

How Retailers use FootfallCam's Data

F100334-01

Some retailers are over relying solely on POS to identify the performance of a store. An example of scenario to better explain the previous statement, is when retailers held marketing campaigns, it seems to be a success when the store is crowded with visitors, all the staffs were attending to visitors and for some of the visitors that weren't attended, left the store without any purchase. Despite the crowd at the store, they found that the POS does not reflect the accurate situation of the store, or rather, the effectiveness of the campaign. The sales volume seems to be only increased slightly, which does not justify the efforts and cost of holding the campaigns.

Sales Conversion

Overview

Arguably the most important metric for retailers- sales conversion is measurable via FootfallCam' s solution. Defined as the number of visitors that turns into a customer, reflects the more accurate method to determine the performance level of a store in comparison with looking at the number of transactions per store.

Importance of Visibility

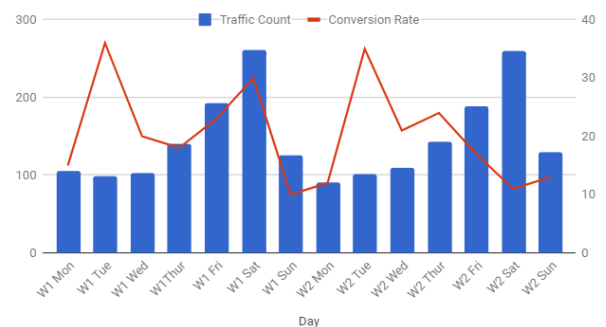
FootfallCam collects visitor count data which allows retailers to learn more on the traffic of their stores, not just visitors who makes purchases. That knowledge plays an important role in a retail store's growth. Retailers can monitor and improve advertisements and promotions in order to turn those shoppers into paying customers.

Analysis and Action Plan

With this information, it helps managers understand better on which of their stores needed improvement or training to have a better conversion rate. By looking at the POS, they could be misjudging the performance level of the store. To provide an example, Store A with 100 visitors and 50 number of transactions will have a 50% conversion rate, on the other hand, Store B with 1000 visitors have 100 transactions, which conversion of only 10%, by looking at the number of transactions alone, store B seems to be performing better than Store A but in actual fact, Store A has managed to convert more visitors into customers. Managers could take actionable plans on Store B to better improve their performance level such as increasing their staff to customer ratio. Every store manager should spend some time observing visitors in his/her store. Resist the temptation to help; just observe the behaviors. Watch customers as they move through your store, and it won't take long for you to identify some actions you can take to turn more visitors into buyers.

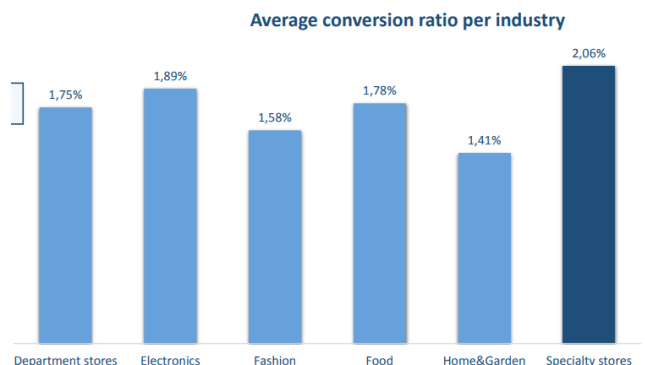
Comparing Footfall and Sales Conversion

Traffic Count and Conversion Rate



As seen in the graph, from week 1 to week 2, the traffic went up but the sales conversion drops significantly. During week 2 the average conversion rate was 20% lower than week 1 and 15% lower than week 3. It can be seen that during week 2 the traffic count has increased tremendously but the store failed to maintain its conversion rate, if the store could maintain a 45% conversion, the store would have generated 8000 sale which is 12.5% more than Week 1 and 11% more than week 3

Industrial Standard Sales Conversion



Source: <https://www.ecommerce-europe.eu/app/uploads/2016/06/Ecommerce-Benchmark-Retail-Report-2016.pdf>

Many retailers are keen in knowing how well are they doing based on industrial standards of conversion rate. The truth is, even the graph shown above, is not suitable to be compared with any store, because even across each industry, the conversion rate varies significantly. Even on fashion stores, the conversion can be from 5% up to 40% because there are simply too many factors involved, both external and internal factors. Some high-end fashion stores are normal to have low conversion,

because visitors only visit to see the trending clothes and then leave the store, while clothing stores that are meant to offer discounted and cheaper clothes tend to have high conversion rate. The average conversion rate is too vague to be generalised per industry above

External factors that can influence conversion rate

Conversion rate variations are greatly influenced by in-store factors such as staffing and merchandising. However, in some cases, variations can be a function of variables that the stores have no control over at all.

An example of uncontrollable conversion factors is the location of the store. It may can have a profound impact on the conversion rates, mall stores will almost always have higher traffic and lower conversion rates than stores outside of malls. In addition, stores located close to points of interests/landmarks/food courts often results in higher incidental traffic and lower conversion rates than stores located otherwise.

Another example of uncontrollable factor is the demographics of the trading area. Stores that are located in the neighbourhood of High family incomes usually have significantly different conversion profiles from the stores in lower income neighbourhood.

The number of competitors located close to your stores

		Traffic Count	
		High	Low
Sales Conversion	High	Store A	Store B
	Low	Store C	Store D

The table above shows the comparison of Sales Conversion and Traffic Count metrics of 4 different stores. It is every retailer's aim to fall under Store A's situation, where you have high traffic count, and high sales conversion rate. The best performance stores usually fall under this category, managers of the stores should consider in rewarding their staffs to practice positive reinforcement to maintain their performance level. But being the top performance store doesn't mean that they could not improve, every store should seek for continuous improvement. As shown in the bar chart above, it shows the average conversion ratio based on the industry of the retail chains, store should seek ways to improve to meet or succeed the industrial standard conversion rate to optimise he resources of your staff.

Similar with Store A, Store B also is performing well, considering that even though their traffic is low, but they are able to handle the customers well and convert them into buyer. In order to maximise the opportunity, stores should hold marketing campaign to attract more traffic coming into the store.

The visitors coming into store C are high yet the conversion is low, this could be of 2 reasons. Either the staff are performing poorly and not attending the visitors properly or any marketing campaign held were not effective enough to convert visitors into customers. Retail managers should consider in looking in these 2 factors and take actionable plans based on it.

Retailers do not want their store to fall under Store D's category, they have low traffic count and their conversion is low as well. Although staff could be a factor for the low conversion, but a relocation should definitely be put into consideration. Chances are the population at that area is not suitable for the product offerings in your store.

Marketing Effectiveness

Overview

Seated in their headquarters, CEOS and Finance Managers have no information and visibility on how successful their marketing campaign is. Relying on POS, they could not tell the true difference between before, during and after the campaign. With FootfallCam, they are able to have the visibility on each marketing campaign that they carry out and measure its success. When the campaign started, they can observe the increase or decrease in visitors in their stores by comparing it with the average visitors before the campaign started.

Awareness on the Need of Marketing Effectiveness

By looking at the average visitors count during the campaign and before the campaign, retailers can determine the data has matched to their marketing projection of the increase in traffic. Currently, many of the retailers are short-sighted, they are looking only at the amount of sales they make, which this does not take into the considerations of the visitors who actually enters the store because of the marketing campaign but did not make any purchase because probably because they did not find what they were looking for. Although they may have not make any purchases due to other various reasons, it will be an important data that can be plotted.

Benefits of Assessing Marketing Effectiveness

By assessing the amount of traffic and sales during a promotional period in the context of media money spent on advertising, they can also determine whether or not it was worth the investment. When paired with transaction history or budget, people counting data can provide powerful insight into business ventures. It allows retailers to avoid poor return-on-investments all together.

Staff Planning

Overview

People counting systems can also help retailers to optimize and appropriately allocate their labour. By knowing how many shoppers typically enter your store at a specific day or time, retailers will know how many employees to schedule. Having an adequate shopper-to-associate ratio is very important during peak shopping times. It ensures that each shopper is able to get the service and support that they need, thus increasing selling opportunities and improving in-store experience. It also gives your employees an opportunity to offer them in-store expertise.

Scenario

An example of this kind of opportunity is the fitting room. Keeping your fitting room staffed with skilled and experienced employees allow them to offer advice and answer questions about the fit, size or material of a clothing item, as well as give recommendations for similar items or accessories to complete their look. For that reason, fitting rooms are a great platform for upselling and cross-selling something that can't be done online. Speaking of skilled employees, a people counter will also allow you to evaluate employee performance by analysing conversion and traffic rates and how they are related. These metrics can provide insight into which employees are skilled enough to be scheduled during peak times and how many employees are needed for an adequate shopper-to-associate ratio.

high, then the sales conversion will be low. The statement translates as when there are many visitors in the store, there are not enough staff to serve each visitor, then the likeliness for them to make a purchase falls. Probably designing the staff schedule to cater for peak hours is best to maximise the opportunity to boost the sales.

Success Story

In the past, retailers have tried to improve store's profitability by reducing their payroll. Nevertheless, luxury retailer Coach discovered that increasing payroll hours during their peak traffic times increased their store productivity. This supports the idea that increased customer service brings increased success. By increasing payroll, Coach was able to provide more customer service and focus on shopper follow-through, which is crucial to converting them into customers.

Generating Actionable Plan

You should always align your staff to traffic and not transactions. Staff planning is complicated at the best of times but aligning your staff resources to when prospects are in your store will help you maximize your chances of converting more of them into buyers. Pay particular attention to lunch time, when store traffic can be way up, but staff lunch breaks can seriously drag down conversion rates. Associates need to eat, but customers need to be served. Matching staff schedules to traffic volume and timing in your store will help improve your chances of converting more.

Sample of Staff Planning Report



The report above provides business decision makers with suggestions to improve on their staff planning. Based on the graphs shown, it displays the comparison of staff to visitor ratio and sales conversion and it shows that there is a relationship between them. When the ratio of staff to visitor is