



Focus on: Traffic Counting

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What is traffic counting?

Traffic counting is simply counting the number of people that come into your store. When traffic counts are compared to sales transactions, they become a key management tool that shows the closing ratio of a retail location. The closing ratio is the percentage of all the traffic that entered the store and actually made a purchase.

An automated traffic counting system will help store management to determine the traffic patterns during each day of the week. As these trends are monitored along with the actual closing ratios, store management is able to determine how and when to staff the store in order to maximize the profitability of the store.

Traffic

Traffic is the measure of the number of people that enter a store.

How does an automated traffic counting system work?

An automated traffic counting system works by using motion detectors positioned at the entrance (or exit) of a store. These motion detectors count the number of people that enter and exit the store. Simple infrared detectors record a count each time the beam is broken. The detector can be configured to divide this count by two if the detectors are located at doors that are used for both entering and exiting a store. More sophisticated directional detectors are able to count how many people have actually entered and exited the location.

Closing Ratio

Closing Ratio is the percentage of all the traffic that entered a store and actually made a purchase.

Why do I need an automated traffic counting system?

The measure of customer traffic will give you two new indexes to work with: traffic and closing ratio. A traffic count will give you feedback on the effectiveness of your marketing and advertising, as well as a store's appearance, including such things as signage and window displays. Knowing the closing ratio will give you feedback on anything that can convert a visitor into customer. This includes such things as product selection, pricing, layout and overall customer service. These two indicators can help you concentrate your efforts on the aspects of your business that will have the most effect on the bottom line results.

For example, if after changing the layout of a store's window, sales stay the same, you might conclude that the change was useless. However, if you had been measuring traffic before and after the change, you might have noticed a 20% rise in traffic and a fall in the closing ratio. From this you could easily conclude that your changes have brought in more people but that you have to work on something else to convert these visitors into customers. Your action is different because of your ability to measure traffic.



Traffic information helps to establish predictable trends that will enable store management to schedule staff more cost effectively. Forecasting of staff requirements becomes much more accurate and analysis of patterns and sales closing ratios will help determine the peak staff-to-customer ratio. The end result is maximizing the return of the following three areas:

- Staff availability as a measure of the number of customers per staff-hour
- Staff productivity as a measure of the amount of sales per staff-hour
- Wage cost as a percentage of sales

What features should I look for in a good traffic counting system?

A good traffic counting system should include the following features.

- Sensors that can be installed at an entrance (or exit) along with a data collection device to capture the counts logged by the sensors
- Automatic collection and archiving of the count information so that it can be displayed upon request showing counts by day and by hour
- Integration to the store Point-of-Sale and staff scheduling system
- Reports and graphs that analyze and present key factors such as sales, traffic, closing ratios, average sale, staffing and wages-to-sales by hour, by day or by any other period required

The sensors should accurately log the number of customers that enter (and leave) a store. This count should then be collected automatically from the data collection device attached to the sensors and stored in a database for later use. The reports and graphs should be designed to quickly compile this count information together with sales and staff scheduling data and present it in a way that is easily read and understood by store management. This equips them to make critical decisions that will drive sales while keeping staffing costs under control. The net effect is a much more profitable retail business.

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