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White Paper

Engaging Connected Consumers through Location Insights

INTRODUCTION:

Retailers can no longer be left in the dark about consumer shopping habits in the store. In an increasingly omnichannel world, just as in the case of digital shoppers, retailers need to be aware of what customers do inside of their stores' four walls before, during and after the shopping experience. The most successful retailers will be the ones that have intimate relationships with their customers, especially those that are typically harder to track in-store throughout the purchase cycle.

One way to create and cultivate these relationships is through the use of location based customer intelligence or analytics. While close circuit video cameras, RFID, Bluetooth, sound wave technologies have the potential to provide store customer insights, a store's existing Wi-Fi data and insights[1] is a dynamic tool that can help monitor in-store customers and define the specific areas of the store, staffing focus and merchandise that keep these customers returning.

As a result, retailers are learning to correlate point-of-sale (POS) results with other forms of in-store analytics such as Wi-Fi, a move that can optimize store layouts, improve in-store customer engagement, labor allocation and promotional effectiveness — factors that can then help companies improve number of customer visits, employee-customer interactions, assortment and sales.

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[1] *Wi-Fi signals are emitted by customers' smartphones while they are in the store browsing for products. The process of triangulating on that signal can identify the phone's position to within a few feet or even meters. Stores are also collecting a unique identifier, called a MAC address, for each phone in the Wi-Fi access points. This allows them to build up behavioral information on store customers or visitors.*

STATE OF THE STORE

Gone are the predictions that the evolving omnichannel retailing experience would depreciate the need for the physical store. In fact, it is quite the contrary. As the all-encompassing shopping journey continues to evolve, the retail store is playing an even stronger role.

48%

of in-store sales are influenced by digital channels

In fact, the omnichannel retailing model has made it easier than ever to engage with customers, especially as customers adopt more digital touch points to engage with their favorite brands. Currently, 48% of in-store sales are influenced by digital channels[2]. As retailers learn to adopt more digital customer-facing touch points at store-level, the omnichannel retailing model has changed the value of the physical store.

A BUMPY ROAD AHEAD

As bricks and clicks continue to converge, the industry is experiencing new challenges as well. For example, retailers are adopting more digital customer-facing tools at store-level, and each one collects individual customers' "digital fingerprints" during every electronic interaction. However, the task of leveraging the digital data assets collected during store-level visits is becoming increasingly difficult.

Overwhelmed with information, too many retailers rely on historic information when making business decisions — decisions that tend to be inaccurate and often detrimental to customer engagement strategies. For example, the inability to predict customer traffic in stores (54%) and a lack of insight into what customers want (48%), are two major issues that stores are encountering in the present times[3].

Of course, retailers continue to leverage consumers' love affair with mobile technology in-store. More retailers are designing programs that leverage smart devices in an effort to intimately connect with in-store customers in real-time. By linking these devices with Wi-Fi, brands are upping the ante on customer-centric programs, especially those that enable them to connect with their loyal customers. For example, California Pizza Kitchen (CPK) has vastly improved its location intelligence and customer tracking performance using Wi-Fi data. CPK store management knows where in the store their best customers are located using repeat visitor analysis.

Top In-Store Business Challenges

When combined with dedicated mobile apps, Wi-Fi and beacons can create an indoor mobile positioning system that gives retailers real-time insight to consumers' in-store navigation, as well as a means to target individualized messages as they visit specific departments, aisles and merchandise.

Currently, five in ten retailers use some form of customer location-based engagement tools, including in-store Wi-Fi programs. Even as retailers continue to find new ways to leverage mobile solutions for customer engagement, the demand for Wi-Fi and related analytics will increase. Specifically, **53% of retailer are leveraging Wi-Fi and one-third (33%) of companies plan to use Wi-Fi in the next 24 months[4].**

[2] *Deloitte Navigating the New Digital Divide Report, May 2015*
[3] *EKN's 2015 Customer Context Power research*
[4] *EKN's 3rd Annual Future of Stores Benchmark Report*

While new solutions, such as smart devices, sensors, beacons and Wi-Fi access points are clearly promoting more customer interaction at stores, retailers still struggle with how to identify store customers and predict customer traffic to improve merchandising, promotions and staffing per customer traffic patterns in the store.

One area that in-store Wi-Fi-enabled programs can improve is to identify customers at both an aggregate and individual level. If retailers pursuing store Wi-Fi programs have insights into aggregate and individual customer activity and patterns, they are setting themselves up for improved customer satisfaction — a factor that leads to increased loyalty, which eventually translates into revenue.

While aggregate customer traffic patterns help retailers monitor traffic and help set merchandising, labor and floor plans, solving the individual customer identification problem can lead to message and offer personalization. This problem can be solved if retailers can offer in-store mobile apps and other Wi-Fi opt-in capabilities to customers as they walk into the store.

IN-STORE ANALYTICS SAVES THE DAY

As stated earlier in the report, 1 in 2 retailers are challenged in preparing stores due to their inability to predict customer traffic in stores. By adopting Wi-Fi analytics, retailers can turn the tide. Wi-Fi analytics not only helps retailers determine the number of visitors entering the store, but how often they visit, navigation throughout the sales floor, and the amount of dwell-time they spend in specific departments.

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When defining a Wi-Fi analytics strategy, the key is to determine how retailers will use the reporting tool as a means of driving certain store improvements. The most apparent use case of Wi-Fi analytics is to understand the value of store-location traffic patterns. With insight into in-store customers' intentions and navigation, retailers can clearly optimize their floor layouts, staffing and positioning of promotional products.

For example, EKN's "Customer Engagement Survey" reveals that six out of ten retailers rate store-location-centric merchandise and offers as their most important in-store customer engagement capabilities. However, gained knowledge can also optimize store-level operations. The functional area that can benefit the most: optimization of labor. With insight into shopper dwell or browsing time in the aisle, retailers can use the devices to send instant notifications to associates for specific tasks need to be completed; allocate labor within specific store departments or zones, and regroup efforts at various times of the day.

As more and more digital and store needs converge, retailers need more speed and visibility when optimizing their workforce to best service the omnichannel shopper. Too often however, retailers miss the mark. While many use workforce management (WFM) solutions to gain insight into their staff and scheduling, too often these solutions are not fully automated, or lack visibility into weekly budgets, sales targets and labor costs – issues that make it impossible to optimize workforce skills. This is another area where Wi-Fi analytics can be very useful to retailers. Incoming traffic and repeat visitor insights can help detect patterns of shopper volume by time of day. And when retailers correlate this data against labor planning, they can add or reduce labor in all parts of the store to optimize labor costs.

By using Wi-Fi analytics to pair tracking data with POS information, loyalty data, beacon marketing redemption, and other types of customer behavior data, retailers are in a stronger position to align labor to meet demand in real-time. And when store associates are empowered with smart technology insights, brands can create new efficiencies.

To truly increase basket sizes on an individual level however, retailers can apply results from Wi-Fi analytics to understand how the customer continued their shopping journey inside of the store. Each additional nugget of information garnered through Wi-Fi analytics is another method that helps a brand streamline in-store processes and create efficiencies that can help drive revenue gains.

SETTING THE TONE

Of course, a successful analytics strategy needs a reliable foundation. That said, the first step to adopting Wi-Fi analytics requires retailers to step up their Wi-Fi infrastructure. The good news is in-store networks are among retailers top investment priorities, with 27% of companies focused on improving their Wi-Fi, local area networks (LANs) and wide area networks (WANs), according to EKN's "2015 Consumer Context Power Study". Meanwhile, almost one-third of companies plan to deploy more Wi-Fi access points over the next 12-24 months, EKN's "3rd Annual Future Stores Study" revealed.

Once the foundation is in place, retailers are prepared to tighten the integration efforts that will merge store-level Wi-Fi data, customer behavior, merchandising objectives and labor optimization analytics. By combining data into a centralized database, retailers have instant access to data on footfall traffic, shopping visit frequency and duration of each stay, as well as insight into whether they are serving new or repeat customers, and redemption of digital and offline marketing campaigns.

Armed with this data-intensive foundation, retailers can finally optimize in-store service in a proactive way versus reactive methods based on historic information. For example, armed with real-time traffic assessments, retailers can optimize their staff based on skill sets and on a department-by-department basis. Further, these details can enable retailers to redesign store layouts and promotional displays to satisfy the navigation of individual customers or consumer clusters.

Most importantly, Wi-Fi analytics enables retailers to provide a truly connected online and offline omnichannel retail experience, one that can provide a seamless shopping journey as customers move between channels.

RETAIL CASE STUDY:

One retailer that is very close to achieving this goal is Mitchells Family of Stores. By deploying an open-source customized e-commerce platform to support a digital platform called M World, the retailer can conduct digital collaboration and interaction between the brand's sales associates and their customers via their outgoing emails and texts.

The platform curates individual product recommendations by combining key product attributes, such as price, designer, sizes, among other factors, across inventory in all five Mitchell's locations, and marries this information with shopper history. As a result, associates have access to information needed to personally create customer-specific recommendations. They can access this information from any device that connects to a web browser. If retailers can add Wi-Fi analytics to the mix, associates can make these interactions even more dynamic, and interact with customers the minute they pick up an item or enter a specific zone within the store.

RECOMMENDATIONS

The following recommendations will help retailers adopt Wi-Fi analytics as a means of more accurately understanding their customers' needs and preferences, and establishing an engaging in-store experience:

- **Develop a Store Location Intelligence Strategy.** 1 in 2 retailers lack insight into their store customers' behavioral patterns due to lack of real-time traffic monitoring. As a result, retailers are unable to optimize store sales, merchandising, labor planning, floor layouts and other customer-centric tasks. By using some form of sensory or device-centric location intelligence retail stores can understand traffic patterns and improve gaps associated with merchandise layouts or positioning, labor availability, timely service to customers and sales.

- **Integrate Wi-Fi Analytics Tools to Improve Store Customer and Operational Intelligence.** Retailers can activate store location intelligence using existing smartphone Wi-Fi data that is collected from customers' smartphones when they walk into the stores daily. Overall, it is a real-time view into how the customer behaves in the store. By applying the findings from Wi-Fi tools to daily operations, retailers will be prepared to better integrate the online and offline experience through real-time communications at store-level. The ultimate goal for any Wi-Fi analytics tools should be to improve location-based customer engagement and operations related efficiencies such as mapping customer traffic patterns with daily staffing or labor, merchandising and promotional locations, customers' response time, among others.

- **Engage Store-Level Customers and Associates in Real-Time.** Armed with next-generation Wi-Fi and analytics, retailers are ready to put their store assets to good use. The key priority when merging the online and offline experience is ensuring that customers get the help when they need it and associates can spend more time on customer service than other tasks. A key advantage of Wi-Fi analytics is the ability to monitor customer traffic flow to varied parts of the store in real-time and the possibility of sending alerts to associates and store managers to engage customers when they have stood at an aisle location for a long time. This capability not only increases the possibility of higher customer satisfaction but also higher sales, margin and associate or labor productivity per hour.

- **Improve Wi-Fi Networks and Access Points for Better Information.** Retailers need to take steps to tighten and secure Wi-Fi networks to ensure they can share messages and information with customers at store-level, especially when they are ready to make a purchase decision. This step is so important that 67% of retailers reported that their in-store Wi-Fi networks are among their "most important" means of delivering information to improve customer engagement[5]. Additional Wi-Fi access points should be installed to support current and upcoming wireless programs. As in-store mobility options for associates and consumers alike continue to increase in importance among retailers, it is time for companies to tighten connections and store-level access to ensure that all wireless communications are streamlined and reliable.

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[5] *Customer Context Power Report*

FUJITSU WI-FI ANALYTICS SOLUTION OVERVIEW

The Fujitsu Engagement Analytics Retail Solution:

Fujitsu's Engagement Analytics retail solution is a cloud hosted solution that provides retailers with an effective solution for understanding and analyzing shopper behavior while they are present in the store using mobile medial access control (MAC) addresses-related data from in-store Wi-Fi networks.

Solution Scope:

This solution from Fujitsu includes key features including:

- Collect and aggregate live customer location data
- Combine location data with sales data to provide actionable insights
- In-store traffic monitoring and alerting for better store operations
- Patented Automated Flow Discovery to visualize traffic flows
- Visualized analytics insights - dashboard/heat maps/flow maps

Strengths:

- A business process management engine is built on top of the data/analytics engine and data warehouse to help convert store location data into actionable store process and execution intelligence
- Track number of visitors, dwell time, traffic trends and conversion rates- mapping traffic with POS and data
- Find hot spot or dead zone, by visualizing traffic density in floor map
- Improve store labor hour optimization and productivity according to customer or visitor traffic patterns
- Improve merchandising, store layout, promotions, customer service and floor plans based on traffic patterns

Opportunities:

- Besides, aggregate level tracking, solution should track visitors at an individual opt-in customer level for personalization
- Alongside Wi-Fi analytics, a built-in recommendations engine is needed to provide stores proactive floor plan changes, ideal staffing levels, queue management, and personalized offers to opt-in customers

FUJITSU WI-FI ANALYTICS SOLUTION OVERVIEW

✓ Capacity currently available or soon to be launched

✓* *Capability not available out-of-the-box but can be developed either directly or via a partner

Wi-Fi Analytics Capabilities	Fujitsu Retail Solution Engagement Analytics
Advanced Engagement Metrics[6]:	✓
Cross-Analyze Wi-Fi data with POS data	✓
Visualize Store Customer Flow	✓
Traffic Density Visualization	✓
Real-time monitoring of Customer traffic/Staff behavior	✓
Business Process Management	✓
Mobile location-based Messaging (personalized recommendations engine)	✓*
Predict Staffing Patterns	✓*
Support Queue Management	✓*
Social media integration	✓*

[6] *Unique customer visits; dwell time -customer time spent on browsing; repeat customer visits; conversion rates, etc.*

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 bend 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 Fujitsu

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