

Go Beyond The Door

An in-depth look at why measuring more than just
a simple door count is essential for retailers.

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Beyond the door:

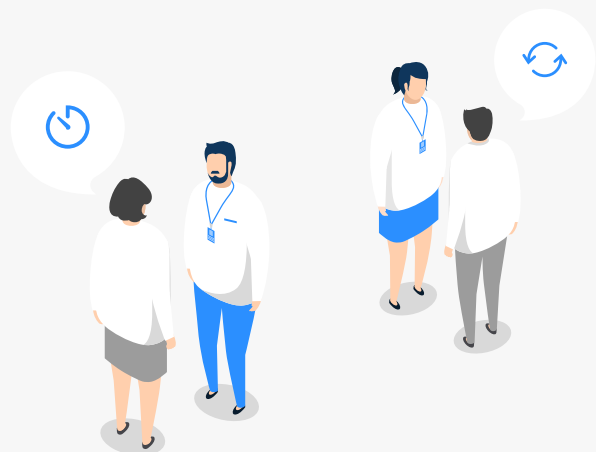
A deeper understanding of retail performance

Retail Door counting technology is nothing new. For years, retailers have used simple customer counts to measure store performance - particularly how busy or quiet a store is during certain times of the day or week, as well as to track sales conversion rates.

But door counters have come a long way in the last few years. With today's technology, it's becoming possible to measure more complex customer behaviour, and gain more insightful metrics than ever before - not just around how many customers enter or exit your store, but how they interact inside it, how long they remain in-store, and how often they return.

As a result, door and people counters are becoming an invaluable tool for retailers looking to create a competitive advantage.

Before we dive into the importance of selecting the right door counting technology for your needs and how best to use the data, it's important to cover the various options available. Here is a brief overview of the traditional door and people counting technologies, before we move onto Wifi-based people counters.



02 TRADITIONAL DOOR COUNTERS

Laser Beams

In the past, retailers used laser beams across entrances to provide a simple count each time a customer entered or exited their store. While this technology has been widely used for years, it's often unreliable. For example, it can't distinguish between a customer entering or exiting the store, multiple people moving through the beam at once, or items such as prams or trolleys. A customer pushing a pram or can be easily mistaken for several people, which leads to inaccurate door counts.

Thermal Imaging Sensors

The next evolution of door counters were thermal imaging sensors (TIS), which measure the heat signatures of customers entering and exiting the store. TIS were a significant advancement in technology that vastly increased door counting accuracy. However they are not without their challenges: they are expensive, the bulbs have limited shelf life, and unless the retailer uses them throughout the store to generate heat maps, they only provide a simple count.

Camera-based door counters

Next came camera-based door counters. These promoted a huge shift in the industry due to their increased accuracy and intelligence. Camera-based door counters provide insight into the direction a person travels through the door, and they are able to distinguish between adults and children with 3D imaging. They can also provide a very high level of accuracy (above 95%) and are cost effective to install and manage if all you want is to measure the door or entrance of a store. Extending measurement to other areas of a store, however, quickly becomes expensive because camera-based counters have a limited range and typically only cover an area of 3m by 3m.

Tip: The information provided by a camera-based door counter is not enough to understand why a retail store is, or isn't, performing.

Tip: Camera-based door counters will count staff entering and exiting a store, and depending on the installation location, may also count staff walking around the store. This can dramatically misrepresent customer counts. Only with an additional piece of technology, such as wifi door counters, are retailers able differentiate staff and customer traffic.

03 HOW TO USE TRADITIONAL DOOR COUNTER DATA

Traditional door counters (laser beams, thermal imaging sensors or cameras) provide the following insights:

Conversion Rates

Your store's conversion rate is the percentage of customers who entered and completed a purchase. This is a simple yet valuable metric for store performance, and gives an indication of how effective your sales staff are.

Demand-Driven Rostering

Door counters give the retailer a clear picture of how busy their store is throughout their trading week. This enables the store manager to staff the store optimally at key times, with the goal of increasing conversion rates.

Tip: Using simple customer counts for rostering can be misleading, because it's also important to know customer dwell times, bounce rates and how these metrics impact conversion rates and basket size. Additionally, knowing how busy it is outside your store is critical.

Heat Maps

If your thermal imaging sensors or camera installation covers the entire store, they can provide heat maps of customer movement throughout your premises. This will help you understand how customers move through your store and which parts are busiest at different times of the day.

Tip: It is hard to maximise the benefit of heat map information if store layouts vary across many stores. Heat maps are also difficult to view over time and require extensive manual examination - imagine the challenge of trying to make sense of heat maps at different times of the day from 200 stores when each has a different layout.

Marketing

Getting quantifiable Return on Investment from your marketing efforts can be difficult. Door counters make this easy by providing an indication of whether or not the current marketing campaign is increasing store traffic and sales.

Tip: It is essential to know more than just a customer count to evaluate marketing performance accurately. Is the increase in store traffic due to weather, or an increase in shopping centre traffic? Are the customers visiting your store high-value customers who spend more time in-store and purchase more?

Wifi-based door counters

Wifi-based door counters came onto the scene in 2014, and they've been disrupting traditional door counting technologies ever since.

Wifi counters are often referred to as 'Door Counters 3.0' or 'retail analytics' because they provide a much deeper level of insight into your customers' behaviour than traditional door counters. They go far beyond a simple door count - they tell you why your stores are converting sales, or why they are not. Is it the sales team, the marketing campaign, staff rostering, or maybe the store layout that is letting you down?

Wifi technology answers these questions and more with the following additional customer data:

- **Walkby traffic:** How many people pass by the front of your store
- **Unique visitors:** How many individual customers visit your store
- **Average visit duration:** The average length of time a customer spends in your store
- **Bounce rate:** The percentage of customers who leave your store too quickly to purchase
- **Repeat visitation:** The percentage of customers who visit your store more than once
- **Visit recency:** The length of time between visits from your customers
- **Staff:** Wifi counters can distinguish between staff and customers to exclude staff from the counts
- **Cross shopping:** How many of your customers are visiting multiple stores

Wifi people counters are cost-effective and cover a large area (one Wifi sensor can cover an entire store area of 10,000 square feet). They are not quite as accurate as cameras, with a typical count representing 70–90% of your actual customers. This is rarely an issue for retailers, but if a higher level of accuracy is important for your store, combining camera counters and Wifi should be enough to make up for the shortfall.

Wifi data tells you why your store is or isn't being effective.



Let’s take a look at how a retail business in Australia used a traditional camera door counter to make decisions about their store’s performance.

Note: The following shows a comparison of the top three stores within this retailer’s network and their Highpoint store:

	Metrics	Average Top 3 Stores	Highpoint Store
Camera Door Count	In-store Visits	29,700	11,337
Sales	Revenue	\$678,869	\$227,533
	Transactions	12,789	5,191
	Conversion Rate	43%	46%
	Shopper Yield	\$22.86	\$20.07
	ATV	\$53	\$44
	AUR	\$19.29	\$16.49
	IPT	2.75	2.66
	Items	35,197	13,801

What is this data telling us?

Based on the above information, the following decisions were made about the performance of the Highpoint store:

- **Store location:** The store is not attracting enough visitors and it is difficult to understand why. The feedback from the store manager is that there simply aren't enough people visiting the Highpoint shopping centre, which negatively impacts the number of visitors to the store.
- **Conversion rate:** This store and the team within are performing well. In fact, they are above the top performers with a conversion rate of 46%.
- **AUR & ATV:** These metrics are lower at the Highpoint store by 15% and 17% respectively. This is an issue, but there is no way of identifying the cause.

All of the other metrics are within an acceptable range of the top three performing stores. As such, this store seems to fall within the benchmark range of good performance within this business. The CFO and Head of Retail Operations are confused: the Highpoint shopping centre always represented good value in terms of the property costs, but they expect higher revenue from this store. Discussions with the Highpoint store manager support the above findings. The store manager states that the staff and store are performing well, and that any performance issues are unrelated to the store itself, but may be due to a bad location. The CFO and Head of Retail Operations think there may be an issue with the store itself, but don't have any data to support this.

Conclusion:

With this in mind, the CFO and Head of Retail Operations are now undertaking a review of the Highpoint shopping centre store and lease in relation to their retail network, with a view of potentially moving or closing this store.

The Retailer decides to add Blix Wifi retail analytics into the equation and the data tells a different story.

Had the business decided to relocate the store, it would have resulted in significant cost to the business without solving the problem.

Now let's look at the exact same retailer and stores, but using Wifi retail analytics instead of camera-based door counters.

Note: As you can see from the table, the highlighted metrics go beyond what a camera door counter can provide, and therefore give us additional insight into the performance of the Highpoint store.

	Metrics	Average Top 3 Scores	Highpoint Store
Wifi Retail Analytics	Walkby Traffic	213,976	246,597
	In-store Visits	29,700	11,337
	Walkby Conversion Rate	14%	5%
	Average Visit Duration	10.55	7.34
	Bounce Rate	51%	65%
Sales	Revenue	\$678,869	\$227,533
	Transactions	12,789	5,191
	Conversion Rate	43%	46%
	Shopper Yield	\$22.86	\$20.07
	ATV	\$53	\$44
	AUR	\$19.29	\$16.49
	IPT	2.75	2.66
	Items	35,197	13,801

What is this data telling us?



Based on the additional Wifi retail analytics data highlighted, we can now draw some very different conclusions from the Highpoint data:

- **Location:** The Highpoint store is in a very busy location. In fact, it's 15% busier than the top three performing stores on average.
- **Walkby Conversion:** The Highpoint store is only managing to get 5% of the passing traffic to enter. This is 64% lower than the top three stores, and means a visual merchandising or store appearance issue is discouraging customers from entering the store.
- **Average Visit Duration:** The Highpoint store's average visit duration is 30% lower than the top three performing stores. This means the Highpoint staff are not doing enough to engage with customers or spending the time required to sell. This also explains the lower average sale price and basket size at the Highpoint store.
- **Bounce Rate:** The Highpoint store's bounce rate is 27% higher than the top three performing stores. This suggests that the Highpoint store is either understaffed or unattractive to customers.
- **AUR & ATV:** As both of these metrics are lower at Highpoint than the top three performers, it now becomes clear that inefficient staff within the Highpoint store are causing its poor performance.

Conclusion:

There is little confusion regarding the Highpoint store now. The CFO is no longer reviewing the Highpoint property, as it clearly represents a busy and high value location. The Head of Retail Operations is focused on working closely with the Store Manager to rectify the issues causing the poor performance, they decide to:

- Improve the window displays and visual merchandising
- Improve the overall aesthetics and product displays within the store
- Align staff rosters to customer demand to ensure the store is optimally staffed
- Provide staff training to improve customer service and sales outcomes.

What's next for Highpoint?

The next step for this retailer was to look deeper into staffing. Using Wifi retail analytics, they were able to identify the exact periods during the week when the store was understaffed or experiencing staff training issues, as indicated by metrics such as average visit duration and bounce rate.

07 GOING BEYOND THE DOOR

As you can see from our Highpoint case study, simply counting door traffic can be misleading.

Knowing the volume of people entering your retail stores is hugely important, but knowing what those people do once inside your store is even more so. Only then do you begin to understand why and where your business is being effective or ineffective. Having invested millions into store fitout, lease costs and staffing, you want to be confident that your decisions are based on accurate, unbiased information. Wifi foot-traffic technology goes far beyond the door, giving you the full picture both inside and outside your stores.



Cutting through the jargon



- **Walkby Traffic** is the number of people who pass by the front of your store.
- **In-store Traffic** is the number of visitors entering a store.
- **Average Visit Duration** is the average time customers spend in a store.
- **Bounce Rate** is the percentage of visitors who leave a store too quickly to transact.
- **ATV or Average Transaction Value** is Net Sales divided by the number of transactions. This provides insight into the spending behaviours of customers.
- **Walkby Conversion Rate** is In-store Visits divided by Walkby Traffic count. This metric measures the effectiveness of visual merchandising and its ability to draw customers in-store.
- **Conversion Rate** is Transactions divided by In-store Visits. Understanding when your conversion rate is below average can be a telling sign of when your store is understaffed.
- **Shopper Yield** is Net Sales divided by In-store Visits. This metric tells users the amount of money each customer spends and can be a leading indicator of where staff training is required.
- **IPT or Items Per Transaction** is Items divided by Transactions. This is a valuable metric to know when your staff are not up-selling to their potential (indicated by a below average IPT).
- **AUR or Average Unit Retail** is Net Sales (after markdowns) divided by number of units sold. It's a good metric to compare categories (i.e. average sale of a top versus an outerwear piece, or a fishing rod with a piece of tackle). This tells you what your customer is willing to pay for an item.

Leading the way in retail analytics

Blix was founded in 2013 and has since become a global leader in retail analytics. We drive real bottom-line results for our clients. Blix works with global brands in the retail, automotive, transportation, property, tourism and hospitality industries from our head office in Melbourne, Australia.

We founded Blix on an understanding that the last thing the world needs is another dashboard. Rather, companies need accurate insights that enable agile decision making and have a measurable impact on profit. We have a clear goal: to be the world's best ROI-driven retail analytics company.

Blix Traffic provides a new benchmark for retail analytics by measuring not just foot traffic, but real customer experience across your retail stores.

We combine our data with yours to ensure all our insights provide a tangible benefit for every level of your organisation—from salesperson to CEO. The reports we generate are tailored to your business, so you can make decisions quickly and with maximum impact to your bottom line.

If you'd like to know more about Blix Traffic and how we can help you maximise the value of retail analytics, get in touch with us today.

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