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Traffic counting can help stores track down lost customers

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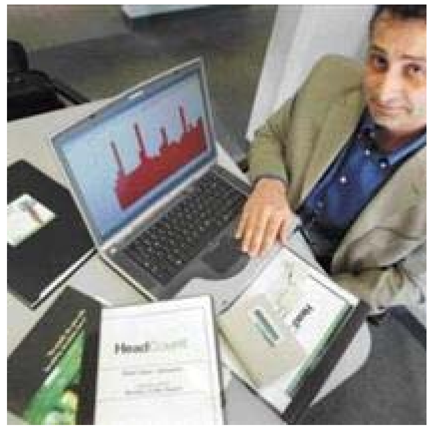
It's my habit, as I come in to the office, to stop at one of the coffee shops across the street to grab a cup of java.



CREDIT: Candace Elliott, The Edmonton Journal

Mark Ryski, founder and CEO of HeadCount, says advertising isn't everything in the retail industry.

One recent morning, though, I found a longer-than-usual lineup at the coffee shop, a dozen people or more, snaking back from the counter. And only two baristas, one fewer than usual, to serve them all.

I looked at the lineup, I looked at my watch, figured I was in too much of a hurry to wait and decided to take my business elsewhere.

In retail terms, I was a lost customer.

For the retailer, a lost customer is lost business.

For the customer, having to go elsewhere creates frustration at the very least.

But how was my coffee shop to know they'd lost a sale that day? It's not as if they were conducting exit interviews.

Mark Ryski, CEO and founder of an Edmonton-based firm called HeadCount, thinks the retail industry needs to pay more attention to lost customers.

Mr. Ryski has good reason to think so. His company, HeadCount, collects information on in-store customer movement using sensors and data collection equipment. It then takes the data and extracts information that might point to retail opportunities. In other words, he sells stores a system that collects and analyzes data on customer behaviour, including lost customers. (Among the firms using his system are Home Depot, lululemon, London Drugs, Hallmark Canada and Sleep Country Canada.)

He was at the Retail Council of Canada annual conference in Toronto earlier this month to tell Canadian retailers that trading gut instinct for hard data can help them get a more complete picture of what's affecting day-to-day sales in stores.

Mr. Ryski estimates that while electronic traffic counting technology has been around since the 1970s, fewer than 20 per cent of retail outlets use anything of the kind.

Instead, he says, they tend to rely on intuition and expectations.

But some things are counter-intuitive.

"Retailers spend tens of millions in advertising," he said. "They hope it's going to translate into sales.

"But advertising can do only one thing: Encourage prospective customers to visit. If you aren't converting them into customers, it may look like the advertising is ineffectual."

He gives the example of a retailer who wonders why sales have been flat even though a huge advertising campaign had just wrapped up. The retailer, he said, is likely to assume the advertising campaign has failed.

Drolet: Keep lines of communication open

Mr. Ryski said that may well have been the case. But he said it may also be that the advertising did its job very well, as it brought new potential clients to the store, but that those clients walked out of the store without buying.

Maybe there were too few sales staff for the volume of customers. (That was probably the case at my coffee shop.)

Or maybe it was that the store hours weren't right for the target clientele, and an adjustment in hours would do the trick.

Mr. Ryski says traffic itself is not a good indicator of sales volume. One store can have a high number of people coming, but fewer sales than a store with a smaller number of walk-ins.

That's because the second store is doing a better job of selling to the people who walk in.

"What this is about is retailers understanding how well they are performing with regard to how many people come through their stores," he said, explaining that retailers need to know not only how many sales they are making, but why.

Mr. Ryski's point is that if you don't know what's wrong, you can't fix it. He says traffic counting statistics help a store make better decisions with regard to staffing, merchandizing and advertising.

To the extent that retailers can afford it, it's not a bad idea for them to collect and analyze information on customer behaviour. If they know why people are leaving without buying, there's a better chance that something's going to be done about it. And better service for consumers could be the result.

But I think it's also important for customers themselves not to forget that they can also have their say.

And it's equally important for retailers to rely not only on data and head counts, but also on customer feedback.

For example, as a regular coffee shop customer, I could always have gone back the next day and (assuming I arrived at a quieter moment) told the manager or one of the baristas about my frustration with the lineup. Good managers always appreciate that kind of feedback.

So while it's important to collect and analyze the data, it's also important for retailers, and customers, to keep the lines of communication open.

Daniel Drolet is an Ottawa writer.

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