Case Study

Specialty Apparel Chain
Converts store traffic into buyers with Sensormatic Solutions

Sensormatic
by **Johnson Controls**

Summary

Industry
- Luxury Goods
- Apparel
- Textiles

Solutions
- Traffic Intelligence
- Enterprise Manager

Benefits
- Track conversion
- Optimize staffing
- Evaluate promotions
- Increased sales

Welcome

As one of the world's leading premium lifestyle brands, a major retailer sells apparel and licensed products through more than 1,000 company-owned and franchised retail stores at locations around the world.

To meet the target of the parent company for 8% – 10% annual global growth, the executives launched an initiative to monitor store traffic in its European region which accounts for 45% of global sales. To gain insight into their store operations and not just collect data, they selected Tyco's Traffic Intelligence offering to measure and drive shopper conversion.

As a result, the executives can better understand shopper behavior, secure fast feedback on merchandising initiatives, conduct cross-store comparisons, and leverage credible conversion metrics to improve store operations.

The retail stores give shoppers an experience that projects the brand's unique style and spirit.

Project Scope

Under pressure to deliver organizational growth and improve in-store operations, the European Sales Region deployed Sensormatic's Traffic Intelligence Solution.

With a network of 235 stores across 16 countries, the region can now use real-time data to guide promotional, merchandising, and staffing decisions in order to maximize conversionand sales.

Challenge

The retail stores give shoppers an experience that projects the brand's unique style and spirit. In 2011, shoppers responded by delivering double-digit comparable-store sales growth despite an uncertain economic period. However, like other brick and mortar retailers, the retailer knows sustaining high performance in expensive retail locations demands operational excellence as well as a compelling brand experience.

But online retailers have enjoyed an advantage in "measurement factors" – the ability to assess advertising performance, customer behavior, and sales with precision and immediacy. Lacking these same timely performance metrics, brick and mortar retailers are often forced to rely on indirect data, manual counts, slow comparison studies, and managers' instincts to estimate the effectiveness of their promotions, store layouts, staff training and deployment, and merchandise displays.

Additionally, the executives recognize that objective, accurate measurement of the number of shoppers in their stores is fundamental to operations and Traffic Intelligence is critical to measure and drive shopper conversion.

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Solution Highlights

- **The retailer installed overhead video sensors** throughout its network of 235 stores across 16 countries in their European Sales Region to better manage in-store operations. All sensors, including legacy thermal counters, were connected to an installation of Sensormatic Enterprise Manager. Enterprise Manager integrates information from Traffic Monitoring, Electronic Article Surveillance, Inventory Management, and other store systems by secure Virtual Private Network (VPN) links at Corporate Headquarters. Information is consolidated at Headquarters and reports are distributed to store managers via email every morning.

- **Employees enjoy the Traffic Intelligence solution's** ease of use, with store managers quickly up and running after initial training. The Traffic Site Dashboard empowers regional managers with a top-level, at-a-glance view of store traffic and will soon be integrated with point-of-sale (POS) data to add real-time conversion metrics to the report. With a successful network-intensive data export operation, the system delivers uptime and rapid performance, along with necessary security access controls that the business requires.

- **Beyond system performance and features**, Sensormatic's global reach supports the complex system of cross border stores in 16 European countries. Sensormatic offers a comprehensive solution to help the retailer understand and predict optimal staffing patterns, exposure to shoplifting and organized retail theft, inventory requirements for replacement-intensive items, and more.

- **By providing remote expert monitoring** of in-store systems with multiple-language support and rapid on-site repair service, the retailer can assure consistency system performance.

The Solution

The retail executives believed that improving in-store operations was based on successfully managing three critical performance factors: prospect traffic, conversion rates and average sale.

- Prospect traffic tracks the number of shoppers in the store and correlates those figures to day of the week, season, weather, and other recurring factors. As a result, retailers can understand how their advertising and promotional efforts are attracting shoppers to their stores.

- Conversion rate, is the percentage of those shoppers who buy something. Calculated as the number of POS transactions divided by store traffic, conversion assesses how well a store turns shoppers into buyers – through effective staffing, training, merchandise displays, and other factors in which a premium retailer invests heavily.

- Average sale per customer is gathered from POS records.

Together these three factors can determine sales, but this retailer wanted to gain insight into its operations, not just collect data. After reviewing four traffic intelligence offerings, the retailer worked with Tyco to select Traffic Intelligence Solutions to measure and drive shopper conversion.

Results

With Tyco Traffic Intelligence, the retail executives understand whether a good sales day was due to more shoppers in the store or better conversion of shoppers into customers. This kind of information enables the organization to direct investments outside the store to improve traffic or inside the store to maximize conversion and average sale. Individual stores were able to optimize critical shopper-to-associate staffing ratios to maintain exceptional service levels. The executives expect that new insights into shopper behavior, fast feedback on merchandising initiatives, cross-store comparisons, and credible conversion metrics from traffic intelligence will help them meet or exceed their ambitious goals.

Given the success of the Traffic Intelligence initiative, the executives at the European headquarters are already exploring customization to schedule and automate distribution of reports by email – a valuable extension that is well within the capabilities of the Tyco open standards platform.

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About Johnson Controls

Johnson Controls is a global diversified technology and multi-industrial leader serving a wide range of customers in more than 150 countries. Our 120,000 employees create intelligent buildings, efficient energy solutions, integrated infrastructure and next generation transportation systems that work seamlessly together to deliver on the promise of smart cities and communities. Our commitment to sustainability dates back to our roots in 1885, with the invention of the first electric room thermostat.

For more information, visit **www.johnsoncontrols.com** or follow **@johnsoncontrols** on Twitter.

About Sensormatic Solutions

Sensormatic Solutions is a global leader in enabling smart and connected shopper engagement. By combining critical insights into retail inventory, shopper traffic and loss prevention, Sensormatic Solutions powers operational excellence at scale and helps create unique shopping experiences. Our solutions deliver real-time visibility and predictive analytics for accurate decision-making across the enterprise, enabling retailers to confidently move into the future. With more than 1.5 million data collection devices in the retail marketplace, we 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.

For more information, visit **www.Sensormatic.com,** or follow us on LinkedIn, Twitter and our YouTube channel.

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