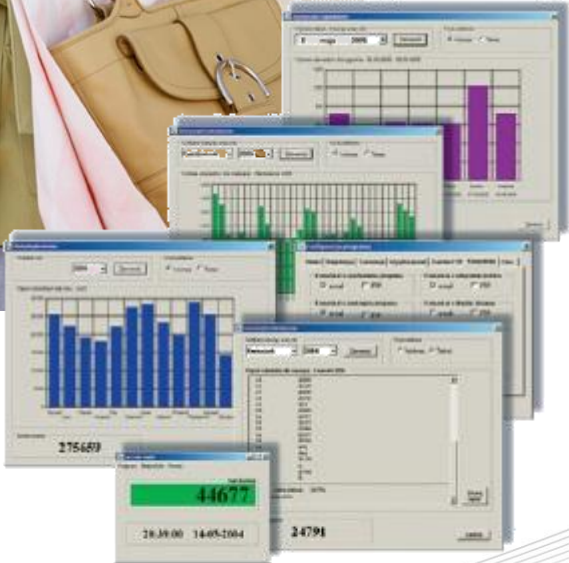


VISITOR COUNTING

A solution that counts!



A solution that counts

People, Customer, Visitor Counting; Shopper Traffic; Footfall

- The Missing Retail Measure
- The Extra Dimension in Retail Performance Measurement

Everyone that works in the retail industry knows just how competitive this environment is. High operating costs, rising consumer expectations and a decrease in consumer spending have made the margin for error increasingly small and every business decision a vital one.

In order to remain competitive, forward thinking retailers are putting in-store performance under far closer scrutiny and are increasingly in visitor counting technology. Store visitor data is considered one of the most important sources of data available to the retail industry. Combining such information with retail intelligence and customer relationship management (CRM) tools provides retailers with all of the crucial information needed to build an effective strategy for the future.

Systems that help answer questions to drive traffic through the door and in turn to increase profits are worth their weight in gold, as they help retailers identify additional opportunities open to them. For many retailers, the challenge is that they do not know who their lost shoppers are and why these shoppers are not converting into sales.

Visitor counting technology provides the answers to many of these big questions and more, including:

- **Retail operations** – Optimise store opening hours, identify trends and enhance forward planning using key performance indicators (KPIs) that can be applied by all stores.
- **Retail sales** – Focus on conversion rates to drive sales, measure store sales performance consistently across the estate, reward sales staff on the number of

visitors successfully converted into sales.

- **Marketing** – Measure how many shoppers have been driven to stores by an advert or promotion. Understand the real effect and measure the success of marketing initiatives.
- **Human resources** – Optimise staffing levels and maximise staff productivity
- **Store development** – Measure the impact of a refit or new store opening with shopper traffic
- **Loss prevention** – Measure losses against number of shoppers visits to truly understand which stores deliver the best or worst performance.

Measuring store performance

The traditional way of measuring retail stores' performance is by sales revenue and average transaction value (ATV). By adding accurate, consistent shopper count data, a retailer can receive tangible results that reveal how well a store is operating in terms of:

- **Traffic** (the number of shoppers that visited the store)
- **Conversion rate** (the % of shoppers that became customers)
- **Spend per head** (the value spent for every shopper that entered the store)
- **Staff ratio** (the number of shoppers to staff members in store)

By focusing on these new measures and including them as KPIs, retailers can make real improvements in areas of their business that they could not accurately measure in the traditional way. The simple addition of traffic data allows a retailer to measure and understand when shoppers visit and their behaviour instore. This can help with key decisions such as trading hours, staff hours and key task scheduling.

For example, store managers have traditionally set staffing levels to match the number of people working to the number of transactions through the cash registers. However, this assumes that the only place there will be interaction with the shopper is at the point of sale. This should not be the case, as members of staff should convert the shoppers into customers before that.

With this in mind, retailers who ensure key sales staff are available when the store is at its busiest, can maximise sales opportunities and improve customer service.

Improving customer service is also key to improving conversion rates. Poor customer engagement is reported to cause up to 75% of lost sales¹, with loyal customers more likely to buy and pay more for a better service. Every retailer has a wealth of significant opportunities available to improve conversion rates by delivering a better customer experience.

In larger stores, such as department stores or hypermarkets, visitor-counting technology can be used to track multiple locations either in one store or across a chain. For example, a large department store could monitor traffic to a specific floor or entrance.

For retailers measuring footfall over a number of locations, store-to-store comparisons provide retailers with the means to monitor where sales are being generated and what locations have the best conversion rates.

Sales revenue alone is not a true measure of the success of any store in particular, and this is also true for marketing campaigns. For example, an advertising campaign can be deemed successful if sales revenues are seen to increase. However, by adding the extra dimension of traffic and conversion rates, marketing departments can see how many additional shoppers were attracted to the stores. Whilst retail operations are able to see if they maximised the effectiveness of the campaign by ensuring conversion rates are maintained and sales further increased.

Here, the data provided can also be used to make decisions on the placement and timing of promotions and events, which can be crucial to driving sales. Promotions can be placed in key positions by the most popular entrances for example, to drive shoppers through the store, maximising the opportunity to increase shopping times and conversion rates.

¹ Visitor Counting: Little Book of Facts. Checkpoint. Now available on request.

Counting people not just sales

Ultimately, visitor counting technology helps retailers increase sales by identifying the customer conversion rate and how much each shopper spends per head. Evidence shows, that by focusing on increasing conversion rates by small amounts can result in large increase in sales revenue. For example, on average a 1% increase in conversion rate equates to a 5% increase in sales (depending on ATV²).

By implementing these new measures and focusing on every shopper that enters the store, not just the ones that become transaction through the till, a retailer can uncover the real business opportunities available to them. They create consistent measures that can be used across the company to accurately measure stores against KPIs, whilst at the same time focusing store staff on converting more shoppers to customers and therefore having a positive impact on sales.

² Visitor Counting: Little Book of Facts. Checkpoint. Now available on request.