

When Retail Customers Count

How understanding customer traffic patterns can help good retailers become great retailers

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CHAPTER

Traffic and Service Businesses

OK, you don't actually sell products *per se*, but your business receives customers—why not use traffic analysis?

Traffic and Service Businesses

SO FAR, WE HAVE TALKED a lot about the ways retailers can use traffic analysis to do everything from measure the impact of their advertising to scheduling staff effectively, to monitoring long-term trends. But what if you are not a traditional retailer? To you I extend my deepest apologies. It all applies—every bit of it. To keep things simple I used the term “retail” generically—again, sorry.

If you receive prospects and customers into your location, you can benefit from traffic analysis regardless of whether you sell products or not. There are numerous examples of service organizations that could benefit from traffic analysis including:

SERVICE BUSINESSES

- Staff planning
- Traffic analysis in action
- Why bother with traffic

- Banks
- Restaurants
- Government agencies
- Public transit
- Art galleries/museums/zoos
- Sporting events, concerts, lectures
- Amusement parks and arcades

In this chapter we will look at some of the ways traffic analy-

sis can be used in service businesses and organizations. In some ways, service organizations need traffic data for the same reasons traditional retailers need it, but they also have some unique needs that retailers don't.

Traffic applications for service businesses

To state the obvious, service businesses are about service. Whereas traditional product retailers can rely on product sales as one indicator for customer service (*i.e.* if a retailer is doing a great job with customer service, they should expect a positive sales result) in a service business, there may not be sales data *per se* to use as an indicator of customer service. In fact, some service organizations, like government agencies for example, don't really even sell anything; rather, they serve customers, for example, getting a drivers license.

There is no doubt that service organizations have devised various metrics and measures to understand how well they're performing, but like traditional product retailers, traffic analysis can provide additional, important insights that traditional service measures cannot—or at least not as easily. Let's review some of the ways services organizations can use traffic data.

Staff planning

Think about it, by definition, service businesses require some interaction with clients, customers or prospects. That means it is critical to make sure that staff levels map to traffic volume. Unlike traditional product retailers where prospects may be able to wander through the store on their own with no help from staff, service businesses really don't have the same advantage. For example, if you walk into your local bank branch looking to get a money order, you can't just step behind the counter and fill out your own bank draft; self help in a bank could get you 10 to 15 years in a maximum security penitentiary! Of course, automated bank machines (ABMs) and online banking websites have changed the banking experience significantly, but there still are some activities that require a visit to the branch—opening a new account, getting investment advice, getting a money order, clearing up an account error, *etc.* Naturally, as a bank manager concerned about customer service, you would

want to match the number of tellers with traffic volumes and patterns—wouldn't you?

Advertising effectiveness

Like traditional product retailers, service businesses also invest a lot of money in advertising. Like traditional retailers, they too need to be clear about what their advertising objective is. In some cases, they might be trying to attract visitors.

If a zoo, art gallery or some other public facility launches an advertising campaign, ostensibly to attract more and potentially new visitors to their attraction, isn't it reasonable for them to expect some change in traffic volume or patterns? I think so. And the methods we use to understand the traffic response in retail stores to measure the impact of advertising and promotions also applies to service businesses and organizations.

Operating hours

If your service organization or business is open to the public, you have operating hours—or store hours. Just like retailers, refining and setting operating hours is a critically important decision. By understanding the timing and volume of visitors in your organization, you will be better able to refine and set operating hours that are best for visitors. Like traditional retailers, operating hours for service organizations do vary by day of week and holidays. How might they change over the seasons? Traffic information could help provide the answers.

Measuring attendance

For any service organization that relies on government funding, establishing accurate visitor counts may be extremely useful. For example, a government sponsored art gallery may be able to support a claim for additional funding by providing accurate visitor counts—if visitor counts are continuing to increase, the art gallery might be in a better position to argue that their site is getting used by the public and that additional funds should be allocated to help support this well-used facility. Here's another one: a university hosts a free lecture by a renowned visiting professor. The lecture will be held in the massive central auditorium. In order to establish the turnout for the lecture, organizers could try counting people in

their seats—but this might be impractical if the lights have been dimmed (so that the professor’s slide presentation can be seen better). Furthermore, students might come for a while and then leave. Depending on when you took the seat count you might find it difficult to get a precise number. Maybe the next time the renowned professor speaks you can book the smaller assembly hall, instead of the auditorium.



Figure 10-1 Reprinted with permission from the Edmonton Journal

Strategic planning

Understanding long-term trends can be extremely useful to service businesses for many of the same reasons it is for traditional product retailers. How are traffic patterns changing over time? Just like traditional retailers, service organizations and institutions operate in an environment of constant change. In order to fully appreciate what’s happening and when, you can use traffic analysis to provide invaluable insights.

Table 10-1 summarizes some of the key uses for traffic analysis by service organizations. The list of service organizations nor traffic analysis applications is not meant to be exhaustive; rather, it is meant to provide a sense of some of the different ways traffic analysis can be used by service organizations.

Table 10-1

Traffic applications for select service organizations

Service Organization	Traffic Analysis Application
Banks/ Financial Institutions	<ul style="list-style-type: none"> • Staff/teller scheduling • Refining operating hours • Location strategies • Advertising/promotion impact
Restaurants	<ul style="list-style-type: none"> • Forecasting demand • Refining staff levels and schedules • Understanding advertising/promotion impact • Understanding long-term trends
Government Agencies	<ul style="list-style-type: none"> • Refining staff levels and schedules • Measuring visitation/use
Public Transit	<ul style="list-style-type: none"> • Refining operating hours • Optimizing routes
Art Galleries/ Museums/Zoos	<ul style="list-style-type: none"> • Refining staff levels and schedules • Refining operating hours • Understanding advertising/promotion impact • Understanding long-term trends
Sporting Events/ Concerts/Lectures	<ul style="list-style-type: none"> • Measuring visitation/use
Amusement Parks	<ul style="list-style-type: none"> • Refining staff levels and schedules • Refining operating hours • Understanding advertising/promotion impact • Understanding long-term trends

Putting traffic analysis to work in a service business

Fitness facility: A case study in improving service

Fitness Land is a very busy gym. They have the latest in fitness equipment, a swimming pool, sauna—you name it. The only problem is that they're a little too successful. According to their monthly "spot" customer service surveys, members are becoming frustrated that they can't get time on particular equipment when they want.

To an extent, that's always a bit of a problem; there are only so many Stairmasters available! Of course, the problem isn't the number of Stairmasters; rather, there aren't enough Stairmasters when people want them. In fact, there are times when you could "fire a cannon" through the gym and not hit a single soul. Management knew that they had to do something or they would continue to see declining customer service, and ultimately, decreases in gym membership renewals. Although management knew that they couldn't buy more equipment to solve the problem, they reasoned that if they informed members about the visitation distribution by day and by hour, members could adjust their workout schedules to come in when there was a little less traffic. The chart in Figure 10-2 shows gym visits by hour of day for a typical weekday.

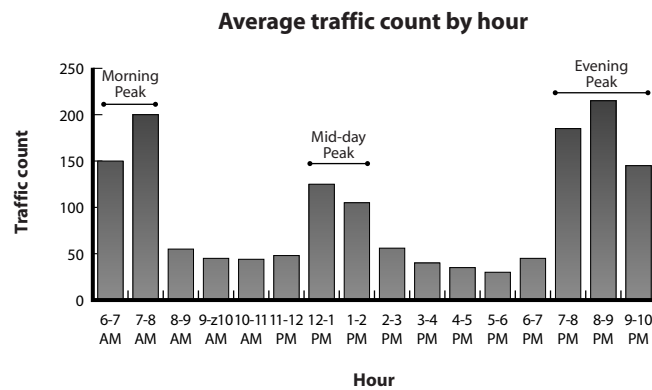


Figure 10-2

By posting the traffic distributions, members were able to see exactly what times were the busiest and plan to visit the gym during off-peak hours. Also, noting the change in traffic patterns over the seasons, hard-core members saw a significant decline during the summer months—just as one might expect to see as people spend more time outdoors to get their exercise. On the other hand, they also realized there was virtually no good hour to come during the month of January when the “New Year’s Resolution” crowd came to the gym in droves vowing to shed those extra pounds. Thankfully, the patterns also showed that this traffic decreased significantly by late February—oh well, maybe next year.

“Take a ticket”—why bother with traffic?

Some of you reading this section may wonder with some service businesses, what is the point of traffic analysis? I mean, isn't there already existing data that can tell service businesses what they need to know about the volume and timing of visitors to their locations? For example, if you manage a bank branch, couldn't you simply analyze the transaction details by hour to figure out when you need tellers? If you operate a restaurant, couldn't you simply analyze all the lunch checks to figure out how many people came in? If you ran an art gallery couldn't you simply look at admission ticket sales to determine how many visitors you had and when? The answer is probably—traffic data may well be buried somewhere in the transaction data you currently have, but sifting through it to find actionable insights may not be convenient or practical.

In the case of the bank, it is true that most clients who visit the branch and talk to a teller probably do conduct some type of transaction, but the transaction record may not have been captured. For example, a teller at a bank dealt with three different customers from 10 AM to 11 AM:

1. sold a customer a money draft,
2. assisted a customer in paying a bill, and
3. helped a new customer set up a bank account.

If the branch manager wanted to understand how busy the teller was between 10 AM and 11 AM, she couldn't do it by measuring transactions because there is no one system that captures all of these three distinct transactions.

In the case of the restaurant, it is true that the restaurant manager could sift through the checks to try to identify the number of diners and when they arrived (if they capture timing data). Alternately, some sophisticated POS (point-of-sale) systems actually do capture information about the number of diners and the time, but not all systems have this capability.

So, it is possible to use existing data and processes to get to traffic data, but it can be a pain. And, the more painful collecting and analyzing the data is, the less likely it will be done and used.

Chapter Summary

- Traffic analysis is not just for traditional product retailers. Service organizations can also benefit from understanding the volume and timing of visitors to their locations.
- In some ways, service businesses need traffic analysis even more than traditional retailers because, by definition, service businesses and organizations usually require some type of interaction between personnel and visitors, whereas in traditional retail, prospects may be able to browse on their own or actually make a purchase without the assistance of a salesperson.
- There are a whole host of service businesses and organizations that could put traffic analysis to work, including banks, restaurants, government agencies, public transit authorities, and even public facilities like art galleries, museums, and zoos.
- Of the various uses of traffic analysis for service organizations, staff planning, measuring the impact of advertising and promotions, refining and setting operating hours, measuring attendance, and strategic planning are the most obvious. In some ways, service businesses and organizations need and want traffic data for the same reasons that traditional retailers want it.
- Although service businesses and organizations may have certain advantages over traditional product retailers in that they may already have data that can provide insight into the volume and timing of visits to their location, this information may be impractical to collect and analyze, or be incomplete.