

## People Counting – what does it *actually* do for me ?



Retailers have many reports to monitor the performance of the business - sales, merchandising, stock control, staffing. But how many monitor the most important element of all - the shopper. And how do they make the most effective use of this information when they do?

Every manager instinctively uses shopper counts – but what's the benefit to the business?

Often described as providing 'the extra dimension', shopper counting systems provide context to all the other performance metrics of the business and have been used by many retailers for over a decade. The key to driving the maximum value from these systems is in understanding what the data is saying and the questions it is asking – and then using this information to make changes to improve the business.

Let's start with the big picture:-

### *COUNT & TREND ANALYSIS*

In the simplest form shoppers (those prospective customers) are counted as they enter, leave and move around the shopping area. Combined with direction (are they moving into or out of an area) plus the date & time information, a new picture of the store is immediately revealed to store and head office management alike.

Imagine how powerful it is to be able to identify;

- ✓ which entrances are the most popular and at what time of day
- ✓ what effect promotions, advertising, competition, weather, school holidays, road-works, etc., have on visitor numbers
- ✓ how the shopper count patterns change throughout the year



Rapidly, the business starts to use this information to support initiatives;



- ? would one large doorway draw in more shoppers than two
- ? is the merchandise located in the busiest location as planned
- ? test and measure the effect of re-locating merchandise and/or concessions
- ? does a refit improve shopper visits, and by what %
- ? which type of advertising is more successful in winning shoppers; TV or newspapers and are regional or national papers more effective

A key benefit of having an effective counting device (the sensor) coupled with collection and management software is that information is collected all day, every day and to a consistently high level of accuracy. With the best systems the count information is there ready to be used as it happens.

This becomes more and more essential as more and more data is gathered building up a profile of each store throughout each hour, day, week, month and year. Stores are able to compare different trading periods and Head Office is able to analyse different stores (location, size, type, region) using the common baseline of shoppers.



- ? do stores in the same geographical location have similar count patterns
- ? what difference does the holiday season have across the estate
- ? how does the Christmas shop change the number of customers in-store
- ? using regional splits how does one region compare to another
- ? does competition have the same effect in every location, for better or worse

A tool this powerful, used effectively within the business, not only operates seamlessly with but compliments existing MIS systems within the business (sales, staffing, promotions).

## SALES

Collecting, processing and transmitting sales information is fundamental to any business and none more so than the retailer. Fast, efficient customer service is often measured by the customer at the till and it is at this point that the shopper actually becomes a customer.



From the perspective of customer counting and the business user this represents a Key Performance Indicator – the conversion from browser to buyer.

The Shopper Count, whether across total store, department or floor, can be combined with sales data to produce the Conversion Rate (the % of visitors to the store that made a purchase).

This is a potent method of measuring the effectiveness of any given store promotion or initiative - not only in terms of sales success but also the more fundamental and irreplaceable 'lost opportunity' (the % of visitors to the store that left without making a purchase).

## STAFF

We all understand that staffing represents one of the largest costs to the business. Since shopper counting systems are designed to show when customers are entering and leaving the store, a natural application of these systems is to support staff scheduling systems in ensuring that customer facing staff are on the shop floor when the customers are there to be serviced.



Additional metrics such as the Staff Ratio (a percentage figure showing just how many shoppers each member of staff needs to service) provides valuable insight into mapping staff to shoppers.

Traditional methods of scheduling breaks and off-floor activities can be tested against the numbers of shoppers actually in the store, floor or department. In many cases, matching staff hours to count results in little or no change to budgeted staff hours - merely a change to the staff schedule.

Adding the measure of Conversion Rate to staff meetings has consistently produced successful results both in terms of each individual team's performance and the store performance within the group.



## CONTEXT

Perhaps less obvious is the ability to capture and combine information affecting the business both at store and corporate level, ranging from promotions and advertising to the more obscure – such as manager's holidays and the weather.



Combining the traditional metric of Conversion Rate with a Journal of these type of events delivers comprehensive reporting of the effect such influences have on the performance of the store, thereby enabling Store and Head Office management to better exploit the opportunities and manage the risks they represent.

## **BRINGING IT ALL TOGETHER**

Combining existing performance metrics with shopper counts produces an effective opportunity analyser for the business. Sales still shows any improvement in store trading - however, whilst this reflects the positive response driven by the promotion, combining sales and Conversion Rate clearly shows the effect of the promotion in pulling in shoppers as well as the numbers who actually purchase.

The extra dimension provided by the customer counting system can not only provide a powerful tool for measuring the success of initiatives, it also asks questions which can allow businesses to understand why the initiative performed in that way.

In summary, customer counting should be used within a business as both an Opportunity Analyser and an additional Performance Measure.

There is no doubt that adopters of customer counting systems have seen real benefits and are reaping significant improvements to that all important 'bottom line'.

Now an integral part of measuring store performance, this additional KPI of conversion rate is regularly used to:-

- ✓ compare stores; to themselves and each other
- ✓ establish the effect of competition
- ✓ bonus and motivate staff
- ✓ monitor the results of promotions and advertising



## **WHAT NEXT?**

Intelligent Counting has specialised in the implementation and management of counting technology within service based businesses (including retail, financial services & leisure) for over 15 years. Our specialists have over 150 years' experience between them in working with clients to get the most from their counting systems.

The *iC*-System is installed in both large and small retail and leisure environments and clients ranging from international multiples to single outlets and from museums to malls, supporting clients in over 35 countries around the world. Striving not to be the biggest, but the best, Intelligent Counting brings the same attention to detail and being right first time, whether the system installation is in Manchester or Moscow.

Providing customer counting data is only a part of the picture, with sophisticated segmentation of visitor or shopper numbers providing real-time, tangible intelligence to retailers and leisure operators alike. With a strong presence in museums, libraries and galleries, such as the V&A and the Natural History Museum, our team is proud to deliver so much more than just counting who passes through the doors.

If you'd like to know more about how to drive the maximum value from shopper counts, see contact details below.