persons	21.9	22.2	17.5	20.9
Four persons	17.7	28.6	28.0	24.4
Five persons	6.8	14.2	14.8	11.6
Six or more persons	4.7	6.4	8.0	6.2
No. of Adults in Household (χ^2 = 50.884, p = .000)				
One adult	19.5	11.6	8.7	13.8
Two adults	51.0	51.8	55.5	52.4
Three adults	18.7	23.5	17.3	20.1
Four adults	7.9	9.7	12.6	9.7
Five or more adults	2.9	3.5	6.0	3.9
No. of Children[b] in Household (χ^2 = 20.295, p = .002)				
One child	54.0	36.5	36.9	42.4
Two children	30.8	43.7	41.2	39.3
Three children	11.2	13.6	13.9	13.0
Four or more children	4.0	6.1	5.3	5.3
No. of Persons Contributing to Household Income (χ^2 = 22.619, p = .001)				
One person	31.9	24.2	22.6	26.7
Two persons	52.4	58.6	57.4	56.0
Three persons	10.4	11.8	11.1	11.1
Four or more persons	5.3	5.4	9.0	6.2
Employment Status (χ^2 = 66.329, p = .000)				
Full-time employed	59.6	57.0	44.8	54.9
Part-time employed	14.9	14.3	13.9	14.5
Student	8.0	16.3	18.5	13.8
Unemployed	1.8	1.8	3.1	2.1
Retired	12.2	6.5	13.5	10.4
Homemaker	3.4	4.1	6.2	4.4

[a]Figures in Canadian dollars
[b]Under 15 years of age

TABLE 5. REASONS FOR AND PURPOSE OF SHOPPING TRIP

	Mall A %	Mall B %	Mall C %	χ^2	p
Main Reason/s for Choosing Mall[a]					
Proximity	74.5	83.2	69.2	33.932	.000
Comfortable environment	6.6	8.0	17.9	46.034	.000
Assortment of stores and services	25.9	30.8	29.8	4.492	.106
Affordability	0.8	0.3	6.6	65.853	.000
Opening hours	0.4	0.4	3.9	34.807	.000
Easy to get to	5.0	3.7	31.2	267.241	.000
Entertainment facilities	0.1	1.1	1.4	na	na
Specialty service	1.5	1.7	1.0	.850	.654
Meet people	2.2	2.5	3.7	2.654	.265
Novelty	1.7	0.3	0.8	na	na
Have a good time	0.1	1.5	4.1	28.372	.000
Release stress	0.1	0.3	2.7	na	na
Parking availability	1.0	5.4	11.7	66.735	.000
Other	0.8	0.8	1.6	2.370	.306
Main Purpose of Visit[a]					
Grocery shopping	1.6	4.7	0.8	22.559	.000
Non-grocery shopping	75.2	58.3	72.1	53.724	.000
Meeting family/friends	3.4	4.4	7.8	12.129	.002
Food court/restaurant	7.5	9.1	6.6	3.273	.195
Cinema	0.5	0.9	0.0	na	na
Service	8.5	18.3	6.4	53.987	.000
Browsing	25.9	24.8	24.0	1.033	.597
Other	0.9	0.9	1.4	.757	.685

[a]Responses are not mutually exclusive, column totals may exceed one hundred

significant differences were found between the malls in terms of shoppers choosing the mall for assortment of stores and services, specialty services or meeting people. These service provision and societal aspects of shopping were consistent across the malls.

The main purpose of the visit showed a similar polarity. Non-grocery shopping was the most reported purpose of visit, with 56% of respondents indicating that it was their only purpose. This was followed by browsing, service, food court and restaurants and meeting family and friends. The data provide evidence that supports the: "social role" of shopping activity (i.e., non-transactional aspects), with browsing and meeting family and friends a common characteristic across the three malls surveyed. This is an important factor to consider when analyzing multi-channel activities.

Table 6 provides a breakdown of a range of shopping trip characteristics; specifically the number of stores visited and those in which a purchase took place, the amount of money and time spent in the mall and the frequency of visits. Over one-third of all respondents visited five or

TABLE 6. SHOPPING TRIP CHARACTERISTICS

	Mall A %	Mall B %	Mall C %	Total %
Number of stores visited (χ^2 = 104.139, p = .000)				
One store	7.1	11.5	14.3	10.5
Two to four stores	36.0	53.5	48.8	45.8
Five to nine stores	27.7	22.3	22.9	24.4
Ten or more stores	29.2	12.7	14.1	19.3
Mean number of stores	6.8	4.5	4.5	5.3
Number of stores in which a purchase was made (χ^2 = 121.488, p = .000)				
No purchase made	13.5	16.3	27.0	17.8
One	26.8	39.3	33.4	33.1
Two	29.1	26.6	18.9	25.7
Three	13.7	12.6	9.9	12.3
Four	6.8	3.7	6.6	5.6
Five or more	10.2	1.5	4.2	5.5
Mean number of stores	2.2	1.8	1.6	1.9
Amount of money spent[a] (χ^2 = 78.078, p = .000)				
Less than $10	5.6	10.8	6.3	7.7
$10 to $24.99	10.6	17.5	18.2	14.9
$25 to $49.99	10.7	13.8	17.3	13.3
$50 to $74.99	13.5	16.5	17.3	15.4
$75 to $99.99	4.5	4.4	6.0	4.8
$100 to $249.99	35.9	29.2	23.6	30.7
$250 or more	19.2	7.9	11.3	13.2
Mean amount spent	$141.2	$99.2	$72.2	$104.2
Amount of time spent in the mall (χ^2 = 110.228, p = .000)				
Less than 15 minutes	4.0	6.2	13.4	7.2
15 to 29 minutes	7.7	11.6	10.3	9.8
30 to 59 minutes	18.6	29.0	23.7	23.8
1 hour to 1 hour 59 minutes	35.4	36.6	29.3	34.3
2 hours or more	34.3	16.6	23.3	24.9
Mean amount of time	84 mins	64 mins	66 mins	71 mins
Frequency of visits to mall (χ^2 = 97.119, p = .000)				
Once a month or less	41.4	21.8	33.5	32.3
Once a fortnight	22.1	19.0	17.4	19.8
Once a week	16.6	24.2	23.6	21.1
Twice a week	7.2	14.0	13.3	11.2
Three to six times a week	11.8	18.3	9.7	13.6
Every day	0.9	2.7	2.5	1.9

[a]Figures in Canadian dollars, including food court, excluding grocery

more stores, and approximately half of the respondents made purchases in two or more stores. The average walk-out rate was 17.8% (i.e., no purchase was made), with this figure significantly higher in Mall C. The amount of money spent varied significantly, with the mean amount spent in Mall A virtually double that of Mall C. Almost half of the respondents

spent CDN$75 or more, with an average expenditure of CDN$104. The amount of time spent in the mall illustrates the "physical" aspect of shopping, with one-quarter of respondents spending two hours or more in the mall, and virtually three-fifths spending over one hour. One-third of the survey respondents visited the malls once a month or less, and conversely, approximately 2% visited the mall every day (for example, "mall walkers" and food court visitors). Nearly 50% of respondents visited the mall at least once a week. Although there were differences between the malls, the general shopping trip characteristics comprised visiting five stores, purchasing in two of these, spending just over CDN$100 and approximately one hour in the mall.

Internet Respondents

The level of Internet access was extremely high in the respondent sample (see Table 7), with 83.8% of the sample already accessing the Internet, and an additional 10.8% of respondents who are currently not using the Internet but plan to in the next 12 months. Forty per cent of the respondents had access from home only, and 41.8% from home and work. Notably, 3.6% of the respondents checked the Internet for product information for their purchases that day, with significant variation amongst malls (increasing to 8.3% for Mall C). Just over one-third of respondents checked the Internet on a regular basis for product information, and one-quarter for store and mall information. The use of the Internet to gain product information was common across the three survey malls; that is, despite differences in trade area characteristics of each of the malls, the Internet profile is very similar. This supports the findings of Media Metrix Canada (2000) that highlighted the use of the Internet for information-gathering for shopping purchases. Yet, less than 5% had visited the shopping mall's own Web site, with 82.3% (on average) unaware of the Web site (each of the survey malls has its own Web site).

Retailer Web Sites

As illustrated in Table 7, over one-quarter of the respondents had visited Web sites of retailers within the mall in the past three months. No significant difference was found amongst the survey malls, which illustrates that such activity is typical of mall shoppers. Approximately half of the retailers within the malls operated a Web site, virtually double the figure reported by Dawe and Evans (2000). Table 8 provides a list of the top 25 retail Web sites visited, and a breakdown of online activity. Please note the Web sites listed include only those retailers located within the malls surveyed, and the sub-group of respondents who visited one of these sites

TABLE 7. INTERNET CHARACTERISTICS

	Mall A %	Mall B %	Mall C %	Total %
Do you have access to the Internet? (χ^2 = 9.018, p = .011)				
Yes	85.4	85.1	79.4	83.8
No	14.6	14.9	20.6	16.2
Are you planning to have access to the Internet in the next twelve months? (χ^2 = 10.282, p = .036)				
Yes	7.8	9.7	17.0	10.8
No	13.6	12.3	16.0	13.7
Where do you have access to the Internet?[a] (χ^2 74.598, p = .011)				
Home only	36.4	39.0	47.2	40.0
Work only	12.9	6.5	4.1	8.4
School only	2.1	1.1	0.8	1.4
Home and work	41.9	47.3	32.9	41.8
Home and school	6.7	6.0	15.0	8.4
Did you check the Internet for product information regarding your purchases today? (χ^2 = 32.331, p = .000)				
Yes	1.8	2.4	8.3	3.6
No	98.2	97.6	91.7	96.4
Do you usually check the Internet for product information? (χ^2 = 2.331, p = .312)				
Yes	36.7	32.6	33.9	34.5
No	63.3	67.4	66.1	65.5
Do you normally check the Internet for store/mall information? (χ^2 = 14.197, p = .001)				
Yes	29.2	25.2	18.6	25.1
No	70.8	74.8	81.4	74.9
Have you visited this mall's Web site in the last three months? (χ^2 = 286.731, p = .000)				
Yes	3.9	1.8	7.0	3.8
No	7.2	5.2	38.5	13.9
Unaware of the site	88.9	93.0	54.5	82.3
In the past three months have you visited the Web site of retailers within this mall? (χ^2 = 0.772, p = .680)				
Yes	24.5	26.6	24.9	25.4
No	75.5	73.4	75.1	74.6
Percentage of retailers within mall operating a Web site[b]	53	49	58	53

[a]The "Other" category has been removed from the analysis (3 respondents in total reported Internet access in public libraries)

[b]Food court restaurants and leased office space business and personal services have not been included. Banks, travel agents and cinemas are included

TABLE 8. RETAIL WEB SITES[a] VISITED BY RESPONDENTS IN THE LAST THREE MONTHS

Retailer (Ownership)	Web Address	Visited Web site		Online Activity		
		No. of Respondents	% of Respondents	Browse Only %	Browse and Purchase Online %	Browse and Purchase In-Store %
GAP (US)	www.gap.com	110	26.8	74.5	0.9	24.5
SEARS (US)	www.sears.ca	96	23.4	64.6	13.5	21.9
HMV (UK)	www.hmv.com	65	15.9	52.3	10.8	36.9
BELL (CDN)	www.bell.ca	45	11.0	64.4	2.2	33.3
THE BAY[c] (CDN)	www.hbc.com	39	9.5	76.9	0.0	23.1
ROOTS (CDN)	www.roots.com	27	6.6	66.7	7.4	25.9
CLUB MONACO (US)	www.clubmonaco.com	25	6.1	64.0	0.0	36.0
RADIO SHACK (US)	www.radioshack.ca	19	4.6	52.6	0.0	47.4
SONY[c] (JPN)	www.sony.ca/store	18	4.4	77.8	0.0	22.2
SPORTS CHEK[c] (CDN)	www.forzanigroup.com	15	3.7	73.3	0.0	26.7
ELECTRONIC BOUTIQUE (US)	www.ebworld.com	12	2.9	75.0	8.3	16.7
SUNRISE RECORDS[c] (CDN)	www.sunriserecords.com	11	2.7	63.6	9.1	27.3
EDDIE BAUER[c] (US)	www.eddiebauer.com	10	2.4	90.0	0.0	10.0
CINEMA (na)	na	9	2.2	33.3	0.0	66.7
CLEARNET (CDN)	www.clearnet.com	9	2.2	55.6	0.0	44.4
LA SENZA[c] (CDN)	www.lasenza.com	9	2.2	77.8	0.0	22.2
WAL MART[b] (US)	www.wal-mart.com	9	2.2	100.0	0.0	0.0
BLACKS PHOTO (JPN)	www.blackphoto.com	8	2.0	62.5	12.5	25.0
DISNEY STORE[b] (US)	www.disneystore.com	8	2.0	62.5	0.0	37.5
GUESS[b] (CDN)	www.guess.com	7	1.7	100.0	0.0	0.0
LE CHATEAU (CDN)	www.lechateau.ca	7	1.7	71.4	0.0	28.6
MUSIC WORLD (CDN)	www.musicworld.ca	7	1.7	71.4	0.0	28.6
BANK (na)	na	6	1.5	33.3	0.0	66.7
BODY SHOP (UK)	www.thebodyshop.ca	6	1.5	66.7	0.0	33.3
DANIER[b] (CDN)	www.danier.com	6	1.5	66.7	0.0	33.3

[a]Includes only retailers located within the survey malls
[b]Retailer only present in one of the three malls surveyed
[c]Retailer only present in two of the three malls surveyed

in the last three months. The most dominant retailers are Gap and Sears, with 26.8% and 23.4% visiting the Web sites, respectively. Three-quarters of the respondents visiting the Gap site only browsed the site, just under one-quarter browsed products that they later bought in-store, and less than 1% made a purchase online. In contrast, 13.5% of respondents visiting the Sears site, which was ranked as the Top Canadian Retail Web site by Deloitte & Touche (2001), made an online purchase, 21.9% browsed for a purchase that they made in-store and the majority only browsed the site. Of the top 10 retailers listed, Sears, HMV and Roots report the highest online sales proportions, yet in all of these cases the contribution of "browse to purchase in store" (clicks-to-bricks) far outweighs the effect of online sales, which supports findings by the Retail Council of Canada (1999). Notably, the majority of respondents browsed these Web sites, and gathered information for purchases that they made in-store. The level of online transactions is, in general, extremely low. Interestingly, of the top 10 Web sites visited, six of these are foreign-owned, and the top two Web sites are U.S. owned (Gap and Sears).

Multi-Channel Activities

The level of multi-channel activities is illustrated in Figure 1 and Table 9. These show the sales percentages for the various channels by product category; the average number of channels used by the respondents and the ratio of online sales against store-based sales generated by Web browsing (i.e., clicks-to-bricks). Please note that data are presented for the three malls in total, as comparative analysis by mall generates sample size issues, due to the low levels of transactional Internet sales.

The importance of online sales varies significantly by category, with computer hardware and software, books, travel, music, toys and video games favored by online shoppers. However, even within the product categories with the highest online sales contribution, the sales generated through shoppers viewing online and then purchasing in-store heavily outweigh the pure online transactions, generating on average three times more sales than direct online purchases. There is substantial variation amongst product categories; for example, in the consumer electronics category, for every $1 purchase online, $8.84 in sales are generated by shoppers viewing online but buying in-store. Moreover, within the books ($1.22) and music ($2.65) categories, generally regarded as the nest-bed of e-retail, online purchases are similarly outweighed by sales generated through shoppers browsing online for store-based purchases. The data suggest that the Internet is driving sales at the local level, and has in relative terms a "positive" effect on mall sales and vitality.

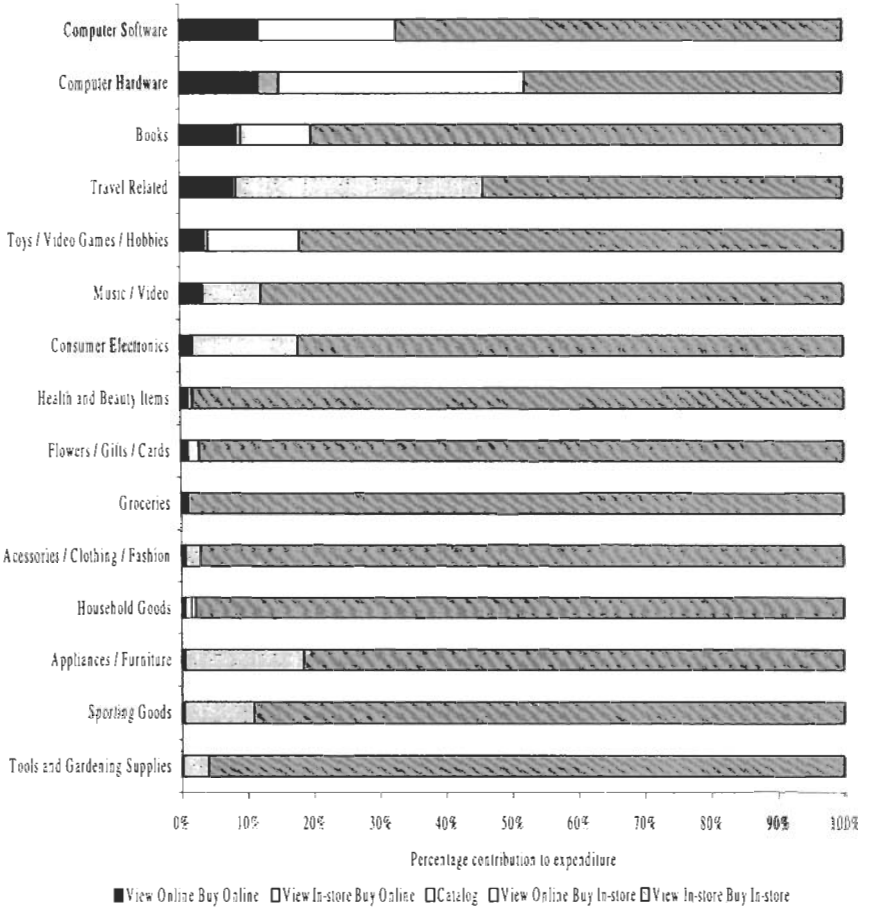
Surprisingly, the level of viewing in-store then buying online is low,

TABLE 9. MULTI-CHANNEL SHOPPING ACTIVITY

Product Category	Channel Sales Contribution (as a percentage of total retail expenditure by respondents in last three months by product category)						Ratio[a] of Online to In-store Sales Generated by Online Browsing
	View Online Buy Online	View In-Store Buy Online	Catalog	View Online Buy In-Store	View In-Store Buy In-Store	Average of Channels Used	
Accessories/Clothing/Fashion	0.5	0.0	0.1	2.2	97.1	1.04	4.38
Appliances/Furniture	0.4	0.0	0.0	17.9	81.6	1.03	na
Books	8.6	0.6	0.1	10.5	80.1	1.10	1.22
Computer Hardware	12.0	3.1	0.0	37.0	47.9	1.01	3.09
Computer Software	12.0	0.0	0.0	20.8	67.2	1.01	1.73
Consumer Electronics	1.8	0.0	0.0	15.9	82.3	1.00	8.84
Groceries	1.0	0.0	0.0	0.0	99.0	1.01	na
Health and Beauty Items	1.2	0.0	0.5	0.2	98.2	1.00	0.14
Household Goods	0.5	0.0	0.9	0.6	97.9	1.00	1.25
Music/Video	3.3	0.0	0.1	8.8	87.8	1.06	2.65
Sporting Goods	0.3	0.0	0.0	10.6	89.1	1.01	na
Tools and Gardening Supplies	0.0	0.0	0.1	3.8	96.1	1.01	na
Toys/Video Games/Hobbies	3.8	0.4	0.1	13.8	81.9	1.01	3.68
Travel Related	8.0	0.5	0.0	37.3	54.3	1.03	4.66
Flowers/Gifts/Cards	1.1	0.0	0.0	1.6	97.3	1.01	1.38

[a]Ratios for four of the fifteen product categories have not been calculated due to sample size issues

Figure 1.



with shoppers in this group tending to favor typical Internet retail categories (computer hardware, books, travel). The average number of channels reported reflects the dominance of "view in-store, buy in-store." However, books, music and video, travel and fashion represent sectors where shoppers are more likely to engage in multi-channel activities. In sum, the vast majority of shopping activity remains bricks-and-mortar based, yet multi-channel activity is widespread, and the interaction between the Internet, the built retail environment and consumers is complex.

Table 10 shows the reasons for shopping online and the nature of concerns that respondents indicated regarding Internet shopping. Approximately 70% of the respondents had never purchased online, with no significant difference between the three malls. However, this figure drops to 15.4, 10.6 and 6.6% respectively for Malls A, B and C when

TABLE 10. INTERNET SHOPPING CHARACTERISTICS

	Mall A %	Mall B %	Mall C %	χ^2	p
Reasons for shopping online					
Competitive prices	39.9	33.3	22.8	10.752	.005
Products unavailable locally	54.5	47.8	41.7	5.615	.060
Shop any time of the day	55.4	25.1	26.0	52.300	.000
Shop from home	60.1	35.3	24.4	50.701	.000
Shop from work	3.0	1.0	6.3	na	na
Detailed product information	18.5	7.2	11.8	12.442	.002
Wide selection of products	12.4	7.7	10.2	2.656	.265
Price comparison	8.6	4.8	15.7	11.694	.003
Curiosity	5.2	7.2	10.2	3.261	.196
Ease of shopping	67.4	59.4	29.9	48.305	.000
Other	0.9	1.4	3.1	na	na
Never purchased over the Internet	67.9	71.4	73.9	5.458	.065
Purchased on the Internet in the last three months	15.4	10.6	6.6	23.427	.000
Concerns about Internet shopping					
Security	55.3	63.0	58.7	8.975	.011
Credibility of Web site	19.4	21.4	15.6	6.302	.043
Returns/refunds policy	29.5	30.6	25.7	3.647	.161
Privacy	13.7	21.8	23.2	22.618	.000
Warranty	5.1	7.3	14.2	33.011	.000
Cost of delivery	25.9	21.8	19.3	7.854	.020
Speed of delivery	14.2	13.4	13.6	.227	.893
User-friendly	5.2	2.9	6.0	7.856	.023
Limited selection	3.0	2.1	7.2	22.829	.000
Touch and feel of product	15.3	13.7	15.2	.942	.625
No concerns about Internet shopping	17.7	11.9	11.7	12.936	.002

measured against Internet purchases that had taken place in the previous three months. These differences reflect the sociodemographic diversity of the respondents from three malls, and the general trends of income and age profile of online shoppers.

For those respondents who had purchased online, the main reasons for doing so include the ease of shopping, unavailability of products locally, competitive prices offered and the option to shop from home and at any time of the day. A number of the factors driving online sales were consistent across the three survey malls: the wide selection of products, products unavailable locally, curiosity and price comparison.

In terms of concerns regarding Internet shopping, security was the most prevalent, with approximately three-fifths of respondents highlighting it as an issue. This was followed by concerns over returns policy, the cost and speed of delivery, the credibility of the Web site, privacy and the need to touch and feel products. No significant difference was found between respondents from the three malls. There were, however, differences between respondents who had purchased online in the previous three months and those who had not, with the latter more concerned with security, returns policies, the cost of delivery, the speed of delivery and critically, the need to touch and feel products. Conversely, both online shoppers and store-based shoppers were concerned about privacy, the credibility of the Web site and warranty policies. The survey findings indicate that of the one-third of respondents who had shopped on the Internet, only a small proportion of these shoppers are comfortable purchasing online on a regular basis.

■ Research Implications

The survey has revealed the complexity of multi-channel shopping behavior. Mall shoppers gather information on products and services both online and in-store, with the interaction between these an important factor in determining the level of sales at the local level (especially within certain product categories). A key issue for shopping center developers and retailers alike is deciding the ways in which multi-channel behaviors and associated Internet usage should be managed to ensure profitability across the various channels of distribution.

The reaction of shopping center developers to the Internet and multi-channel retailing has changed significantly over the last couple of years. Initially viewed with caution, many developers have now embraced the Internet and are now investing in Web infrastructure and their own or partnership Web sites, as reported in the *Globe & Mail* (Mulroney, 2000), "Malls Come to Grips with the Net Threat." While developers' sites were primarily developed to provide retailers and investors with access to information on lease and development opportunities, more sites are offering product information on mall tenants, gift certificates and frequent shopper rewards. In addition, an increasing number of sites are acting as portals to in-store shopping. For example, Eversave.com enables consumers to query retailers' products and prices before leaving for the mall. A number of companies now offer high-speed Internet access programs aimed at retail properties; for example, tenantconnect.com and merchantwired.com.

Shopping center developers are investing (or planning to) in Internet

based projects. For example, Simon Property Group and seven other property groups plan to invest over U.S.$140 million in 2000 in creating a Web-enabled technological infrastructure in all their properties; similarly, Cadillac-Fairview is planning to spend over U.S.$30 million on mall-based technology over the next four years. Such investment in e-business solutions has begun to blur the distinction between online and in-store (see, for example, YourSherpa.com; FastFrog.com; clixnmortar.com) with the addition of, for example, Internet kiosks and the provision of hand-held devices to order online whilst in-store. This represents an evolution from the "soft marketing" information-based Web sites to pseudo-transactional and portal sites, supported with in-store technology. In combination, these Web and infrastructural developments signal a move on the part of developers, and recognition of the potential positive impacts of the Internet on shopping center vitality. Shopping center developers have significant potential strategically to develop their Internet capabilities and further strengthen online partnerships with retailers within their malls, with the aim of promoting the clicks-to-bricks function of the Internet.

As more shoppers gain access to the Internet, the nature and extent of multi-channel activity will evolve. Successful shopping center developers will be those at the forefront of these changes, managing and integrating retail channels to provide shoppers with a seamless stream of information and service offerings to promote mall sales and vitality. It is likely that such development will require partnerships not only with technology and e-business providers, but more importantly, with retail tenants. There will be a need to apply new business models that promote and facilitate strategic online and store-based alliances between shopping center developers and retail organizations. Multi-channel behaviors are heralding a new retail era where shopping center vitality will be determined by operating not only from the right location on the ground but also the right addresses on the Internet.

■ Note

[1]Non-store retailing is a moving target and the article represents a mere snapshot in time.

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