

Study finds shopping malls losing customer appeal

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WASHINGTON—American shopping malls are boring and lack diversity, especially in a tough economic environment for the retail industry, reports say.

"Malls can't be mundane in this economic climate, they need to excite shoppers from the moment they arrive versus make them want to turn around and leave," said Stephen J. Hoch, professor at the University of Pennsylvania's Wharton School of Business in a recent release.

During the holiday shopping season, many shopping malls across the United States reported lower sales and shorter lines, and fewer salespeople were on hand to assist shoppers.

"If the mall is boring and the infrastructure is not that great, it's easy to see why people are stepping back and skipping the holiday buying frenzy that is normal for this time of year," Hoch said in a recent report published by Knowledge @ Wharton (KW), the publishing arm of the Wharton School.

Shopper surveys

When venturing into a shopping mall, four out of five potential consumers leave the shopping mall un-

happy and disgruntled because of one or more problems they encountered, according to a recent survey of 917 people conducted by Jay H. Baker Retailing Initiative and the

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Verde Group.

Proportional to actual shoppers frequenting malls, the survey sampled twice as many women than men. More than one-third of those surveyed complained that they couldn't find anything they wanted to purchase before another shopper would beat them to it. Shoppers



LOSING CUSTOMERS: Holiday shoppers carry bags with their purchases through the Tysons Corner mall in Tysons Corner, Virginia, last month. KAREN BLEIER/AFP/GETTY IMAGES

want diversity, especially in large department stores.

The study also revealed other interesting tidbits about American shopping behavior. People

drove an average of 25 miles to their favorite shopping mall and visited an average of five stores on each trip. One-third of the shoppers stayed for about two hours

before heading out of the store.

Most of the people claimed that they spent at least \$150 in stores and only 10 percent walked out empty-handed.

People between the ages of 25 and 40 spent more time shopping than any other age group. They were also the biggest spenders, spending about \$188 a visit.

The 18-to-24 year-olds complained of long walks from the parking lot, mundane products, and a lackluster environment. They also said too many teenagers were lounging around malls.

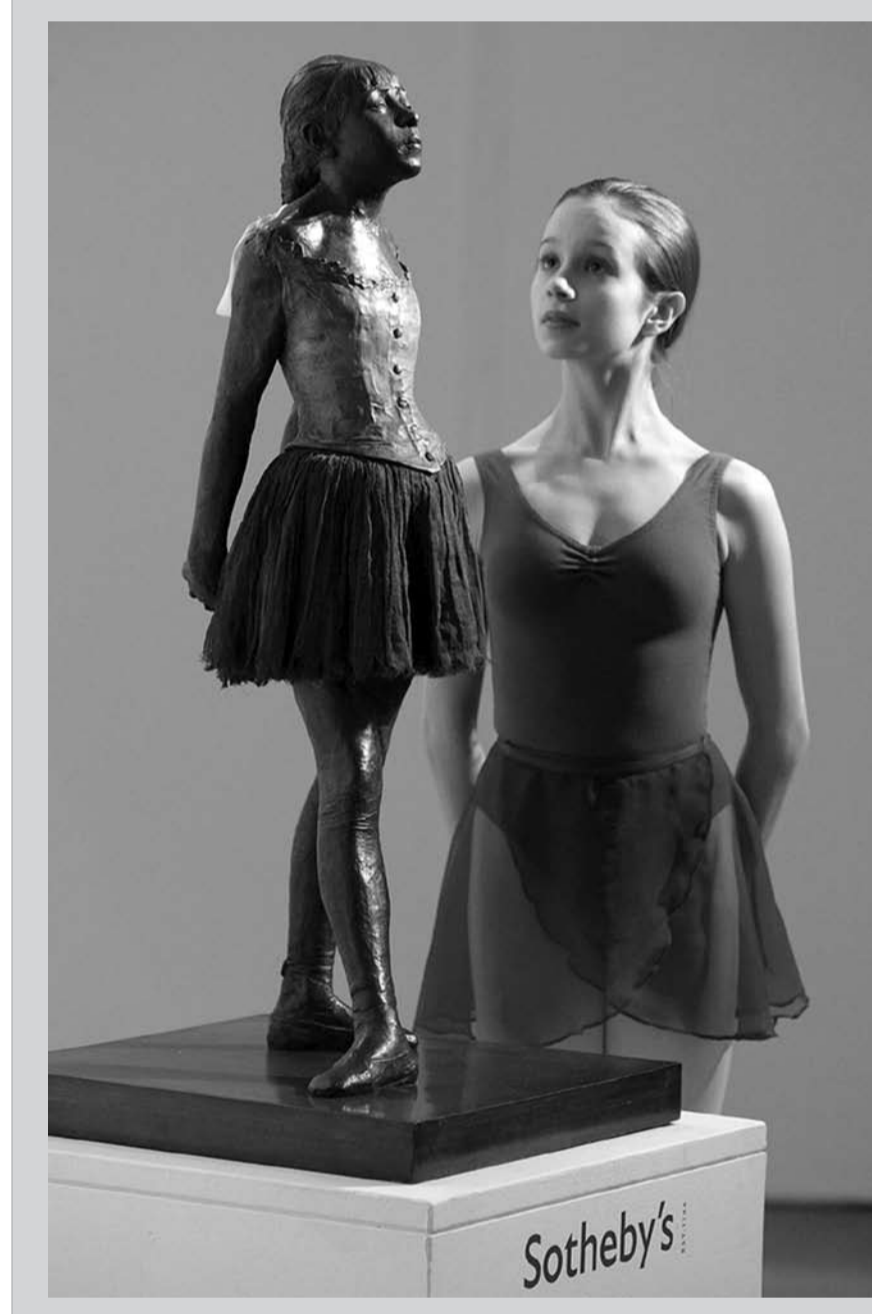
The future of shopping malls

"Today's mall shoppers were underwhelmed by the nation's 1,200 enclosed and open-air lifestyle centers filled with chain stores designed specifically for success in the mall environment," claims the KW article.

Around 10 percent of all shopping malls could fade away by the time the recession has taken its course, the report's authors claim.

Mall owners could draw more people to their malls if they act upon customer feedback and the researchers' suggestions, which might not cost much.

"Malls need to figure out what to do, because there is going to be more and more excess space as chains close down their less profitable outlets. There's going to be a lot of space that is dark ... It can look like an abandoned neighborhood," Hoch wrote.



Sotheby's, Christie's tempt buyers with lower prices

NEW YORK (Reuters)—Old Masters painting sales will try to lure choosier buyers this month with lower price estimates as Christie's and Sotheby's auction houses adjust to a global art market dulled by the financial crisis.

Art values dropped in October when the U.S.-born economic meltdown engulfed the world and several art auctions fell far short of low pre-sale estimates, compelling rivals Sotheby's and Christie's to take a more cautious approach.

But encouraged by Old Masters auctions in London in December—where Sotheby's hit high expectations with a \$20 million sale and Christie's fell shy of low estimates, reaping \$30 million—the auctioneers hope the genre will re-

FINAL BID? Lily Howes, a student of the Royal Ballet School's White Lodge, looks at a sculpture by Edgar Degas in Sotheby's auction house on Jan. 6 in London. The sculpture is estimated to fetch up to 12 million pounds (\$17.8 million) when it goes for auction on Feb. 3. OLI SCARFF/GETTY IMAGES

main stable.

Sotheby's Vice Chairman George Wachter told Reuters that by early October he knew he would have to cut as much mediocrity as possible from the Jan. 29-30 New York sale, so 291 lots are on offer, about 120 less than last year.

"We cut out a tremendous amount of stuff and ... wherever I felt it was appropriate, I lowered estimates," Wachter said. He predicted the sale could earn about \$75 million.

Wachter said a painting that might have been estimated to sell for \$2 million to \$3 million was lowered to \$1.5-2.5 million, and art valued at \$400,000 to \$600,000 might be forecast to fetch \$350,000 to \$450,000.

At Christie's, which is holding its New York Old Masters sale on Jan. 28-29, Nicholas Hall, international department head for Old Masters, said several lots will have no reserve price.

"I think that will generate considerable excitement," he told Reuters.

Hall said Christie's has about 300 lots for auction and hopes to

sell between \$25 million and \$35 million.

Thin air

Christie's set out to fix "tempting estimates," said Hall, who added that there had been "very few" cases where the auction house asked sellers to lower estimates because of the financial crisis.

"We're happy Old Masters have proved resilient and that there really is demand," he said. "What we feel less sure about is once you get above the \$2-3 million mark the air could get quite thin. We have in this sale steered clear of testing the market with any \$5 million and up pictures."

Experts argue that Old Masters art, which has seen less spectacular growth than contemporary art in recent years, could prove the most resilient amid the economic turmoil.

Still, less Old Masters art is being sold.

"Whereas in 2004 we were selling 85 percent, today we're selling 65 to 75 percent," Wachter said. "I'm hoping to sell seven out of 10 ... In this market I would feel very

pleased with that, as long as the good things did extremely well."

Sotheby's sale includes Joseph Mallord William Turner's "The Temple of Jupiter Panellenius," estimated to sell for \$12 million to \$16 million and a pair of paintings by Dutch master Frans Hals, "The Portrait of a Man Holding Gloves" (\$8 million to \$12 million), and "The Portrait of a Woman Holding a Handkerchief" (\$7 million to \$9 million).

Christie's also has a Turner painting for sale, "The Brunig Pass from Meiringen, Switzerland" (\$1.5 million to \$2.5 million), along with The Master of Memphis's "The Holy Family with the Infant Saint John the Baptist and two shepherds" (\$500,000 to \$800,000), and Jean Simeon Chardin's "Still life with a copper pot, a pitcher, fish, a glass, two nuts and an onion" (\$1.2 million to \$1.8 million).

"I predict that we will have a sell through [lot] rate here above 65 percent and maybe above 70 percent," Hall said, which compares with last year's rate of about 55 percent.

Groups seek Syncrude charges over 500 duck deaths

CALGARY (Reuters)—Environmental groups took the first step on Wednesday to convince a court to charge Canada's largest oil sands producer with the deaths of 500 ducks, an incident that brought worldwide attention to the ecological impact of the huge energy resource.

Ecojustice, the Sierra Club and Forest Ethics want Syncrude Canada Ltd charged under the country's migratory birds act for the incident last April, in which the ducks were killed when they landed on a toxic tailings pond.

The green groups said they initiated the rare legal move after becoming frustrated with delays by the federal and Alberta governments, which launched investigations last year.

"We just think it should be prosecuted in a timely manner, especially given that three months from now we'll be into migration season and ducks will be flying back," Ecojustice lawyer Barry Robinson said. "If nothing has changed we could be risking the same thing."

Northern Alberta's oil sands are the largest deposits of crude oil outside the Middle East, and are seen as an important, safe supply source for the United States. But development is far more expensive, complicated and has much more environmental impact than conventional oil.

Syncrude mines the tar-laden sands in huge open pits and separates out the heavy crude using

hot water and chemicals. The toxic waste residue gets pumped into the tailings ponds.

The company, a joint venture of Canadian Oil Sands Trust, Imperial Oil Ltd and five other partners, deters birds from the ponds with noise guns that simulate cannon blasts.

Syncrude said a late-winter storm delayed deployment of the sound cannons last April, and the ducks set down on the poisonous body of water. Deaths of waterfowl at such rates had never happened in three decades of operations, it said.

Under their legal action, Ecojustice and its allies have advised Alberta's provincial court in Edmonton of the charge they believe Syncrude should face under the Migratory Birds Convention Act along with some basic evidence.

The groups will present their evidence at a hearing on Feb. 19, where they hope a judge will lay a charge, Robinson said. The maximum penalty is C\$300,000 (\$250,000), he said.

Syncrude spokesman Alain Moore said the company had not seen the documents, so could not comment on the legal matter.

"But this flock of waterfowl landing and drowning on our tailings pond last spring was an unacceptable incident and everyone in our organization feels horrible that it happened," Moore said. "There's tremendous resolve within Syncrude right now to make the ap-



The Syncrude extraction facility in northern Alberta is being sued for improperly dealing with toxic waste. DAVID BOILY/AFP/GETTY IMAGES

propriate changes to prevent this from happening again."

Last spring, the company took out full-page newspaper advertisements to apologize to Canadians.

But the incident only served to embolden environmental critics,

who had already mounted global campaigns to highlight the impact of massive oil sands development on land, air, water and communities.

At the time, more than \$100 billion of oil sands projects were ei-

ther being constructed or planned, but oil companies have since delayed numerous plans as oil prices have tumbled.

Syncrude, located north of Fort McMurray, Alberta, is the world's largest oil sands producer, capable

of pumping as much as 350,000 barrels of synthetic oil a day.

Its other partners are Petro-Canada, ConocoPhillips, Nexen Inc, Nippon Oil Corp unit Mocal Energy Ltd and Murphy Oil Corp.