



## Store Traffic Tracking Adds a New Level of Consumer Insight for Retailers

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Workforce management, inventory management, computer-assisted ordering, or other store systems may get more attention, but traffic-tracking technology is an essential part of any store operations strategy.

**The Bottom Line:** Traffic-tracking technology is vital to tracking and measuring the in-store shopping experience accurately.

**What It Means:** Just as online retailers employ click-stream analysis to gain insight into online shopping behavior, traffic tracking monitors consumers entering and exiting a store. Newer technologies allow retailers to track traffic patterns throughout the entire store.

Combining the data with Point-of-Sale (POS) transaction logs gives retailers the following benefits:

- **Enhanced store design**--By understanding how customers browse the aisles, retailers can make better store layout and product placement decisions. For example, retailers can make sure desirable, high-volume products are easy to find while directing traffic to high-margin products, ultimately creating loyal shoppers with increased market baskets. **The Takeaway:** One convenience store improved category sales to a sustainable 9% by redirecting customers to a low-traffic area, thereby exposing more merchandise to sales opportunities.
- **More accurate labor forecasts**--The labor forecasting equation needs tracking information. By combining sales volume with traffic data, managers can allocate the appropriate resources to the higher demand areas. **The Takeaway:** Retailers have saved up to 10% in payroll while maintaining customer service levels.
- **Improved promotional effectiveness**--Most retailers use sales volume to measure promotional effectiveness, but that's just part of the picture. Advertising, marketing, and promotional programs generally increase traffic, but retailers need to know how much of that incremental traffic converts into sales. By combining POS with traffic data, retailers gain visibility into conversion rates, not just sales lift. **The Takeaway:** Pulling customers to the store is no better than the old online tactic of driving eyeballs. Companies must improve revenue and margins by increasing conversion rates based on better product placement and store layout.
- **Better manufacturer collaboration**--Lost opportunities can be measured when you share traffic and POS data with suppliers. For example, if the system tracks 1,000 consumers browsing the aisle that contains products from a supplier, and POS data shows that 5% of those consumers purchased the supplier's product, suppliers can use that information to create strategies that increase the conversion rate. **The Takeaway:** Manufacturers can use this data to better measure marketing effectiveness and lift sales through improved packaging, thus improving the retailers' revenue.

**Recommendation:** Can you answer the following questions?

- What's your average store conversion rate?
- How many lost sales are due to poor service levels or out-of-stocks?
- Do you forecast your labor based on data besides historic sales?
- What's the effectiveness of your promotional investment?

Retailers need to invest in store traffic-tracking technology to answer these questions. To gain experience, retailers should test traffic-tracking technology in several demographic and geographic regions.

Consider one of the following approaches:

- **Light beam and passive infrared sensors**--These lower cost sensors detect when an individual or individuals cross their path. Companies usually deploy these types of systems along entrances or internal pathways to gauge the entrance and exit traffic flow. Retailers are using technology from vendors such as

**Bunyar-Malenfant, FootFall, Sensus Technology, SPLS, and StoreTech.**

- **Video technology with intelligent pattern recognition**--This consists of an installed network of cameras tied to a processor that detects, collects, and analyzes movement and traffic throughout the store. **Brickstream** leads with several different retail segments, using its technology to measure and increase service levels. Manufacturers also find the technology very useful because it puts them closer to the demand signal. **ShopperTrak** is providing specialty retailers and mall operators with traffic pattern recognition features similar to Brickstreams', moving beyond its initial focus on pure traffic counting.

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