

Traffic Counting - Precision

To manage performance at store level, accurate traffic data is essential in order to evaluate store sales performance based on traffic.

Precision is a key factor to manage sales performance through store customer service on a real time basis, i.e. when customers are in the store.

As part of store planning, it is imperative to know if your sales are coming from traffic or your performance on traffic. When your traffic data is not precise, you may develop strategies that will not impact your business effectively. The result: rewarding under-performers and penalizing over-performers while not knowing or understanding what is really happening at store level.

With **precise** traffic data, you will implement the right strategies to increase sales and revenues.

POTENTIAL IMPACTS:

When traffic data is not precise:

- Inaccurate or questionable traffic counting systems affects store support and other areas of the business.
- Support calls from store managers believing their traffic is too high, mysterious counts overnight, double counts due to environmental elements such as shadows, etc.
- Dispatching installation technicians to verify settings, rewire, swap out sensors, replace batteries and have a 3 day wait time before getting your traffic data; wasting time and money.
- Store associates start to disbelieve the traffic counts, any new program or strategy is near to impossible to implement.

The goal of implementing a traffic counting solution is to develop strategies that will help impact your business, for example:

- Measuring and managing opportunities
- Stores meeting their sales budget
- Optimizing total sales turnover
- Maintaining costs or cutting costs
- Stores achieving increases in their conversion rates
- Stores optimizing wage cost while maximizing sales
- Stores increasing staff productivity
- Measuring the impact of marketing activities on traffic.

In order to verify why precise traffic information is imperative, we have put together a case study with real store traffic data. This case study highlights how having inaccurate data affected conversion rate and ultimately sales results.

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CASE STUDY:

On a weekly traffic of 3000 customers, with a total of 600 transactions at an average sale of \$50:

Variance Rate %	Total Traffic	Total Transactions	Conversion Rate %	Average Sale	POT ¹
-10%	2 700	600	22.2%	\$50	\$1 110
+10%	3 300	600	18.2%	\$50	\$910
0%	3 000	600	20.0%	\$50	\$1 000

¹ POT = Sales Performance On Traffic = Conversion Rate % X Average Sale based on 100 potential customers.

In this case, the sales performance on traffic is inaccurate within a $\pm 10\%$ variance in traffic data, leading to believe in an inaccurate evaluation of staff productivity and customer potential.

Furthermore, within the same conditions, a variance of $\pm 10\%$ in traffic data will have a substantial impact on wage costs based on the staff requirements when **precision** is cause:

Variance Rate %	Total Traffic	Total Staff Hours	Customers/staff ratio	Note
-10%	2 700	200	13.5	1
+10%	3 300	200	16.5	2
0%	3 000	200	15.0	3

NOTE 1

In this scenario, at **-10% precision**, the conclusion would be that too many hours were used based on traffic, consequently affecting the level of customer service wrongfully.

NOTE 2

In this scenario, at **+10% precision**, the conclusion would be that more hours need to be added based on traffic in order to have the proper level of customer service, consequently wasting money as these additional hours are not required.

NOTE 3

In this scenario, precise traffic data will confirm that we optimized the wage costs while offering the expected level of customer service.

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Finally, by experience, the reality is that the variance on traffic is never constant on a daily basis and, worst, on an hourly basis.

Day	IR Systems	Vision II	Variance	Var. %
Sunday	644	645	-1	0
Monday	394	461	-67	17%
Tuesday	197	236	-39	19.8%
Wednesday	379	414	-35	9.2%
Thursday	452	533	-81	17.9%
Friday	601	706	-105	17.5%
Saturday	699	801	-102	14.6%
TOTAL	3 366	3 796	-430	12.8%

Friday Hourly traffic:

Day	IR Systems	Vision II	Variance	Var. %
10.00	45	62	-17	37.8%
11.00	72	90	-18	25.0%
12.00	62	65	-3	5.0%
13.00	93	86	+7	7.5%
14.00	79	103	-24	30.4%
15.00	54	51	+3	5.6%
16.00	41	52	-11	26.8%
17.00	41	55	-14	34.1%
18.00	44	48	-4	9.1%
19.00	33	55	-22	66.7%
20.00	37	39	-2	5.4%
TOTAL	601	706	-105	17.5%

At this rate of variance, it is impossible to know **when** or **where** you are over or under, or the value of the variance.

The margin of error is simply too large and causes all other measurement metrics to have the same variance, therefore planning and taking decisions based on inaccurate information.

Conclusion:

On a weekly traffic of 3000 customers, a variance of 10% in traffic data will have the following impact:

- A variance of ± 300 potential customers
- Wrong evaluation of the conversion rate
- Inaccurate evaluation of staff performance
- Imperfect scheduling – false evaluation of staff requirements
- False evaluation of promotional activities.

For more information, please call (852) 3426 9132.