Using Video-Driven BI across Retail Functions

LEVERAGING VIDEO-DRIVEN BUSINESS INTELLIGENCE™:
HOW LEADING RETAILERS ARE USING
MANAGED VIDEO TO GAIN COMPETITIVE ADVANTAGE

by Carlos Perez, Envysion

Welcome to this three-part guest series, presented by Envysion, which focuses on using video to improve decision making and drive top line growth and profitability. This article represents the first article in the series and focuses on how best-in-class retailers are utilizing video as a strategic management tool throughout the organization to gain better insight into store operations and capitalize on the customer experience as a competitive advantage. Read on to learn how leading retailers are utilizing video-driven business intelligence™ across departments to optimize every aspect of the store for the strongest return.

With the market showing signs of improvement in consumer spending, smart retailers are hastening to find ways to capture more market share and build a foundation for long term growth. Central to these efforts, is achieving increased visibility of daily store operations across different retail functions. From gaining a better understanding of what promotions bring consumers to the store and how store associates successfully up sell customers to improving workforce efficiency and customer service, retailers know that technology and initiatives to improve store execution will be essential to increasing store traffic, achieving higher basket size and growing revenue from brick and mortar stores. However, following years of severe spending cuts retail management is reluctant to approve any department's budget without a clear demonstration of value creation or profit impact.

In an attempt to gain the insight necessary to build a competitive advantage, retailers are investing billions of dollars in customer loyalty, consumer tracking, business intelligence, secret shopping and other in-store data gathering initiatives. Still retailers lack visibility into the actual customer experience in the store, as well as a closed loop reporting system that ties corporate initiatives to the store's financial performance. While having additional data has led to successful strategies in other areas of the business, this approach is insufficient in the physical retail space due to uncontrollable variables. For example, in the online channel, the retail marketing team can display a new cross sell advertisement during checkout, run an A/B test and quickly determine if the new ad generated more sales than the previous one. When retail marketers create a new point of purchase display, they often lack a way to ensure store associates set it up consistently — let alone a way to measure the resulting sales increase. To solve for this challenge, leading retailers have begun to integrate disparate, but

critical, business data and video into one video-driven business intelligence™ system. These solutions provide retailers the ability to make store data infinitely more valuable by providing the instant, unfiltered visual context behind the numbers.

At its core, video driven business intelligence™ consists of any data system that is combined with video, yet several different deployment options exist for achieving video data integration. Some traditional video surveillance providers have even begun to offer rudimentary point of sale integration. More advanced managed video as a service (MVaaS) platforms offer distinct benefits and enhanced data integration for retailers looking to outpace competitors. A cloud-based MVaaS platform gives retailers the added advantage of rapid scalability and accessibility. Unlike traditional video solutions, MVaaS enables retailers to rapidly give hundreds or thousands of users across the organization powerful insight from video in an easy-to-use tool.

While MVaaS solutions certainly lower the IT costs and resources required for installing and maintaining video, the real value of these cloud-based solutions is in the accelerated ability to innovate and combine new data sources, like video analytics and customer experience data, into the platform. This in turn, drives broad, enterprise-wide usage of video to gain new insights into the execution of corporate initiatives at the store level. The insight from video-driven business intelligence™ gives retailers infinite possibilities for studying, testing and improving factors that drive the top line revenue growth of a store. These factors mainly fall into the areas of sales, merchandising, marketing and customer service. With insight into store-level operations like traffic count, retail marketers can report on how marketing efforts are contributing to revenue. The combination of video, store data and marketing data offers a myriad of opportunities to grow revenue through more effective marketing,

merchandising and sales practices.

Video-driven business intelligenceTM also provides the opportunity for human resources to become a strategic partner focused on growing revenue. HR is responsible for an essential component of the in store customer experience — the store associates who build customer loyalty and successfully up sell customers by providing excellent customer service. With an established benchmark for average sales per associate, HR can utilize video to test and measure the impact of training, retention and staffing initiatives on revenue.

In addition to improving top line revenue growth, video-driven business intelligenceTM enables retailers to reduce shrink, fraud and inefficiencies to improve profitability at each store and the overall bottom line. Historically, loss prevention has been responsible for reducing shrink and theft. However, MVaaS makes video accessible to everyone in the organization, multiplies the number of people using video and increases the likelihood that someone outside of loss prevention identifies fraud.

The LP team can educate other departments on what suspicious behaviors look like and the process for reporting issues to loss prevention. Using exception reports built into the system, store managers and regional managers can easily identify anomalies that commonly indicate some type of fraud occurred, e.g. excessive voids or no sales. At the same time HR can focus on identifying personnel issues that reduce profitability, including time and attendance discrepancies, inefficient employees in need of additional training and high turnover rates.

Stay tuned for parts two and three of this series to find out how leading retailers are using insights from MVaaS to improve marketing and merchandising effectiveness for sales growth, as well as how 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 intelligenceTM contact Carlos at cperez@envysion.com or visit Envysion at booth #608 during the RILA Loss Prevention, Auditing and Safety Conference on April 22-25, 2012.