

# USING RETAIL TRAFFIC COUNTING FOR A STRATEGIC ADVANTAGE

How Understanding Traffic Patterns is Essential for Every Retail Business Owner

Reasons why more and more retail store owners are implementing people counters to optimize store operations, cut back on expenses, and elevate customer service.

# USING RETAIL TRAFFIC COUNTING FOR A STRATEGIC ADVANTAGE

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# CHAPTER 1

## WHY USE A RETAIL TRAFFIC COUNTING SYSTEM



**P**AYING ATTENTION to the number of people that are passing through your retail store doors should be taken seriously since customer traffic has a large impact on the success of your business in both the present as well as the future. Knowing the number of people shopping at your business is a crucial factor in assessing how your business is performing, helping you map out revenue forecasts and pinpointing which marketing advertising is providing the most ROI for your company.

A retail traffic counting system helps you make practical and effective business decisions by providing you timely and analytical data. Having a people counting system will equip you with an accurate and repeatable customer traffic measurement that will allow you to calculate your location's conversion ratio, track and analyze visiting trends, gauge your customer traffic patterns, compare shop performance, improve customer service and optimize staffing levels.



There are many advantages of making use of a retail people counting system, but the four main benefits of implementing a traffic counting system are below:

## Measure Traffic

The main reason of any evaluation is to get the exact number of people coming and going; and that is what a people counting system gives you. With this system you can easily generate reports for the hour, day, week, month and year or any period you want to analyze. This will show you traffic trends over time and will make sure that your store is properly staffed for both low traffic flow hours and peak hours.

## Evaluate Advertising & Promotions

Advertising & marketing efforts can be quite expensive, so knowing which promotions are converting views into traffic to your location can save you money and increase the ROI of your advertising campaigns. Aside from counting the number of people coming and going through your doors, retail traffic counting systems can be integrated with your POS terminal to help you track how many visitors become buyers and monitor the rise in sales of a particular product or service during a promotional period. If you are using an email blast campaign to encourage use of coupons or discounts, the use of these would be reflected on the POS data that the retail traffic counting system provides. If there is no increase in sales for the advertised product or service, it is a dead giveaway that the marketing campaign needs to be reviewed and revised.

## Monitor Traffic Flow

People counting system is especially helpful during the holidays when items are on sale. Aside from monitoring the traffic flow inside the store, it would help you ensure that the store is not understaffed. In addition to this, a retail traffic counting system will help in loss prevention. When you are dramatically understaffed is when the highest number of shoplifting cases occur.

## Optimize Labor Needed Based on Customer Volume

The retail traffic counting system helps you understand the flow of visitors into your store; the traffic counter will tell you which time of the day and which particular days your store is experiencing an influx of people and when your store is having an off-peak season or off hours. Knowing your peak and off hours/days will help you ensure that you have sufficient employees to cover your store during the busy hours and not waste manpower during slow shifts. Optimized staffing means less overhead for employees.

## CHAPTER 2

# RETAIL TRAFFIC COUNTING SYSTEMS – HOW DO THEY WORK?

**H**AVING THE ABILITY to measure the exact number of people crossing the threshold of your store is a big help when monitoring the effect of in-store changes and determining what improvements you can implement to ensure a quality customer experience and professional customer service.

Due to high demand, exceptional top-of-the-line customer relationship management tools were created to help business owners virtually monitor their customers and determine which product or service is making them tick.

### What Data Can a Retail Traffic Counting System Collect & Analyze?

As retail owners and operators know, retail stores are currently making use of customer traffic information to check the distribution of traffic by hour, day of the week, seasonal and promotional periods, shop location and more. They may also check the conversion ratio of their shop by adding up all the sales transactions within a specified time and divide it by the total traffic within the same period.



A traffic counting system can also help retail stores determine traffic based on advertising or current promotions and help them establish if there is an increase, decrease on sales or if it remained the same during the promotional period. Furthermore, a people counting system can help retail store managers and owners determine how to allocate their employees and what staffing scheme is best for their store.

## How Does A Retail Traffic Counter Function?

Infrared technology is a very popular technology used by traffic and people counting companies in the market today. With the infrared system the device will count all people going both in and out of your location or store. If you have a sales person, delivery person or another employee that comes into your business they will be counted as an opportunity in the system. If a family of 5 comes each and every person in that group will be counted (10 total counts - entering and leaving) instead of 1 customer opportunity. For these reasons infrared technology will not provide your business an accurate opportunity count. The old saying holds true when it comes to this data; Garbage In/Garbage Out.

The 2nd most commonly used technology is smartphone tracking. A recent consumer survey by the Federal Trade Commission indicated that a majority of people do not want to be tracked via their smartphone devices. The data that was obtained found that "8 out of 10 shoppers do not want stores to track their movements via smartphone" and "nearly half (43%) of shoppers are less likely to shop at a favorite retailer if the brand implements a smart phone tracking program." To go along with that only about 2/3s of adults in America about 68% actually have a smartphone. In essence there are two results from using this kind of traffic counting system; you will drive away clients or you will get inaccurate counts. Neither of these options are positive for a retail owner and operator.

At approximately the same or lower market price, TraxSales system avoids these traffic counter downfalls. The Visual Proof 2 Traffic Counting System provides accuracy by ONLY counting clients that are coming into the store, giving you photos of the people entering so you can remove any person that is not a client, and counts groups as only 1.



This is the preferred method, but if you want a percentage taken out automatically so humans never have to touch the system this can be implemented as well.

As you already know by your use of traffic counters or your decisions to implement a traffic counting system in your business obtaining data in order to monitor your business is important. But if that data you are collecting is not accurate then you might be making business and marketing decisions that could be a detriment to your sales revenue stream.

In any case, sensors used can be installed horizontally at the entrance of the shop or on the ceiling, above the store visitors' path. Count reports can be generated with the help of the system which is then sent to a database. Based on the type of system used, counts can be broken down into different time increments. Some systems also support generated reports by time period, store location, different entrances, and segmentation grouping.

## Profits

Earnings and repeat customers are the factors that keep your business afloat. By making use of a retail traffic counting system, you will be able to analyze your business and make improvements at the same time since you will then be able to gauge the present conversion rates and keep abreast of future conversion as you make changes

and improvements. By employing a people counting system, you can also find out if you are understaffed during peak hours or overstaffed during slow shifts.

By using a retail traffic counting system, you can determine which advertising effort brings in traffic and conversion and which ones are not of any help. Moreover, integrating traffic information with sales and transaction data can help you evaluate different areas of your business like marketing, advertising and promotions, staffing and customer service to be more systematic, enterprising and productive.

## CHAPTER 3

# EFFICIENT STAFFING WITH RETAIL TRAFFIC COUNTING SYSTEM

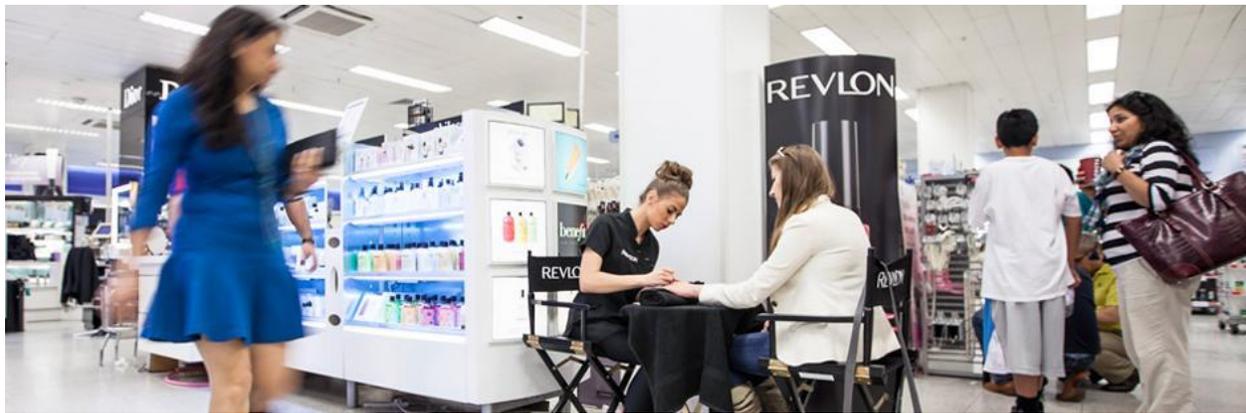
**S**TAFF AND LABOR is one of the biggest overhead costs in a business owner's operating expenses. In the past few years, businesses have worked to establish processes to become more efficient which have resulted in remarkable bottom-line results.

Due to the growing number of retail competitors and increasing demand for better customer service, business owners and retailers have had to find new avenues and develop new strategies to increase efficiency while improving customer service level. Since revenue and efficiency rides on labor scheduling and budget, business owners should focus on those said areas.

To make an intelligent decision business owners and retailers must not just rely on their gut feeling; rather they must have reliable data to keep their business afloat and prospering in the competitive retail sector. A retail traffic counting system is helpful in this aspect. It can help business owners maximize and efficiently allocate their workforce by providing data on the number of people that cross the store's threshold for a specific date and time. It also allows them to track store traffic trends over time. By having the right amount of staff and support on the floor during peak hours, customers will get a high level of customer service and the assistance they

need, thus increasing the chance of converting shoppers into customers. All of these things will result in higher sales conversion and better customer experience.

Aside from being able to accommodate your store shoppers, having adequate number of staff during peak hours will give your employees a chance to showcase their sales skills and in-store product expertise. It is necessary to have employees on the floor to assist with customer inquiries and give them the proper customer experience they require. Ensuring you have the right number of employees ready to assist your clients will result in up-sells and cross-sells, increasing your profits.



As you can see, optimizing retail staffing not only gives you a chance to properly address any issues your store may have regarding shoppers to staff ratio and correct any misalignment between staffing level and customer traffic volume, you also get to improve the customer service level since you can tailor it to match service to your business model. On top of that, your store will be able to increase conversion rate and lower the labor cost because you do not have to pay excess staff during slow hours and you will be optimally staffed during peak hours. Eventually, your business approach to staffing will create sustained in-store improvements in productivity and customer service satisfaction while keeping labor cost in check.

Making use of a retail traffic counting system gives you comprehensive and reliable information to analyze and implement business tactics to optimize your store functionality beyond just the traffic coming through your doors.

You will be properly equipped to face challenges head on with confidence that you are making the right decision and ensure that your doors stay open even during the low periods for sales and traffic, helping you stay ahead of your competitors.



## CHAPTER 4

# MAXIMIZING YOUR ADVERTISING BUDGET WITH A RETAIL TRAFFIC COUNTING SYSTEM

**F**OR ANY BRICK and mortar retail business, counting people is important as it is a means to monitor trends of clients, properly schedule staff, analyze sales performance and help assess the effectiveness of promotions & marketing activities. It helps business owners to efficiently use resources such as time, people and money, leading to higher sales revenues & lower overhead. The final result is maximizing profits.

With the help of a traffic counting system store managers and owners will be able to comprehensively assess the shopping habits of their store's customer base and effectively budget advertising and get the most out of each marketing campaign. As we all know, advertising can be quite expensive so spending too much on it across multiple channels may not give you the returns you are expecting, while spending too little may hurt your chances of reaching as many consumers as we possibly can and increasing your brand exposure.

A retail traffic counter can help business owners create affordable yet effective advertising through different advertising channels. A traffic counter system will help

them choose marketing that best fits their needs in order to reach their marketing goals. This media mix may include event marketing, social media marketing, cause marketing and in-store discounts.



To ensure that the retail business has a feasible budget and that it is making good use of the funds they have allocated for advertising, they can use their retail traffic counting system to analyze the outcome of their advertising spending through the following methods:

## Ecommerce Comparison

Those with brick and mortar business with ecommerce options can compare their in-store traffic with their website traffic while running different promotions on each and see which channel made created the most sales. They can then assess the collected data and find out how they are related and determine how successful the advertising campaigns were.

## Performance Period

Retailers can easily determine the efficiency of their marketing campaigns by monitoring the traffic during the day/week of the campaign and evaluate the increase or decrease of shoppers in their store. By comparing the collected number on the day/week of the promotion to the store's average traffic the owner can then determine whether or not they have matched their projected increase in sales and if the money spent offered a good return on investment.

## Effectiveness

To measure the effectiveness of the advertising or promotions, owners can review the data of the number of people who actually came to their location with a certain discount coupon in hand. When a retail traffic counter is tied directly into your point of sale system, you will accurately see which campaigns have functioned and which have not offered a good return on investment.



## CHAPTER 5

# CUSTOMER TRAFFIC VS. CONVERSION RATES

IT IS UNDERSTANDABLE for business owners to become frustrated with their retail traffic counting system or for people who have not yet installed a traffic counting system to be skeptical. This can be for two reasons; Because they are not able to access the information of their conversion rates or they are incapable of analyzing the change in the data they have collected.

If you are either of the two, it is important that we remember that data for conversion rate and customer traffic gained are correlated and both helpful, but they are not the same. Furthermore, while people counting systems can equip you with much needed intelligence regarding your business it will not provide the exact detail of your store's conversion rate unless the retail traffic counting system you are using does this for you.

### But What is the Difference in Customer Traffic & Sales Conversion Rates?

Simply put, customer traffic is the number of people who entered your store, while sales conversion is calculated by the number of people who made a purchase versus the number of people that visited the store.



To calculate the store's conversion rate with the help of a retail traffic counting system, you have to use it in conjunction with your POS (point of sale system). While POS will provide you information about the number of people who made a purchase and your actual sale, the people counting system will give you the exact number of people who exited your store without making a purchase and help you analyze your store's inventory and business schemes, and in the long run help you convert your visitors. By calculating your conversion rate, you will gain an insight into other factors.

For example, high customer traffic means your store is actually attracting a lot of people, but a low or unstable conversion rate means you are doing a poor job at optimizing sales opportunities.

Your conversion rate will improve when you use a people counting system. The customer traffic data you will get from your people counting system can be used to analyze customer behaviors, seasonal traffic patterns, and impact of promotions and effect of events to your site visitors that positively or negatively affect your store's sales. By using a people counting system, you will have pertinent information on

which periods your store has the most visitors and which time or day have the least. You will also be able to determine any change in traffic after revising staff schedules, hours of operation, stock availability, and pricing. With the help of this data you will be able to assess whether your customers became satisfied or dissatisfied with the changes you made, thus help you make changes that will inspire better conversion. Implementing strategies to help improve conversion rate during the busiest time of the store can have a large impact on bottom line figures.

Although it is true that there are other factors to consider when it comes to making a sale, like whether your visitor is in there to window shop, browse or try items on and buy them on their next visit. By improving your marketing and customer service, you will get a higher chance of customers returning to buy your products or services, or buying them on their first visit.



## CHAPTER 5

# INCREASING RETAIL CONVERSION RATE WITH A TRAFFIC COUNTING SYSTEM

**A**LL BUSINESS OWNERS and managers want to increase their sales and they implement different different business tactics to make it happen. Many focus on driving more traffic into their locations, increasing the total sale of each customer & selling to “be back” customers. There is one approach that many managers and owners are not using to its full potential: increasing their retail conversion rate.

One of the critical KPIs (key performance indicators) for retail businesses is the conversion rate, which is the percentage of buyers as compared to a store’s total amount of visitors. To increase your store’s retail conversion rate you have to monitor, assess and take measures to make more sales per prospective customer that enters your location. Remember, a small increase in your retail conversion rate can make a very large difference in your store’s profits.

It is easy to calculate your store’s conversion rate; you simply have to get number of sales transactions on a given period and divide that to the total number of people

that came into your store on the same period. Some retail traffic counting systems will actually do this for you.



After knowing your conversion rate it is now time for you to assess your store's performance. A store owner or manager will need to determine why other people are buying and why some are not. The reason could be because of uncontrollable factors like budget or could it be because they could not find what they were looking for in your store or they were not happy with the level of service they are getting.

To help increase your store's retail conversion rate, there are three main factors you may want to consider:

## Customer Behavior

With the help of retail traffic counting system you can determine the shopping habits of your customers. You can easily determine what makes them tick, what items they are purchasing, and what makes clients decide to not buy. You can see trends on which items are sought out by most customers, which advertisement made the most impact

and which customers are leaving feeling satisfied with their experience in your store. Knowing your customers and customer habits is of the utmost importance when implementing business strategies. It is important for you to understand why your prospective customer left without making a purchase as possibly there is something you are doing wrong then you can remedy that problem area.



## Peak and Low Periods & Adjusting Your Staffing Schedule

A retail traffic counting system not only counts the number of people entering your store, it also will show you trends on which days or hours of the day your location is receiving the most customer traffic.

Having this information is vital when it comes to optimizing your staff schedule as you need to ensure that there are enough employees during the peak hours to offer professional customer service and that you are not throwing away money by overstaffing during low periods.

## Get Your Employees Onboard

Improving your conversion rate is a team effort, thus it is important that you get your staff involved and let them know how important their roles are in reaching your goal. Increased sales does not only help the business, it also helps your sales people in obtaining higher commissions. Showing the benefits of the retail traffic counting system will motivate your staff and encourage them to make a personal effort in generating more sales conversions.

## CHAPTER 6

# IMPROVING CUSTOMER SERVICE WITH RETAIL TRAFFIC COUNTING SYSTEM

**R**ETAIL BRICK AND MORTAR businesses have been hard hit with the rise of the Internet. Online shopping has become a mainstay for people looking to purchase from the comfort of their own homes. According to a report, poor customer service has resulted in an estimated \$83 million decline in sales for retail businesses. Furthermore, an estimated 62% of consumers changed their preferred brand over the previous 2 years due to poor customer service.

With the high number of stores closing due to lack of profits and an increasing number of mall outlets becoming vacant, how can brick and mortar stores stay afloat? The answer is simple: improve the in-store customer service – an asset that is not available for online stores. Doing this will give your store a competitive advantage.

Business owners and store managers should work on improving their stores' customer service by knowing the answer to certain questions like: What differentiates their store from their competitors? When are the peak and low hours for your locations? Even if you have been in business for quite some time and you

think you already know the answers to these questions, you may be shocked to know that the information on which you are basing your business decisions are inaccurate.. You need to make your business decisions based on accurate data and analytics, as well as dependable reports that are generated from a retail traffic counting system.

A retail traffic counter will help you determine the actual number of store customers made a purchase, how many did not buy purchase, when your store's had peak hours and the number of employees you have working the sales floor during peak and slow hours.



A retail traffic counting system can help you improve your overall in-store customer service in three main ways:

## Eradicate Showroom Phenomenon

The growth of internet may affect your in-store sales but your brick and mortar retail store does not need to suffer. With the help of a traffic counting system you can assess your in-store customer-traffic and the number of online site visitors to identify

if people are coming to your store and then buying online. You can use the collected data to improve your in-store customer service and show your customers that your staff is providing valuable information when making purchases.

## Compare Profit & Sales At Other Locations

Using a retail people counting system can help you determine your peak customer traffic, when you are having the most number of transactions and of course when these two numbers overlap. The system will also determine when you are experiencing slow hours and decreased sales. Comparing the data of your strong and weak periods



can help you determine if there is something wrong or missing and you can find a solution to remedy these issues.

## Improve Operational Efficiency

A retail store traffic counting system can give you a deep insight into effectively managing and operating your business including the optimization of your staffing level. A retail traffic counter provides data on your peak and slow hours, to help you allocate labor appropriately and by doing this increases your profit and sales. Aside from that, a people counting system can also help you evaluate your employees' performance, measure speed of service, improve customer service and subsequently increase business profitability.

Keep in mind that improving in-store customer service and engagement not only increases your in-store sales, it also increases brand loyalty

# ABOUT TRAXSales



**T**RAXSales, Inc. is a privately held corporation specializing in peak traffic counters and other traffic counting applications, automated Upboard hardware and software, and consulting services for the retail industry. We serve a variety of private and public companies ranging in size from small businesses to Fortune 500 companies. Our clients manage a large number of salesmen and customer traffic using our people counters and tracking systems.

TraxSales mission is to provide the most accurate, easiest to use traffic counting products and software in the world and to double every company's profitability within the first 6 months of use and then do it again every year.

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