

When Retail Customers Count

How understanding customer traffic patterns can help good retailers become great retailers

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Foreword

WITH THE ADVENT OF the “Big Box” retailers, shrinking margins, and dwindling returns, small, mid-size, and major retailers alike are looking for meaningful ways to fine-tune their businesses. Mark Ryski has put together a tool box packed-full with practical and helpful ways to show retailers how to be more strategic in the retail game. The well-crafted and well-written chapters of *When Retail Customers Count* begin with theory that for many of us seems at first to be rooted in common sense but Mark cleverly peels away layer after layer of interpretation to deepen and broaden our insights into why it is not only important to count traffic but it is essential to take these findings and properly analyze them on a continual basis. No one will put this book down without learning a great deal. And if any of you feel frustrated with the results you’re getting with your business or feel that the only solutions available are to continue running your business the way you always have, then Mark Ryski’s book is a “must read.” His years of experience bring

a refreshing approach to the way retailers need to view their most prized possession... *the customer*.

After many years of managing a specialty retail operation, I can tell you that many decisions that I made about advertising, staffing, and performance optimization often came from the gut because, as managers and owner/managers, we were expected to have, and believed we did have, the best feel for the pulse of our businesses. Today, this is not enough. Today's managers and owners need to develop the "science" of retail. And any time you can bring science and intuition together you end up with a strategic position that ensures profitability. It's all about taking your companies to a more professional management style. Mark's book will give you an instrument to better analyze the effectiveness of many of your day-to-day, season-to-season, and year-to-year decisions.

Many of you might ask "Why should I start looking at traffic counts? I can't keep up with all the other responsibilities I have." Why? Because the gems you take away from analytically looking at traffic counts will directly impact your bottom line. Why? Because as retailers, you must always strive to become the brightest and the best merchants in your industry. Why? Because the retailers who use the information from interpreting traffic counts for analyzing conversion rates, for tracking multi-location traffic, for developing effective advertising campaigns, and for optimizing staff planning will have a competitive edge. Can you afford not to read this book? A pretty rhetorical question, I'd say.

Not very often is there a meaningful retail book that isn't just for the "big guys." Mark has managed to create a template that can be customized for all retailers regardless of size, product, or service. His professional, relaxed writing style is engaging. He has attacked head-on many of the challenges facing retailers and those in the service sectors. This is a great read full of excellent insights. Whether you are new to the retail game or a seasoned veteran *When Retail Customers Count* is a great reference book for anyone involved in the retail decision-making process. Enjoy!

– Paul McElhone, Executive Director
Canadian Institute of Retailing and Services

Introduction

Why Count Customers?

The most fundamental of retail metrics is largely unused or misused—if you’re not looking at traffic information, how are you managing your store?

EARLY IN MY RETAIL CAREER, I spent a lot of time learning. Learning about how retail business—successful retail business—is conducted. I learned about inventory management and about recruiting and training staff; I learned about retail selling, customer service, merchandising, and of course, retail marketing. During these years, I watched retail change. I watched the downfall of the traditional department store, the rise of specialty retailing and the advent of the “big box” category killers. I was there when the Inter-

net was going to change the face of retailing forever (it did, but not in the ways pundits were predicting). So here we are.

Retail is undoubtedly a far more complicated and sophisticated business than ever before. Successful retailers need to stay on their toes. History is littered with retail giants once thought to be everlasting fixtures in the retailing landscape, but now gone. However, as much as things have changed, certain fundamentals have remained unchanged—such as prospects needing to visit the store in order to make a purchase. This idea of prospect “traffic” is one of the few constants in an otherwise constantly changing retail landscape. Furthermore, it is a notion that applies to virtually every retailer. So why doesn’t everybody track traffic? Good question.

I didn’t start out being a retail traffic “guru.” Nope. I was just a retail marketing manager for a single location specialty store who was simply trying to understand if his advertising was working or not. Pretty simple question, isn’t it? It seemed simple enough when the owner of the store I worked for asked me how we would know if the annual marketing plan I prepared would work—how would we know if this was the right plan? As I hunted for information on measuring retail advertising, I discovered there were no simple answers—there was a lot of general information about marketing effectiveness but none that seemed to be specific enough; none that could help me answer my question.

Ultimately, my quest to find the answer to this question led me to traffic counting.

Not only did monitoring traffic help us understand if our advertising was working or not, it became apparent that traffic information was also very useful in scheduling staff, understanding sales performance, determining store hours, planning in-store events and much, much more. Wow! This traffic information is great stuff. Why couldn’t I find anything about traffic counting in all those retail management books I read? Why is that even today, the vast majority of retailers don’t even bother to monitor store traffic, and even the ones that do only review the data periodically and usually not in any depth? I don’t really have a good answer for this. In fact, to this day, when I talk to retailers (successful major retail chains at that), I often feel like Christopher Columbus trying to convince the magistrates of the fifteenth century that the world is indeed round, not flat.

When Retail Customers Count is the book I would have greatly appreciated reading back in my early days. The book covers a wide range of ways traffic analysis can be used to help retailers (and service businesses that receive pedestrian traffic) manage their operations more effectively. The book is as relevant for independent single location retail merchants as it is for executives of mega-chains, and it really doesn't matter if your store sells shoes, shovels, crafts or cars—retailers in virtually every retail segment can benefit from traffic analysis.

Although there is a multitude of uses for traffic analysis, I've focused on the areas that would be of most interest to most retailers. Specifically, here's what is in store (pardon the pun):

- **Chapter 1: Measuring the Impact of Advertising and Promotions**

It's true, you really can measure the impact of your advertising and promotions. This chapter is full of examples of advertising traffic responses, setting objectives and the like.

- **Chapter 2: Setting and Refining Store Hours**

Traffic analysis can provide all sorts of insights to assist with decision support, and setting store hours is one of those questions that retailers are constantly grappling with. Traffic analysis can help.

- **Chapter 3: The Impact of Weather on Traffic**

You can't control the weather, but you can control what you do when weather happens. This chapter will describe the different ways that weather can impact traffic and what you can do to make the most of it.

- **Chapter 4: Sales Conversion—Turning Shoppers into Buyers**

This is arguably the most critical chapter in the book, as sales conversion is among the most important performance measures in retail. This chapter is a must read.

- **Chapter 5: Staff Planning**

With labor as one of the largest expenses retailers have, using traffic analysis to optimize staff schedules is the best way to

make sure you have the right number of staff—not too many and not too few.

- **Chapter 6: Special Events and Holidays**

Holidays and special events alter traffic patterns in your store, and traffic analysis will show you how you can make the most out of these times.

- **Chapter 7: Multi-location Traffic Analysis**

Managing multiple locations is a significant challenge, as is doing the traffic analysis for multiple locations. However, the rewards are also significant. Which is your best performing location? Are you sure? Traffic analysis can tell you.

- **Chapter 8: Web, Phone and Store Traffic—The Complete Picture**

We know, we know—retailing today is more than just “bricks and mortar” physical locations. In this chapter, you will learn how you can (and should) look across all your channels to get a complete view of traffic—in the store, on the Web and by phone.

- **Chapter 9: The Strategic Value of Traffic Insights**

Traffic analysis is not just for the floor manager or to give the advertising manager a clue about advertising effectiveness; the senior “big brains” of the retail operation can also benefit from traffic analysis. This chapter will show you how.

- **Chapter 10: Traffic and Service Businesses**

OK, the book title is a bit misleading... The fact is if you run a business that receives customers or prospects into your physical site, you can benefit from traffic analysis. Traffic counting isn't just for retailers.

This is not an academic text nor a step-by-step “how-to” book, but rather a practical guide incorporating real-world examples of how traffic analysis can be used to help you be a more effective retailer—providing specific and detailed examples of how you can manage costs, measure results, and drive performance using traffic analysis.

We use a lot of traffic charts in this book—charts are great. Charts

show you in an instant what it would take me many pages to describe. It makes this book richer and (I hope) more meaningful to you, the reader.

If you are a career retailer, what we share in this book will change the way you look at your business. If you're just starting your retail career like I was, we hope this information helps you get farther, faster.