



Top 10 Factors That Will Increase Conversion Rates



"We should be using technology to understand who our customers are and using the customer data we have to enhance people's shopping experience."

— **Simon Forster, Selfridge's executive director of multichannel, marketing and supply chain**

Increasing conversion rates is a top objective on the minds of all retailers today. Understanding customer behavior can be a critical factor in driving higher conversions in today's multi-channel retail shopping environment.

Many companies are increasingly realizing that the most cost effective way to gather insight into customer behavior is to leverage existing video surveillance solutions that can play a dual role in gathering video data for security (the bad people) while at the same time helping retailers better understand shopper behavior (the good people).

Adding data analytics to a store's video security system can provide the retailer with valuable information in real-time to learn more about customer shopping behavior and improve operational performance. Keep your eye on these 10 factors that can contribute to higher conversion rates.

1 Multi-Channel Shopping Experience

Contrary to past concerns that online retail would cannibalize sales in other channels, in-store shopping still ranks highest in customer satisfaction across shopping channels, and 1 in 5 people surveyed say they spend at least 25% more at their favorite retailer when they can buy over more than one sales channel. More channels = more sales.¹

As the connected store becomes a reality, understanding customer behavior in stores will be increasingly important in driving higher conversion rates in a multi-channel shopping experience. Detailed data on how and where customers are shopping will be key for CMOs to analyze marketing program effectiveness and optimize marketing budgets. "We must be diligent in developing a framework to show how each marketing medium contributes to in-store sales."²

1 <http://www.options-mailorder.co.uk/news.php>

2 NRF The CMO's Challenge: Measuring Marketing Budgets in the Digital Age

2 Mobile Customer Experience

Ironically, the greatest opportunity to increase in-store conversion rates could be taking advantage of the explosive growth in mobile usage. Consider these stats:

- Store-based retailers report an average of 135% year-over-year growth in sales from smartphones and 86% from tablets.³
- Mobile devices are not just for placing orders. 49% of global shoppers surveyed have researched products and compared prices with competitors using their mobile phone. 31% have used their device to find a store.⁴



- The 2015 consumer is in the habit of keeping her phone in-hand (or close by), and retailers who optimize their mobile site or app for a greater in-store

3 Forrester's The State of Retailing Online 2014

4 Global PwC 2015 Total Retail Survey

experience might gain an edge over the competition.⁵

The mobile shopping experience should be fully integrated with the in-store experience to help customers find what they are looking for and make purchasing decisions. This is especially true for the “digital natives” or 18-24 year-old demographic.



3 Alternative Payments

Customers are increasingly adopting payment services such as ApplePay and Google Wallet, as well as newer “digital currencies” such as BitCoin to pay for merchandise at brick-and-mortar stores.

- 27.4 percent of average consumers said they would be somewhat or very comfortable using a mobile wallet.
- When broken out by age, 41.1 percent of 25 to 34 year olds are somewhat or

⁵ NRF Retail Insight Center: Holiday Deep Dive 2014

very comfortable using their device to pay for items at the register.⁶

Mobile POS enables merchants to cut queue lines and improve operations in stores. By moving shoppers through the checkout process more quickly and efficiently, retailers will offer a superior customer experience and be rewarded with brand loyalty. Coupled with valuable insights generated from retail analytics that monitor customer queue lines at various locations in store at different times, merchants can adapt quickly and make changes in real time.

4 Innovative New Store Environments

As e-commerce volumes grow, the role of the retail store is changing.

“From in-store design studios and personal shopping assistants to coffee and tea ateliers, retailers are offering a comprehensive experience, evolving into something sleeker, more customized and increasingly attuned to shoppers’ expectations of what the in-store experience should be,” according to Steve Barr, PwC U.S. Retail & Consumer Practice Leader.

Consumers are empowered by technology to browse online before entering a store, risking a loss of foot traffic.

⁶ Prosper Insights & Analytics Monthly Consumer Survey, October 2014

By creating a different type of in-store experience, retailers can recapture lost traffic and give shoppers new and different experiences they may not get online. When it comes to selecting favorite in-store technologies, 31% of the 18-24 demographic favors in-store Wi-Fi compared to just 22% for all other age groups.⁷

By adding video analytics to store surveillance systems, retailers can measure store traffic, i.e. how many people are making their way into the store, to assess how attractive the store environment is to shoppers.

5 Optimized Staffing Levels

Research shows that during peak traffic times, conversion rates tend to drop. Retailers should optimize staffing for peak traffic times not just peak sales periods. Video analytics (in particular queue and dwell time analysis) can provide the answers retailers need in order to calculate the appropriate staff-to-shopper ratios.

With customer traffic volume data, retailers can make powerful changes to staffing schedules to drive higher conversion rates, such as scheduling employee breaks at low traffic periods and evaluating employee performance based on sales conversion. With real-time

information, store managers can increase staffing at the checkout before wait-times increase.



6 Promotional Merchandising

Promotional reliance will continue for a long time, and it's imperative to understand the impact promotional decisions will have or even did have on the bottom line.⁸

Optimal product placement in the store — on the shelf, via end-aisle displays, at checkout, or placed with cross-sell products—can boost overall conversion rates substantially. Using data collected from visual analytics, retailers can determine if shoppers are viewing and responding to store displays and offers.

By tracking traffic patterns, marketing executives can determine how messages in one part of the store may be moving traffic to other areas, as well as whether specific marketing messaging is affecting

⁷ Global PwC 2015 Total Retail Survey

⁸ RSR Research, March 2015

dwell time. Increased shopping length has been found to lead to increased purchases, as well as an indicator of customer loyalty.⁹

Additionally, retailers can uncover further data to measure promotional campaign effectiveness. Demographic information such as age and gender, obtained using video analytics, can help determine which local promotions drive the desired store traffic.



7 Customer Feedback

Knowing what customers purchased is valuable, but knowing why customers did not purchase may be even more valuable. In many specialty retail stores, for every single customer that purchases, up to nine customers do not purchase, noted Bob Willett, former CEO of Best Buy International. "This is a significant opportunity for growth for retailers."

⁹ Consumer Location-Based Analytics Deliver Actionable Insights, Platt Retail Institute, 2014

Merchants can gather this data through exit surveys, social media and from visual customer intelligence. While analysis of customer behavior and cross-channel purchase decisions is by far the most important objective retailers hope to achieve with their BI & Analytics capabilities, few are satisfied with what they can do now.¹⁰ Video analytics can provide more valuable, real-time insight into customer behavior across all stores and locations.

8 Social Media

In the Global PwC 2015 Total Retail Survey, 62% of respondents said their interactions on social media had led them to buy more.

Social media cannot be ignored when retailers are looking to improve the customer brand experience and ultimately conversion rates. Chico's, for example, is using social media analytics to identify key influencers and uncover how social media conversations affect business results. Consider these additional stats:

- 30.8% of consumers read product reviews online.¹¹
- 84% of worldwide consumers take action based on reviews and recommendations of trusted sources.¹²

¹⁰ RSR Research March 2015

¹¹ Prosper Insights + Analytics 2014 Media Behaviors + Influences Study

¹² 2014 U.S. Digital Consumer Report

Social media can also be an extremely powerful tool for collecting and using customer feedback to affect merchandise planning and allocation decisions.¹³ By developing a thorough social media strategy, retailers can seize the opportunity to leverage social media to impact conversion rates.

9 Integrated MP&A Across Channels

Merchandise planning and allocation has become even more critical in today's multi-channel environment. "More merchants are tapping customer insights from innovative sources to optimize their assortments," says Ken Morris, Boston Retail Partners.

Consumers expect a fast and efficient selling and delivery process, where the physical and digital selling channels converge to provide a cohesive shopping experience.¹⁴ Collaboration with marketing is key to incorporate the impact of marketing initiatives on inventory. Out-of-stocks can drive customers out of the store and into the competitor's location.

One of the top three opportunities from a greater use of analytics cited by retailers is more intelligent allocation and optimization of products based on customer insights.¹⁵ With improved data from video

analytics, merchants can share inventory data across channels and stores in order to improve in-stocks, reduce store-to-store transfers, and increase overall customer satisfaction.



10 Accurate Customer Counting

A critical component in driving higher conversions is to first understand current baseline conversion rates. To do this, it is essential to have accurate data on current customer counts. There are many point solutions available to count customer traffic. Testing is essential to ensure a particular solution is generating accurate counts. For increased value, merchants should consider a solution that offers real-time data and is integrated with additional analytics such as dwell patterns, queue lengths and heat maps, all correlated with POS and transaction amounts to truly understand what is going on in the store.

¹³ BRP 2014 MP&A Survey

¹⁴ BRP 2014 MP&A Survey

¹⁵ RSR Research March 2015

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solutions. With the 3VR Dashboard, marketing and operations executives can gain accurate insight to improve the customer experience, manage staffing levels, increase conversion rates and optimize real estate usage.

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