Understanding the customer's **in-store** buying journey

Driving store performance
using customer insight

Johnson Controls

Introduction

Retailers undertaking store transformation programmes need to find ways to ensure they are making data-driven decisions based on real-time customer insights.

Understanding the behaviour of customers when they are in store is a crucial part of modern retailing, and the tools are now in place to enable this process.

Retailers can quickly learn about their online customers' behaviour using analytics and cookies, but two-thirds of retailers only possess intermediate capabilities to capture and use store buyer journey insights from different in store devices and systems.[1] Not knowing what shoppers are up to in the store, and the rate at which traffic is converted into sales, impedes retailers' ability to provide the most efficient customer experience.

With connected devices and sensors able to collect and present real-time information in meaningful, actionable ways, all the information and insights retailers seek is readily available. The technology is there – retailers just need to be empowered to use it to better their businesses.

The technology is there – retailers just need to be empowered to use it to better their businesses

The **highly-knowledgeable** customer and Store 4.0
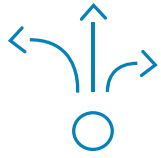
A customer's shopping journey in the store does not always start when he/she enters the premises – many purchases are the result of hours spent browsing products, pricing and in-store product availability on a desktop, mobile or tablet device. Digital channels influence almost 48% of in-store sales, so it is important for retailers to prepare for highly-knowledgeable customers entering their stores.[2]

Considering how well-researched customers are when they enter a store, retailers need to ensure they are armed with all the relevant tools to convert a sale when the opportunity presents itself. Deloitte calls it the age of Store 4.0 – where the main purpose of shops is to provide fulfilment, inspiration and friction-free experiences.[3]

Shoppers will know the options and prices at alternative destinations, so retailers must provide their staff with best practice advice wherever they can to ensure their actions do not send the customer elsewhere.

Understanding traffic patterns in the store, and how merchandising and staff deployment impact sales, is a prerequisite of modern retailing. With a growing number of online players, and competition intensifying in the physical retail environment, it's crucial retailers optimise their stores – they have to make each customer visit count.

Use of customer insights is vital too – and is not limited to back-end operations, but is also useful in interactions between customers and store associates.

- *Fulfilment*
- *Inspiration*
- *Friction-free*

Data rich, insight poor – the DRIP effect

Retailers consider improving customer engagement as the top driver of their employee engagement strategy.[4] With knowledge of customer insights (such as customer traffic, product preferences, shopping history and buying habits), store associates can offer a personalised service and build stronger relationships with their most loyal customers.

But, over the past few years, as retailers have started collecting data from various customer touchpoints in the store besides traditional point-of-sale (POS) systems, they have found themselves data rich, insight poor (DRIP). Due to a lack of analytics maturity, retailers rely on historical POS transaction data when making business decisions which tend to misalign with customers' actual requirements.

While touchpoints like kiosks, mobile, Wi-Fi, beacons and ecommerce give a lot of information to retailers, many are still struggling to make sense of how the unstructured data relates to customers' buying behaviour in store.

Due to a lack of analytics maturity, retailers rely on historical POS transaction data when making business decisions

Currently, there are **4 types of data** that support the **store initiatives:**

Social media data

This refers to all forms of data captured on social media platforms. This generally relates to the characteristics of an individual and his or her demographics, opinions, attitude and preferences that are tracked using product reviews, loyalty information and other types of identifiable customer data.

Transactional data

These primarily originate from the point of commerce such as POS, kiosks, endless aisle, etc. Traditionally, this transaction log data has been conveniently available to retailers for their analytics engine.

Operational data

The data originating from the core business operations such as inventory management, merchandising planning and execution, pricing, and promotions forms the basis of the operational data to build the process maturity aspect in the data ecosystem.

Textual data

This is the most complex and challenging type of data that needs to be tapped by retailers. Such data is unstructured in composition, and usually originates from customer survey data, customer feedback data, word of mouth reviews, etc.

Effective utilisation of unstructured data into actionable customer insights can help retailers improve store performance in various areas such as dynamic pricing management, promotion management, inventory planning, merchandising and general customer service.

There are proven case studies which show that sophisticated analysis of store data – and working with partners who can offer this in-store traffic expertise – can empower retailers to devise strategies that lead to better commercial success. But, most importantly, it can result in stronger customer relationships.

Recommendations

(ST) Short term **0-6 months**	(MT) Medium term **6-12 months**	(LT) Long term **1-2 years**

Store culture

ST, MT: Combine customers' in-store location and behaviour intelligence with store operations programmes that optimise inventory, pricing, replenishment, staffing or promotions, to drive meaningful and contextual customer interaction.

ST: Create competition across your store estates. Promote actual store performance data across your enterprise, and incentivise staff by rewarding the best performers.

Performance management

ST: Use customer insights from foot traffic, inventory movement/flow and merchandise displays – in addition to sales trends – to identify in-store customer journey patterns.

MT: Use traffic data to see what time of day sales conversions are at their best. Could rescheduling of staff breaks, store-based tasksor other operational amendments improve conversions?

Knowledge or Data Management

ST: Leverage customer and product/inventory data from 'all' channels to enhance store localisation. Share customer and inventory data before, during and after purchase with stores to improve customer engagement.

MT: Introduce process and tool-based internal and external collaboration between departments to create a knowledge centre of free and open information exchange – a type of forum to flag issues and create new ideas.

Enabling technologies

ST: Use technology and related analytics services to convert your business into a data-driven enterprise.

ST: Unlock the potential of mobile and Wi-Fi technology to understand exactly what takes place in the stores, to achieve a level playing field with the transparent nature of online retail.

Conclusion

With customers increasingly using digital devices and channels, retailers will need to work towards achieving deeper insights into individual shoppers' buying journeys in the store if they are get the most from their prime real estate and not lose customers elsewhere.

With their limited budgets and other operational execution challenges as they move through a period of digital transformation, retailers will be facing difficult choices. Successful retailers will be the ones who can use the business intelligence available to make their stores more productive and, ultimately, allow them to become showcases for their brand that offer an exemplary customer experience.

Successful retailers will be the ones who can use the business intelligence available to make their stores more productive

About EKN

Our research agenda is developed using inputs from the end user community and the end user community extensively reviews the research before it is published. This ensures that we inject a healthy dose of pragmatism into the research and recommendations. This includes input of what research topics to pursue, incorporating heavy practitioner input – via interviews etc., and ensuring that the blend of research takeaways are oriented towards a real-world, practical application of insights with community sign-off. For more information, visit **www.eknresearch.com**. Email us at **EKNinfo@edgellmail.com**

About Johnson Controls' Retail Solutions Group

Johnson Controls is a global, diversified technology and multi-industrial leader that serves a wide range of customers in more than 150 countries. As a leading provider of retail Loss Prevention, Inventory and Traffic solutions, we deliver real-time visibility and predictive analytics to help maximize business outcomes in today's digitally driven shopping world. Our more than 1.5 million data collection devices in the retail marketplace capture 40 billion shopper visits and track and protect billions of items each year. Our retail portfolio features the premier Sensormatic®, ShopperTrak® and TrueVUE™ brands, as well as a full suite of building technology solutions. For more information, please visit **ShopperTrak.com** or follow us on **LinkedIn**, **Twitter,** and **YouTube**.