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Using Video-Driven BI across Retail Functions



HOW TO MAXIMIZE TOP LINE SALES GROWTH USING VIDEO DRIVEN BI

by Carlos Perez, Envysion

Welcome to the second article in this three-part guest series, presented by Envysion, which focuses on using video-driven business intelligence™ to improve decision making and drive top line growth and profitability. Read on to learn the tactical steps leading retailers are taking to improve the marketing, merchandising and customer service aspects of the in store experience and how these efforts translate to increased basket size, higher sales and more repeat customers.

Today's average retailer collects an overwhelming amount of data about its brick and mortar operations, but still lacks visibility into daily store operations and the main components of top line sales growth — traffic count, average basket size, and conversion rate. To maximize growth, retailers must be able to rapidly and intelligently adjust strategies and policies based on changes in consumer behavior as reflected in these metrics. In order to accomplish this, retailers need the real life story behind the numbers; they need to instantly see what is happening in the store and quickly respond with confidence.

To make sense of big data in the physical retail channel, several leading retailers have deployed video-driven business intelligence™, which provides a real-time, factual basis for decision making. Video-driven business intelligence™ combines critical data, such as point of sale, marketing, and customer loyalty and video analytics information with video, giving retailers infinite possibilities for studying, testing and improving factors that drive top line revenue growth. These factors mainly fall into the arena of marketing promotions, merchandising, customer service, and sales.

All else constant, an increase in traffic will result in greater sales, and for this reason, retailers are keenly interested in tracking how many people enter the store. By integrating video analytics into their video-driven business intelligence™ platform, a retailer can track customer traffic into the store, compare traffic at one store against all other stores in the chain's footprint and develop benchmarks and leading trends that would indicate poor performance long before sales significantly declined. As a store's traffic count begins to slip below the benchmark, the retail marketing team can implement promotions and marketing initiatives specifically designed to increase traffic. Over time as marketers test promotions, collect resulting traffic count data, and review video of the promotions, the company's marketing programs will become more effective at driving store traffic

from targeted demographics. Retail marketers can also leverage video-driven business intelligence™ to gain greater visibility to customer demographics and psychographics — e.g. is the customer alone or with others who influenced purchase decisions or even made incremental purchases of their own — not possible with customer loyalty programs alone.

Customer loyalty data can also be integrated into the video-driven business intelligence™ platform to help retailers understand what makes loyal customers. Truly loyal customers do more than just carry a brand's loyalty card; they make frequent repeat purchases, are responsible for the majority of a retailer's sales and have the least acquisition costs when amortized over time. Retail marketers can leverage video to better understand their loyal customers, as well as controllable store factors that contribute to customer loyalty. Do loyal customers have a different customer experience that can be harnessed to turn other existing or new customers into loyal customers? For stores with an above average number of loyal customers, are there differences in the store layout, merchandising or service? Do loyal customers spend more or less time in the store than the average shopper and how can similar behavior be cultivated in other stores?

In addition to understanding what drives customers to the store once or repeatedly, video-driven business

intelligence™ can be used to understand sales conversions and increase basket size. By integrating traffic count from video analytics with the average dollar amount per sale as distilled from point of sale data, the video-driven business intelligence™ system can establish the sales conversion rate of each store. Once the store's conversion rate is determined, retail management can test new sales techniques in a subset of stores to see what prompts customers to purchase most frequently. Retailers can also identify which store associates have the highest average sales per transaction and watch video footage of their sales to determine new cross sell and up sell techniques that encourage customers to spend more. Conversely, management can quickly identify employees who need additional training or are excessively using discounting and other sales incentives, which drive down average basket size. Retail management can also virtually audit other aspects of the customer experience that affect a customer's decision to buy. For example, how friendly and helpful are employees at the customer service desk, is the store clean, are shelves adequately stocked and are employees in uniform?

Up next part three of this series, which will explain how leading retailers are using insights from MVaaS to improve to improve loss prevention and operations efficiency for increased profitability.

ABOUT THE AUTHOR

Carlos Perez is the VP of Product and Marketing of Envysion, the leading MVaaS provider, where he is responsible for charting the direction of Envysion's market leading managed video services and manages Envysion's strategic and tactical marketing to targeted segments and customers. To learn more about video-driven business intelligence™ contact Carlos at cperez@envysion.com or visit Envysion at www.envysion.com.