All together now: why the future of the store depends on a better understanding of how consumers shop today
Consumer shopping behaviour is changing faster than retailers are able to respond, as shoppers constantly move between channels and continually raise their product and service expectations.

For retailers to be successful in this fast-paced, consumer-driven environment, they must understand how their customers act. Broad dynamics are no longer sufficient - you need to gather accurate information, analyze activity and act on genuine insight to give the customer what they need.

This report provides retailers with practical advice on how to monitor and act on customer insight, with case studies drawn from real experience in today’s demanding consumer environment.

“Understanding human needs is half the job of meeting them.”
Adlai E Jr Stevenson, Former Governor of Illinois
How are consumer shopping habits changing?

Consumers have high expectations and low brand loyalty. Retailers must understand their nuances, and flexibly respond to expectations as they continue to change, to maximise profitability. Although viewing shoppers as individuals is necessary to build a detailed picture, there are four core ways in which their general behaviour has changed over the past few years.

Here are the modern consumers’ four concerns:

Channels
The rise of online shopping has changed consumers’ route to the store – if they choose to go there at all. It isn’t all bad news for bricks and mortar stores, however; many shoppers make their final purchase in-store after researching online, as they want to see and feel the product first.

Convenience
Consumers are no longer prepared to wait for items. This plays into the hands of retail stores that can offer goods without delivery delay, but only if they have the right products, are competitively priced and in stock. Poor inventory in-store can have a negative effect on customer relationships.

Consistency
While retailers closely analyze the mix of channels used during the buying process, consumers move freely between them and don’t care which platform they are using. Their concern is having the same service experience whether they encounter you online or in the store.

Capability
With vast information now at their fingertips, many consumers research products before purchasing. By the time they enter the store, they have a clear idea of what they want and expect quality customer service to address their final queries and help them complete the buying process.
ITALY: Mobile is one of the fastest growing threats to store retailers in Italy. According to research by comScore, more than 64% of mobile users have a smartphone and there has been a 75% increase in the number of people using mobile sites and apps to shop online over the past 12 months.1

UK: Online shopping poses a major threat to high street retail in Britain. According to Eurostat figures, the UK has the highest number of digital consumers in the EU, with 82% of people claiming to shop for items online.2

POLAND: Online shopping is rising faster in Poland than any other European nation. According to the Centre for Retail Research, the revenue generated by online sales is predicted to grow by 22.6% in 2014 – higher than countries including the UK, France and Germany and above the average European rate.3

GERMANY: Online shopping posed an even greater threat to store retailers in 2013. As sales generated by ecommerce increased by 39.2% in Germany – 18% higher than the European average.4

FRANCE: Ecommerce now presents a significant challenge to bricks and mortar retail. France has the third largest online retail market in Europe, meaning store managers are having to work harder to attract shoppers away from the Internet. 5

SPAIN: It seems Spain’s fortunes could be set to turn. New statistics released by estate agent Savills have revealed that retail property investment within the country increased three-fold to €850 million in 2013.6

PORTUGAL: Portugal was badly affected by the recent global recession. However it is recovering quicker than some of its neighbouring countries. According to the Experian FootFall EuroShopper Trends Report, Portugal’s footfall has increased more than any other European nation over the last five quarters, posting a +2.5% gain in consumer activity during Q1 2014.7

CHINA: More and more Chinese consumers are making purchases on the move. Via their smartphone, rather than visiting stores. According to research by KPMG, the number of 3G and 4G users in the country increased by over 1 million in the first half of 2013 alone, with cosmetics the most popular items to purchase via mobile channels.8

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What does this mean for retailers?
Retailers excel at many things – store design and layout, merchandising, promotions to name a few – but it’s not enough to focus on these aspects individually. Today’s consumer demands a joined-up experience, online and in-store.

By looking at their journey round the shop floor holistically, retailers can understand how shopper account impacts on different elements of the store environment, and make cross-discipline changes as a result. Your data becomes dynamic and decisions are based on insight.

Despite having the capacity to monitor and analyze consumer activity, many retailers still draw on past understandings and historic trends to run their stores, which no longer apply to today’s shoppers.

Here are four common mistakes retailers make in-store based on assumptions...

1. Predicting peak periods –
Just because Saturday afternoon used to be the busiest time of the week, doesn’t mean it still is.

2. Stale layout –
Familiarity is good, but failing to adapt the store’s look and feel to modern shopping habits could reduce its appeal.

3. Poorly optimized promotions –
Special offers work best if they’re seasonal or tapping into current preferences, and are displayed in the right way.

4. Staff distribution –
Workforce management plays a huge role in sales conversions. For example, not enough staff on the shop floor means consumers are walking out of your store empty handed. Even if they entered wanting to purchase something.
How is the store currently letting customers down?

“I hate queuing, especially when I’m on a tight time schedule – like my lunch break.”

“Sometimes I see a special offer online but it’s not on offer in the store.”

“Why am I always bothered by sales assistants when I’m just browsing, but when I want to ask a question there’s never anybody around?”

“There’s nothing more annoying than a shop assistant who can’t help you, especially if they are also rude.”

“The store layout is really confusing, so I spend at least five minutes hunting for what I need.”

“I don’t like it when the item I want is on a high shelf and I have to either stand on my tiptoes or ask someone to get it down for me.”

“The shops just aren’t open early or late enough during the week, so I have to wait until the weekend to get what I need.”
How can retailers understand and profit from the new consumer?

The most successful retailers are looking at profit potential, not just analyzing turnover and profit margins, to identify the gap between where they are now and what is actually possible.

Consumer understanding lies at the heart of this solution. Retailers should be asking themselves:

- Do I know what I need to know about how my customers behave?
- Do I know where my customers are travelling within the store?
- More importantly, do I know why?
Seeing the customer

Visibility is crucial - viewing visitor traffic, conversion rates and average transaction values. Rather than looking at sales figures alone, by monitoring exactly who is in your store at any one time and how much they are spending, you can identify where profits are being made and lost.

Case study: LACOSTE

Clothing designer LACOSTE has a presence in 114 countries and, as a high-end business in a fiercely competitive marketplace, its visitor volumes are naturally lower than mass-market retailers. This makes seizing every customer opportunity incredibly important.

LACOSTE was particularly keen to improve profitability within its Chinese activities. With 30 stores across China clustered into groups, Lacoste wanted to be able to compare performance not only by region but also by store type - boutique, outlet or corner shop - to identify top performing and underperforming stores in context.

Through analysis of customer data, Lacoste identified not only what footfall each outlet attracted but also sales conversion rates, number of items customers purchase per transaction and average transaction values, rather than looking at sales figures in isolation.

“With analysis we are able to make critical business decisions more systematically.”

Weili Liu, Financial Controller, LACOSTE China
Engaging with the customer

Potential sales are gained and lost on the strength of your workforce. Customer insight can show you hour by hour, day by day how many customers are in your store and where they are going, which enables retailers to optimized staff rota and distribution within the store to deliver effective customer service.

Case study: COUNTRY ROAD

As international lifestyle brand Country Road built its reputation on customer satisfaction, it needed to ensure shoppers were being given the best possible service and sales conversions were maximized throughout its store network. Although it had anecdotal evidence of good and bad service, it wanted to carry out an accurate, scientific analysis of customer activity.

Hourly data generated through footfall analysis in 50 Country Road outlets revealed there were times when each store was losing business due to lack of available staff, so Country Road fine tuned its rota to optimize the number of customer-facing personnel on shift at any given time. This intelligent workforce management led to double digit growth in conversion rates at its flagship store in Sydney, Australia.

Country Road also uncovered times when there were plenty of staff available but sales conversions were still poor, highlighting a need for stronger salespeople during these periods.

“We realized that when we didn’t have enough staff available to serve customers, our conversion rates understandably dropped. The figures also showed that on Thursday nights when we had a good visitor to staff ratio, conversion rates still fell. This implied that it wasn’t a question of quantity but quality of staff. Sure enough, it transpired that for late night opening we relied more heavily on casual staff who perhaps weren’t as familiar with the product offering as our full-time employees. It identified the need to redress the balance between permanent and casual staff.”

Matt Jones, Commercial Operations Manager, Country Road
Influencing the customer

Generating new business and increasing existing customer spend are retailers’ raison d’être and, as such, major investment is placed in business marketing strategies to enhance sales wherever possible.

Consumer insight allows retailers to analyze in-store activity surrounding marketing campaigns, whether throughout the store over a specific time frame or creating a ‘heat map’ of footfall around the shop floor to analyze the effectiveness of particular promotions.

Case study: CHARLOTTE RUSSE

North American mall-based retailer Charlotte Russe specialises in value-priced fashion. As such, creating appealing window displays and well-placed seasonal promotions in-store are vital to the success of its key clothing and accessory lines.

Charlotte Russe began to analyze its promotional activities by monitoring footfall at 90 of its stores involved in a merchandising project, and the success of this trial let to the retailer expanding activities to encompass all 500 of its stores. By analyzing the customer journey, it was able to see what impact marketing campaigns played on traffic at each store, and compare the success of activities between outlets.

As an added bonus, Charlotte Russe also used the data collected to understand trading peaks, which meant staff shift patterns could be optimized in line with footfall, and calculate sales conversions to determine which stores were performing above and below average.

“There are always factors that will affect the level of traffic to the store but the sales team controls what happens when they get there.”

Jennifer Evans, Operations Manager, Charlotte Russe
Accuracy is everything

Accurate consumer insight is the profitability heartbeat for today’s retailers. By better understanding your customers’ actual – rather than assumed – behaviour and desires, how to engage with them and how to maximize opportunities, you can increase both footfall to your store and sales conversions from visiting customers. This can only be achieved through a comprehensive footfall monitoring and analysis solution.

“The way we perceive accuracy and what accuracy is statistically are really two different things.” Nate Silver, Statistician

Accuracy is not just a case of knowing you’ve captured the journey of every customer who visited your store; it’s having a platform that integrates all the data generated from those visits to identify performance peaks and areas for improvement, so you can make intelligent business decisions centred on driving greater revenue.

Ultimately, consumers are retailers’ richest source of knowledge. To fully understand and profit from them, you need an analytics solution as sophisticated and responsive as their behaviour.
About Experian FootFall

Experian FootFall is the leading global retail intelligence service, enabling international retailers and shopping centres to understand their customers inside and out, and generate greater profits from that insight.

Part of global information services group, Experian, FootFall has been providing actionable insight into consumer behaviour for 20 years and now acts as a trusted advisor to retailers and shopping centres in Europe, Asia and the US. Our customer insight solutions are used in 40 countries by thousands of retail businesses, all of whom want to gain greater understanding of customer behaviour and key performance indicators such as sales conversions, staff productivity and promotional effectiveness, in order to make profitable business decisions.

To find out how Experian FootFall can improve your profits visit www.footfall.com or contact our team in your region on +1 (224) 698 8514

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