



## Customer Traffic Intelligence - Measuring Opportunity The Society of Location Analysis

Oliver Boucke  
Research Director, ShopperTrak RCT  
13<sup>th</sup> July 2011

Open Question:  
Is Store A Performing Better than Store B?



	Daily Sales	Daily Transactions	Transaction Value
Store A	£22.9k	340	£68
Store B	£18.6k	321	£58

### Store A

- Higher sales
- Higher volume of transactions
- Higher transaction value

The till says yes ...  
but is it right?

## Agenda



- Introduction
  - ShopperTrak
  - Traffic Intelligence
- Traffic Intelligence and Store Profitability
- Case Studies
- Business Benefits and ROI
- Conclusion

## The Global Leader in Retail Traffic Intelligence



## ... and Mall Traffic Intelligence

- Installed in tens of thousands of locations in more than 70 countries
- We count over 8 billion shopper visits each year
- 10 years of data observations





## From Traffic Counting to ... Traffic Intelligence

Concept of conversion always been important in retail ... But recent technological developments allows continuous store traffic/conversion measurement

**90s**

- Infra-red beams (sometimes manual counts)
- Widgets 'that count'
- No data auditing/processing
- Limited and/or ad-hoc data interrogation
- IT focus

**00s**

- Stereo vision technology
- Continuous 24/7 data verification/management
- On-demand analytics/reporting
- Data hosting (sales, labour)
- Recognised KPI metric

## Key Questions for Retailers





*How many people came into your stores today and didn't buy anything?*



*How can you get non-spending store visitors to make a purchase?*

**Traffic = total shopper opportunity**  
 You probably know your online browser-to-buyer conversion, hits per page etc ... but do you know the same stats for your 'bricks and mortar' stores?

## Lost Retail Opportunity



**71% of non-buying reasons are easily within influence of the store**



Reasons for not purchasing:	
Just browsing	34%
Couldn't find item(s)	19
Couldn't decide on item	8
Couldn't find size	4
Sales assistance	4
Line at register	2

Copyright © 2007 Deloitte Development LLC. All rights reserved.





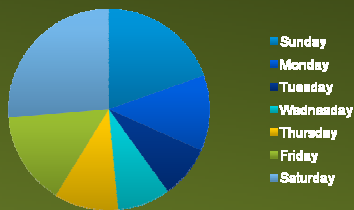
# Traffic Intelligence and Store Profitability



## Traffic Patterns



Average Traffic by Day of Week



Highest traffic days:

1. Saturday
2. Sunday
3. Friday

61% of weekly traffic

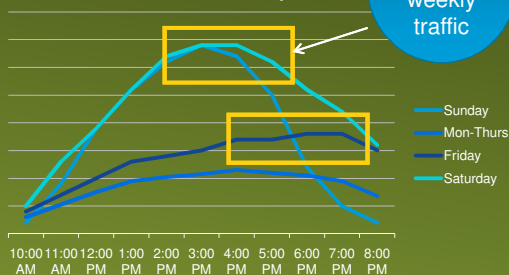
Highest hourly traffic:

1. Sunday
2. Saturday
3. Friday

8 hrs = 25% of weekly traffic

**Key Selling Hours**  
 • Sat & Sun 2-6 pm  
 • Fri 4-8pm

Traffic Patterns by Hour

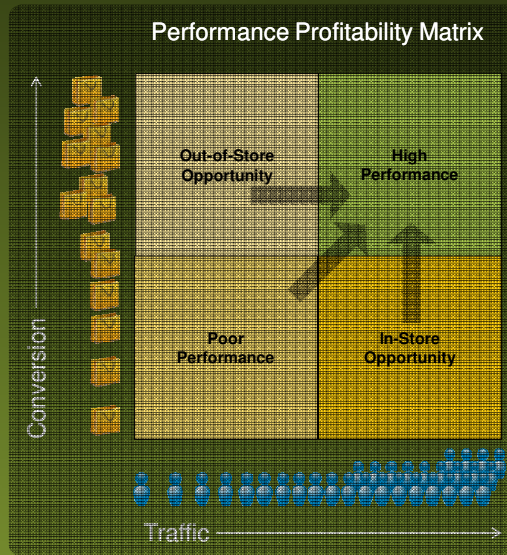


## Beyond Traffic Counts and Patterns - Key Performance Indicators

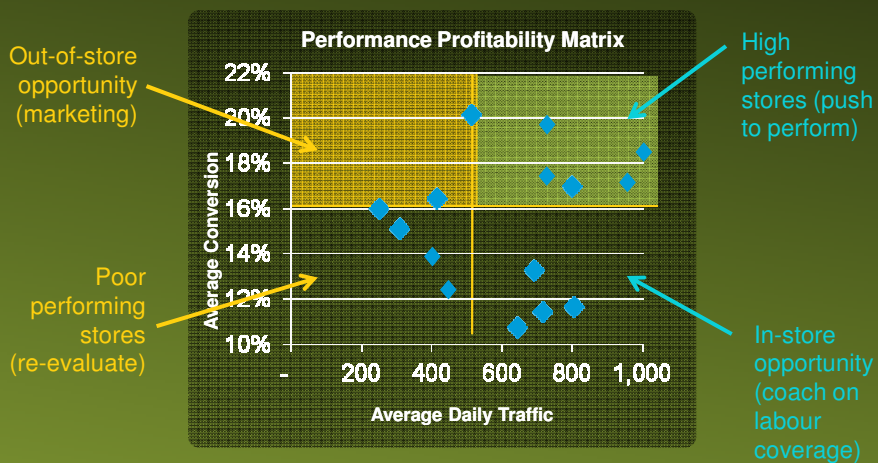


Add in labour and sales data:

- Conversion Rate  
Transactions ÷ traffic
- STAR  
Shopper to associate ratio  
Traffic ÷ labour hours
- Sales per Shopper  
Sales ÷ traffic
- Performance Matrix  
Identifies opportunities for improvement



## Performance Profitability in Practice





## Case Studies



Returning to Our Open Question:  
Is Store A Performing Better than Store B?



	Daily Sales	# of Transactions	Transaction Value
Store A	£22.9k	340	£68
Store B	£18.6k	321	£58

### Store A

- Higher sales
- Higher volume of transactions
- Higher transaction value

The till says yes ... but is it right?  
Layering in traffic tells a different story ...

## Case Study: High Performing Store Opportunity



	Daily Sales	Daily Transactions	Transaction Value	Labour Hours
Store A	£22.9k	340	£68	59.4
Store B	£18.6k	321	£58	62.2

	Daily Traffic	Conversion Rate	£/Shopper	STAR
Store A	841	40.4%	£27.3	14
Store B	610	52.6%	£30.5	10

### Store A

- More traffic
- Labour to traffic mismatch (i.e. higher shopper to associate ratio STAR)
- Lower conversion rate

If Store A converted at the same rate as Store B by scheduling labour to traffic

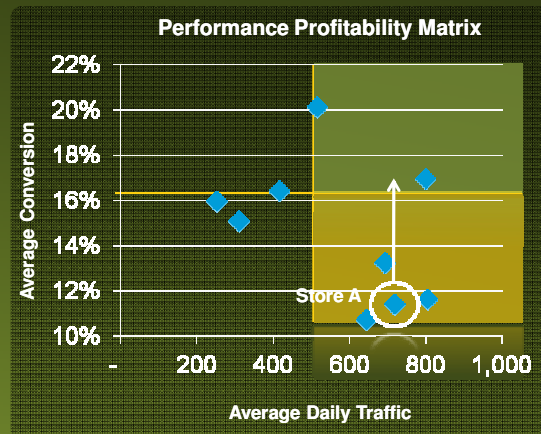
30% Increase in Revenue

## Case Study: In-Store Opportunity



### Store A

- High traffic/low conversion store
- Rank (out of 9 stores)  
Traffic 3<sup>rd</sup>  
Conversion 8<sup>th</sup>
- Lowest £/shopper



Goal: improve conversion while maintaining average £ sale

## Case Study: Strategies to Improve Conversion

**Focus on Saturday and Sunday**

**Identify and target high traffic, low conversion stores**

**Apply best practices chain-wide**

### What's the ROI?

**Women's Clothing Chain**  
Targeted 3 month payback  
(0.5% ↑ conversion rate with same traffic and avg £ sale)

Achieved payback in <1 month

**Lifestyle Retailer**  
Increased Saturday conversion rate by +7pts in 18 months

Focused on matching labour to traffic

## Case Study: Branch Network Ranking

Store	Grade
1	A
2	B
3	B
4	B
5	B
6	B
7	C
8	C
9	C
10	C
11	C
12	C
13	C
14	C
15	C

15 store portfolio  
3 store grades

## Branch Network Ranking: Traffic by Store Grade



Store	Grade	Weekly Traffic	
		000s	Rank
1	A	15.8k	1
2	B	12.5k	5
3	B	12.4k	6
4	B	10.2k	8
5	B	10.0k	11
6	B	9.8k	13
7	C	13.3k	2
8	C	13.0k	3
9	C	12.9k	4
10	C	10.6k	7
11	C	10.2k	9
12	C	10.1k	10
13	C	9.8k	12
14	C	8.6k	14
15	C	7.7k	15

Traffic opportunity v store grade mismatch

## Branch Network Ranking: Traffic v Conversion by Store Grade



Store	Grade	Weekly Traffic		Weekly Conversion	
		000s	Rank	%	Rank
1	A	15.8k	1	20.1%	4
2	B	12.5k	5	19.9%	5
3	B	12.4k	6	20.6%	3
4	B	10.2k	8	19.5%	6
5	B	10.0k	11	22.7%	2
6	B	9.8k	13	22.9%	1
7	C	13.3k	2	18.5%	13
8	C	13.0k	3	18.7%	10
9	C	12.9k	4	10.6%	15
10	C	10.6k	7	18.9%	7
11	C	10.2k	9	18.5%	12
12	C	10.1k	10	18.8%	9
13	C	9.8k	12	18.4%	14
14	C	8.6k	14	18.7%	11
15	C	7.7k	15	18.9%	7

Highest conversion in 'A/B' stores

Lowest in 'C' stores



Opportunity for conversion improvement solely in 'C' stores?

### Store X Power Traffic Hours (% of weekly traffic)



	Sun	Mon	Tue	Wed	Thu	Fri	Sat
9-10am	-	-	-	0.1	-	-	-
10-11am	-	0.3	0.7	0.5	0.3	0.7	0.7
11-12am	-	1.1	1.1	1.4	0.8	1.4	1.4
12-1pm	0.9	1.4	1.3	1.7	1.1	1.5	1.6
1-2pm	1.5	1.5	1.4	2.0	1.3	2.1	1.7
2-3pm	1.8	1.7	1.7	1.9	1.7	1.8	1.8
3-4pm	1.6	1.6	1.3	2.0	1.6	2.2	2.6
4-5pm	1.5	1.1	1.7	1.5	1.4	1.8	2.0
5-6pm	1.0	1.1	1.1	1.2	1.0	1.6	1.9
6-7pm	-	1.0	0.8	1.2	1.2	1.2	1.1
7-8pm	-	1.2	1.2	1.2	1.1	1.5	0.8
8-9pm	-	0.7	1.0	1.1	1.1	1.3	0.3

Power hours:  
busiest 25% of traffic hours over average trading week

Busiest hour  
• Sat 3-4pm  
• 2.6% of weekly traffic

Next busiest  
• Fri 3-4pm  
• 2.2%

### Store X Power Traffic Hours (% of weekly traffic)



	Sun	Mon	Tue	Wed	Thu	Fri	Sat
9-10am							
10-11am							
11-12am							
12-1pm				1.7			1.6
1-2pm				2.0		2.1	1.7
2-3pm	1.8	1.7	1.7	1.9	1.7	1.8	1.8
3-4pm	1.6	1.6		2.0	1.6	2.2	2.6
4-5pm			1.7			1.8	2.0
5-6pm						1.6	1.9
6-7pm							
7-8pm							
8-9pm							

Store X:  
'B' Store

Out-of-town regional centre

Power hours concentrated on Fri and Sat

### Store Y Power Traffic Hours (% of weekly traffic)



	Sun	Mon	Tue	Wed	Thu	Fri	Sat
9-10am							
10-11am							
11-12am							
12-1pm				1.9			1.7
1-2pm		1.7	1.7	1.9		1.8	2.0
2-3pm			1.8	2.2	2.1	2.1	2.7
3-4pm			2.0	2.4	1.9	2.2	2.4
4-5pm					1.7	2.0	2.5
5-6pm				1.8			1.9
6-7pm							
7-8pm							
8-9pm							

Store Y:  
Also 'B' Store ..  
and located in  
out-of-town  
regional centre

Power hours  
concentrated on  
Wed and Sat



Power hour  
concentration  
different for 'peer  
group' stores

### Store Y 'Hi' STAR within Power Hours



	Sun	Mon	Tue	Wed	Thu	Fri	Sat
9-10am							
10-11am							
11-12am							
12-1pm				63			58
1-2pm		56	42	47		46	66
2-3pm			46	55	71	70	67
3-4pm			50	60	64	72	59
4-5pm					55	66	62
5-6pm				46			31
6-7pm							
7-8pm							
8-9pm							

58 shoppers per labour hour  
Sat 12-1pm

A **higher** STAR  
means **less** labour  
available to convert  
visitors to buyers

'Hi' STAR within  
power hours  
represents best  
opportunity to  
reschedule  
labour/increase  
conversion

■ 'Hi' STAR  
■ 'Lo' STAR



## Business Benefits and ROI



### Key Benefits of a ShopperTrak Solution

#### Gain Insight

- Understand total opportunity from accurate, timely traffic metrics
- Manage performance to shopper opportunity

#### Increase Sales

- Convert shoppers into buyers
- Measure marketing campaign effectiveness
- Evaluate real estate and leasing decisions

#### Improve Efficiency

- Schedule labour to traffic
- Schedule non-selling tasks to lower traffic periods

## ShopperTrak and Retail Industry Challenges

	<i>Industry Challenge</i>	<i>ShopperTrak Value</i>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Lack of visibility into key data</li> </ul>	<ul style="list-style-type: none"> <li>• Understand key traffic metrics</li> <li>• Enhance business intelligence</li> </ul>
<b>Workforce Management</b>	<ul style="list-style-type: none"> <li>• Difficulty managing staff levels</li> </ul>	<ul style="list-style-type: none"> <li>• Optimise staff to shopper volume</li> <li>• Improve evaluation data</li> </ul>
<b>Marketing</b>	<ul style="list-style-type: none"> <li>• Justify spending priorities</li> <li>• Lack of quantifiable results</li> </ul>	<ul style="list-style-type: none"> <li>• Measure marketing effectiveness</li> <li>• Calculate return on marketing</li> </ul>
<b>Sales &amp; Forecast Planning</b>	<ul style="list-style-type: none"> <li>• Difficulty analysing customer trends</li> </ul>	<ul style="list-style-type: none"> <li>• Forecast to traffic levels</li> <li>• Benchmark comparable stores</li> </ul>

## The Value of Traffic Intelligence

*"We implemented the ShopperTrak solution and **saved over \$8 million in store labor in the first ten months**"*

- John Hamilton, Radio Shack

*"The pilot proved customer **conversion could be improved by at least 1-2%** through improved scheduling and conversion"*

Yves Lemelin  
VP Store Operations  
The Source

*"Customer conversion, scheduling to traffic, payroll, and advertising program improvements were all made possible with the integration of ShopperTrak into our company's culture - from the store personnel to the DSMs, from our Marketing Team to the CEO"*



## Conclusion



### Traffic, Labour and Sales Data Conclusions



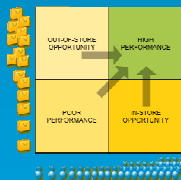
#### Conversion Improvement

A small (1pt) improvement in conversion can increase sales



#### Internal Benchmarking

Identify stores with the greatest opportunity for improvement



#### External Benchmarking

Market data provides insight into:

- Traffic share
- Marketing efforts
- Real estate decisions





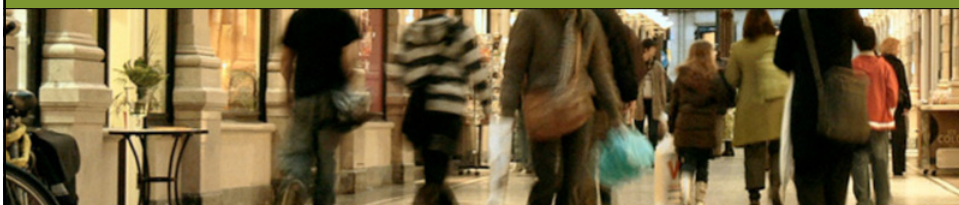
Customer Traffic Intelligence - Measuring Opportunity

Thank you


Oliver Boucke  
Research Director, ShopperTrak RCT  
[oboucke@shoppertrak.com](mailto:oboucke@shoppertrak.com) +44 (0)1491 615 330 [www.shoppertrak.com](http://www.shoppertrak.com)




Appendix




## ShopperTrak Research & Development






**Design & manufacture our own devices**

- Deploying 4<sup>th</sup> generation sensors




**Formal software development life cycle**

- Releases every month



**In-house developed analytics & intelligence tools**

- Trademarked KPIs



**Metrics-based continuous improvement processes**

- Data delivery, availability, project delivery, etc.

**← Significant annual investment in R&D →**