

Beacons and Counters



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THE TOOLBOX THAT the modern merchant has at its disposal is exploding. Visit any retail tradeshow and the number of technology vendors pushing products is impressive. Here are some observations and updates.

For more than 20 years, stores and shopping malls have been wired with counting devices at doorways. The three major firms offering the service are Retail Next, ShopperTrak and Nomi. The measures they offer are simple and largely effective. How many people walked in the door today versus yesterday, or versus last week or last month? The devices themselves have gotten better at sorting out—with some accuracy—men, women and children. They are less accurate with profiling group size.

These measurements are used in a number of ways, mostly operational. It is a good way of judging staffing needs, and when comparing your door counts to the door counts of the mall, you have a sense of how you are doing compared to the rest of the mall.

Hook the door counters with register transaction data and you get at a rough idea of conversion data. The fly in the process is how you process groups. Is a family of four who makes a purchase a 25 percent conversion or a 100 percent conversion? Context also is important. In general, lower-income consumers maintain more group cohesion, whereas higher-end shoppers are more likely to split and re-group. In higher-end malls, a next-door neighbor that is more gender-focused can reduce conversion ratios. For example, if you have a lingerie store immediately adjacent, your location may be the parking lot for guys uncomfortable shopping for bras with their spouses. Conversion influencers include public areas, bus stops, food courts, branch banks and other service-based retail.

Much of the problem with door counters is that the vendor selling it to you tends to be passive. It is



a technology offering with no real interpretive service included. Also aggravating the problem is that companies offering the service really are in the device business, not the information business. Their objective is to sell you counters. As for the data collected, companies and retailers need to find an independent partner to interpret the data, identify what matters around the consumer experience, and provide actionable short- and long-term next steps to improve the bottom line.

In retail research, there are two fundamental ways of processing information. The first—and by far the oldest way—is to aggregate. Thus, you have no interest in the specific individual; your focus is in identifying broader patterns. Men do this, families do that, this is what tends to happen on Monday morning in contrast to what happens on Friday night. The output is about averages and trends. It gives you “heat maps,” first destinations, section conversions and more.

The second way is processing information about an individual. Over the past 15 years, this offering has been driven by a variety of technologies. One of the early offerings was based on pixel recognition

software. The merchant installed a series of cameras capable of tracking movements, and by tying into POS data, could even identify individuals. It was expensive and a little creepy. Yet those surveillance systems are in place at almost every gas pump, airport, office building and urban street.

Adding to the information mix is a new generation of beacons—they are devices that typically track your mobile phone. Some are based in Bluetooth signals, some key in on your phone’s setting search for Wi-Fi. What makes the technologists salivate is that they can identify the unique ID and, thus, the person. It presents the possibility of personalization. The beacon can be calibrated to about 3 ft., so accuracy where you are can be correlated to specific product categories and to individual displays.

The beacons give a merchant the ability to interact directly with consumers in-store, making them offers based on proximity via notifications. Privacy issues have been dealt with by asking consumers for permission to interact with them. To date, the acceptance rate for that offer tends to vary greatly; not surprisingly, with Millennials leading the way.

The new frontier is using those same beacons to start informing store design decisions. Again, the challenge is that companies offering the service understand that there are many different ways to use the information they collect, but doing it involves getting past a software business model to the hands-on consulting business.

We can track what you look at online and tailor an offering to you based on your browsing history. I recently bought a wedding band online, and everywhere I went online for the next two weeks, I was offered more wedding bands. How many bands is a guy likely to buy? It felt weird. It was so obvious. **ibm**

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