

VIRTUAL LINE UP®: INCREASING YOUR POWERS OF OBSERVATION



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INTRODUCTION

Over 90% of purchasing is done in brick-and-mortar retail locations

Retailers with an online presence depend on web analytics to understand consumer behavior. According to the U.S. Census Bureau Department of Commerce Quarterly Retail E-Commerce Sales report, E-commerce sales in the third quarter of 2015 accounted for 7.4 percent of total sales. ¹

Contrary to rumors, brick-and-mortar retail is alive – and well. E-commerce may be on the rise, but brick-and-mortar remains the dominant format.

The use of Location Intelligence in brick-and-mortar retail is compelling and most retailers already realize they need to rely on data in order to get to know their customers. In the same way e-commerce is using analytics to improve their business, brick-and-mortar retailers can tap location data to replicate such analysis in the physical space. Location Intelligence data provides an enterprise with a way to measure, collect and report on location intelligence. In the real world, Location Intelligence is still in exploration mode: some retailers are assessing it, some have adopted it, but many are wondering what it does, why it matters and how it can help.





TRADITIONAL METRICS

In-Store KPI's and Metrics

Key Performance Indicators (KPI's) are the critical gauge of an organizations success or failure. Traditional, or old school, retail metrics were sales based and revolved around transactions. The essential indicator, found at the top of the list, being revenue (hourly, daily, weekly, monthly, quarterly and annual sales). Combining revenue with other metrics such as gross profit, margins, average purchase value, items per transaction, Sales per square foot, sales per man hour, customer retention and customer satisfaction – this may help an organization define and measure progress toward organizational goals, but they still only tell part of the story.

ENHANCED METRICS

The Power of Observation

Some brick-and-mortar retailers have previously used technology, such as people counting, to provide retail metrics related to store traffic. Today there are more advanced capabilities which allow these retailers track more and learn more. These advanced capabilities have provided an enhanced set of metrics to brick-and-mortar retailers that were previously available only to online retail sites. (Figure 1.)

E-COMMERCE	IN-STORE
Sessions	Visitors/Shoppers
Unique Visitors	Unique shoppers
New site visitors	New store shopper
Return site visitors	Return shoppers
Total page views	Stops per store
Time on site	Visit duration
Bounce rate	One-stop shopper
Path analysis	Path analysis
Page views	Department visits
Time on page	Department Dwell

Figure 1. Metrics Comparison

When evaluating location intelligence options, ask about the ability to handle retail specific metrics. Be sure it offers the following key elements.

Customer Metrics: Customer metrics provide the number of visitors to your store (in a day, week, month or even year), unique visitors to measure the number of distinct individual people and new visitors which will include “first-ever” visits.

Loyalty Metrics: Customer loyalty can be determined by information such as return visitors to track if customers have visited a store previously, visit frequency to see how often they return, as well as, visit duration and cross store shopping/visits to reveal customers shopping at multiple locations.

In-Store Metrics: In-Store metrics such as popular paths can track the common paths a customer takes in a store, where dwell zones can indicate where shoppers are stopping (to determine which displays and promotions are most effective) and the time they spend in these areas per visit.

Engagement Metrics: To determine customer engagement look for metrics such as average visit duration to see how long customers are shopping in your store and bounce rate (or one-stop visitor) to track consumers that enter and leave without shopping.

Labor Characteristics: Labor metrics track the number of employees in a given location, plus the staff to customer ratio and may even include queue (line) rates.



WHAT LOCATION DATA DOES

1. QUANTITATIVELY EVALUATE STORE

The data derived from location intelligence is based on what a customer is doing; it's based on their *actual* shopping behavior. Rather than relying solely on experience and intuition, statistical data is collected.

2. COMPARATIVE ANALYSIS: SHOW TRENDS

Quantitative metrics alone are insufficient, but with context they can show progress. Knowing that you had 10,000 shopper visits last year isn't as important as knowing that those 10,000 shoppers are a 10 percent increase from the previous year.

3. CHALLENGE AND/OR VALIDATE ASSUMPTIONS

Retailers make assumptions every day about how people shop their stores and which products/areas are most important. Location intelligence can help validate or disprove those costly assumptions.

4. DEMONSTRATE HOW A STORE MEETS ESTABLISHED BUSINESS GOALS

Location intelligence provides statistical data which correlates to store performance. For example, if a store may want to attract new customers. The goal may be to increase new customer count by 3%. Location intelligence provides data to assess results.

5. ENABLE DECISION MAKERS TO MEASURE SUCCESS

Decision makers involve multiple levels of an organization. Location intelligence can provide relevant metrics to all levels of an organization enabling them to evaluate their success.

LOCATION INTELLIGENCE LIFECYCLE



Figure 2. Location Intelligence Lifecycle

Location intelligence is a continuous improvement process of four main phases: collecting, reporting, analysis and optimization. (Figure 2.)

Collect: Measure and collect relevant location data and key performance indicators.

Report: The next step that follows data collection is to organize the data into informational summaries. The reporting translates data into information in order to monitor the business, most often the deliverables include dashboards and reports.

Analyze: Explore the data and reports to extract meaningful insights, which can be used to better understand and improve store performance.

Optimize: Implement changes based on insights gathered during the analysis phase.

Once you have optimized your strategy, the next step is to measure and collect; thus continuing the never-ending location intelligence cycle.



WHY LOCATION DATA MATTERS

In the physical space of brick-and-mortar retailing, location intelligence collects trail data, or “fingerprints”. Location intelligence software records this location data and opens an endless set of possibilities.

For retailers using Location Intelligence, companies can use the data to answer questions such as:

- *How many shoppers were in our store today?*
- *How many new, return and repeat shoppers visit a location?*
- *What are the busiest hours throughout the day or week?*
- *How long is the average shopper spending inside the location?*
- *Where in the store are shoppers spending most of their time?*
- *What aisles or departments does a shopper visit?*
- *How many of our stores does a shopper visit?*

The resulting data, derived from these “fingerprints” can be reported, analyzed and used for everything from choosing locations and planning store layouts, promotion strategies or even staffing levels.

RETAIL LOCATION INTELLIGENCE LANDSCAPE

Key Trends and Initiatives

Improve Customer Engagement

Measuring shopper behavior allows for accurate assessment of their engagement, clearly identifying what works and what doesn’t. Location data provides accurate and insightful information that includes number of visitors, length-of-stay per visit and overall traffic information by aisle or department.

Adjust Operational Efficiencies

Address operational issues such as staffing efficiencies – avoid lines due to understaffing and don’t waste money on overstaffing by scheduling employees that are not needed. Proactively staff stores relying on location data.

Retail Space Optimization

Identify “hot spots” or lightly utilized spaces. Movement, positioning and direction of shoppers can be captured and analyzed so the retailer can have better insight into what aisles, shelves or departments are most appealing to customers.

Framework for Loss Prevention

Video surveillance tools are at the core of many retail loss prevention strategies. Combining video and location intelligence data provides the framework to detect suspects faster and in a more automated manner.

Multi-Channel Intelligence

The true multi-channel measurement comes from integration of intelligence across physical and online retail.



DATA OUTPUTS: WHAT TO LOOK FOR

Dashboards provides an at-a-glance view of KPI's for many individuals in an organization and ensure that these individuals are given timely access to the business critical metrics, statics and data that they care about most.

Dashboards are used to track performance and answer the critical question, "How is the store performing in respect to our business objectives?"

Key points for the location intelligence dashboard:

- Track visitor behavior from the moment they visit the store.
- Use engagement metrics like average time in store to optimize store.
- Understand traffic patterns and dwell time.
- Monitor how often business objectives like making a purchase are completed by a visitor (conversion rate).

Dashboards should include reporting that allows users receive information in the format you want to see.

- Automatically generate reports and distribute to email addresses you specify.
- Schedule reports for daily, weekly, or monthly distribution.
- Specify content using location intelligence metrics.
- View results by store, region or chain.
- Export to a variety of formats including Word, Excel and PDF.

Dashboards should also include alerts and information broadcasting with predefined intelligence thresholds based on business rules. Notifications should be automatically sent to the appropriate decision maker when thresholds are violated.

USE CASES FOR LOCATION INTELLIGENCE

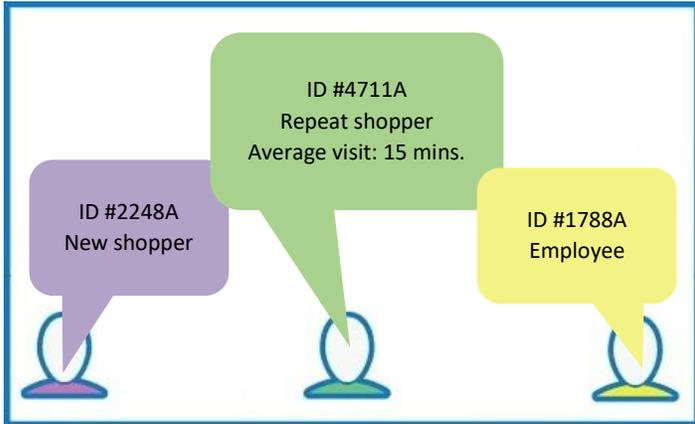
The following scenarios illustrate multiple use cases for Location Intelligence in retail.

- **Shopping Malls** – Location intelligence in the common areas of a shopping mall. Understand the impact of anchor stores, as well as, assess rent based on location and traffic.
- **Department and Specialty Retailers** – For specialty retailers there could be a convergence of online and physical retail. Consumers now have the ability to buy online and pickup in the store. Location intelligence could collect information about shoppers that pick up at the designated fulfillment area and make purchase in store vs. those that simply pickup and go.
- **Grocery Stores** - In a grocery store companies could use Location Intelligence to enhance the shopper experience. It could collect demographic information relevant to a customer's shopping patterns, but not simply on what a customer buys (with traditional programs tied into the point of sale), but also which products a customer pauses to look at.
- **Convenience Stores** – Convenience stores may use intelligence to increase gross profits by improving how a retail space is used. It could collect information relevant to customer engagement which could lead to changes in store layout that encourage customers to buy more.
- **Entertainment and Attractions** – From museums to zoos, organizations can learn how many visitors are repeat visitors and how often a visitor returns to the same point.
- **Restaurants** – Quick-serve restaurants may use location intelligence to understand the "return rate" of patrons. Location intelligence has the ability to collecting data with regards to new and repeat visits over time, across the entire chain of restaurants (even across locations!).



THE VIRTUAL LINE UP® SOLUTION

SmartCamXi with Virtual Line Up® - We've Got Their Number



For retailers, knowing that a person is entering a store location is interesting in itself, however it provides far less data than what location intelligence, like Virtual Line Up®, can offer. Similar to what web analytics does online, Virtual Line Up® technology does in the physical world.

How It Works

Virtual Line Up® assign a unique tracking ID to each person that enters your store. Using Video DNA, Virtual Line Up® is able to recognize the person at every visit.

Who Will Use It

An entire organization will benefit. Operations, marketing and human resources can track metrics like:

- Measure frequency and duration of visit
- Establish shopping history
- Alerts upon arrival of special guests
- Differentiate between associates and consumers

As a new standard in surveillance solutions, Virtual Line Up® will literally change the way loss prevention see customers.

- Monitor movements and suspicious activity
- Receive alerts for potential problems

What It Does

While Virtual Line Up® won't tell store owners *who* it is that the system is tracking, it *will* provide location intelligence.

Virtual Line Up® helps organizations make decisions and answer important questions.

- *Are our stores attracting new customers?*
- *Should we stay open fewer hours on some days?*
- *Where are shoppers stopping within a location?*
- *Do we have enough staff to meet the customer demand?*

Virtual Line Up® intelligence enable information gathering and assessment within a store, region and across the organization. Virtual Line Up® can be used to chronicle the intelligence history, providing a strong frame of reference to compare your stores performance today with its performance last month, last year or over time.

ADDRESSING PRIVACY

There has been a lot of talk about in-store location intelligence and privacy. Ironically, online retailers are already collecting this data each and every time a shopper visits their website.

In-Store location intelligence are aimed at capturing information, rather than track a particular visitor. Personal information about a shopper is not collected, but rather information such as proximity, duration and physical location. Non-personally identifiable information includes data that does not directly reveal the identity of an individual. Organizations can use this information to better serve and understand customers from an operational standpoint by rearranging store layouts, or from a staffing perspective by ensuring proper levels.

Best practices must be set and followed, ideally those of transparency in location data collection and use.



CONCLUSION

The big picture is, you need location intelligence to accomplish one goal: Improve your business. This intelligence will help you understand customers' *actual* shopping behavior and represent an enormous opportunity for the retail industry. By integrating Location Intelligence, real world brick-and-mortar retailers can take the guess work out of getting to know their customers and rely on data. While most retailers are not equipped to track using location intelligence, this is certainly a clear indication of what it will take to remain competitive in the physical retail ecosystem.

To request a demo and find out first-hand how to harness the power of observation with Virtual Line Up[®], contact ClickIt Inc.

ABOUT CLICKIT INC.

ClickIt Inc. enables national retailers including grocery, drug stores, convenience stores, department and specialty operators to increase profitability and mitigate loss prevention by putting video driven business data in the hand of the entire organization. ClickIt created the SmartCamXi platform of video management systems provides business insight to loss prevention, operations, marketing and human resources.

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ⁱ United States Census Bureau, *Quarterly Retail E-Commerce Report 3rd Quarter 2015*, Washington D.C.
<http://www2.census.gov/retail/releases/historical/ecom/15q3.pdf>