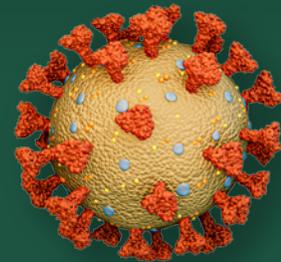
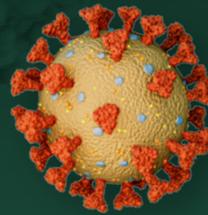
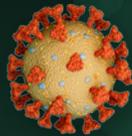


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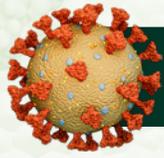
Lessons the Pandemic Taught Us About Store Traffic & Conversion



SHOPPER CONVERSION IN THE AGE OF COVID

A whitepaper from the leading authority
on retail traffic and conversion analytics

HeadCount[®]



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When COVID Hit – Shopping as We Know it Changed Forever

Witnessing a Historic Event

When a mysterious Coronavirus was first reported by the World Health Organization (WHO) on January 9, 2020, no one could have imagined how profound and life altering it would be – let alone the impact on the retail industry.

Despite the U.S. formally declaring a public health emergency on February 3, to most people – many still numb from the protests of “fake news” – this appeared to be just another example of a hyperbolic media. As the headlines blared, people largely went about their business as usual, including retailers.

On March 13, the U.S. banned travel from 26 European countries, and that’s when the surreal became real. That same day, The National Retail Federation released its first official statement on the pandemic. The brief 168-word statement said, in part:

“Retail brands are always on the frontline with citizens in communities large and small, and they are partnering with the health care industry and government officials to ensure COVID-19 is contained and mitigated as quickly as possible.”

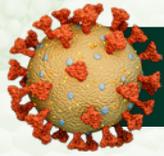
As of January 9, 2022 – two years to the day from the WHO’s first report – the pandemic continues to rage indiscriminately around the world, with the Omicron variant as public enemy number 1.

The pandemic story is still unfolding, but there have been countless lessons and learnings from what has transpired.

It would be impossible to innumerate all the lessons retailers have learned thus far – and continue to learn. Accordingly, this whitepaper will focus exclusively on the impact the pandemic has had on brick-and-mortar store traffic patterns and shopper conversion.

Lessons are only valuable if they inform a future action, and so this whitepaper will also identify actions retailers can and must take as they continue to navigate the pandemic and its transition to endemicity.





Lesson 1

Store Traffic is a Precious Non-renewable Resource – It Must be Accurately Monitored

Every Retailer Had a Traffic Problem

You never appreciate what you have until it's gone, and that's exactly what many retailers experienced. It was traumatic and jarring – how could any retailer plan for this utter unthinkable scenario?

Store traffic just didn't decline, it literally went to zero for a wide swath of retailers deemed 'non-essential' by the government. The traffic problem was particularly acute in malls where the tenant base is largely comprised of non-essential retail categories. But the categorization of essential vs. non-essential was hardly cut and dried. Home improvement and electronics retailers were allowed to remain open in order to support what became the mass 'Work from Home' movement.

At the same time, for retailers deemed 'essential', store traffic overwhelmed their operating limits and government-imposed occupancy restrictions constrained traffic flow, creating long lines and stress on front-line workers and shoppers alike.

Store traffic became the obsession of every retailer – something that I argue it should have always been.

Retailers that had store traffic data were better able to manage the dramatic pattern shifts since traffic counts offered the most meaningful and reliable activity signal. Retailers relying on transaction counts as a proxy for traffic were utterly lost because transaction data provided no insight into the number of shoppers who were visiting but leaving without making a purchase.

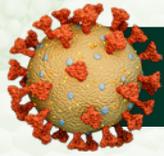
In all cases, having store traffic data provided retailers with vital insights to schedule staff, understand the constantly changing demand patterns and, importantly, better enabled them to prepare as traffic began to return as the vaccination rates increased and the full effect of the pandemic was blunted.



Key Takeaways

1. Every retailer, regardless of size, category, must accurately track store traffic in every location.
2. Sales transaction counts are not a reliable proxy for store traffic since they only capture buyers and provide no insight into how many shoppers visited but left without buying.
3. As retailers navigate the recovery, accurate store traffic data provides vital demand signals enabling them to most effectively allocate resources and schedule staff to match the changing traffic patterns.





BOPIS & Curbside Pick-up Messed with Traffic and Conversion

Nice-to-Have Services Became Lifesavers

'Buy Online Pick-up In Store' (BOPIS) and curbside pick-up services were already being offered prior to the pandemic. But to a great extent, they were most successfully being deployed in the grocery and home improvement categories. BOPIS and curbside were much more nascent, if they were being offered at all.

As the pandemic raged on, people were advised to limit their exposure to others, so BOPIS and especially curbside became a critical service, and virtually every retailer was trying to find a way to offer it as if their financial lives depended upon it – because their lives did depend on it.

At various times during the pandemic, non-essential retailers were forced to close their doors, and could only facilitate the sale through curbside pickup. Mall-based retailers were especially challenged since shopping malls were never designed for this logistical challenge.

Store traffic trends and consequently shopper conversion metrics started to look unusual. Traffic counts generated by actual shoppers now included a high frequency of staff counts as frontline staff delivered goods from inside the store to the customers' cars.

In-store pick-up also impacted shopper conversion rates. As customers entered the store, their counts were logged, however, in many cases, the transaction accompanying the customer visit was not attributed to the store, but rather captured as part of an online sale for which the stores did not receive credit. The net effect was that traffic was over-stated and conversion rates were understated.

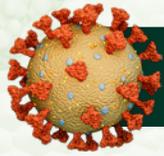
Retailers needed to exercise extra caution in interpreting their store traffic and conversion results. Integrating BOPIS order counts into store traffic and conversion reporting proved to be a very effective way to provide operational visibility.



Key Takeaways

1. BOPIS and Curbside have become essential services and all retailers must offer them, even if only temporarily to mitigate the risk of mandatory store closures.
2. Extraneous traffic counts from staff movements delivering Curbside orders are a reasonable proxy for actual shopper visits, so they can largely be ignored without compromising traffic insights.
3. BOPIS and Curbside activity should be integrated into traffic and conversion reporting, ideally at the hourly level, in order to provide operational visibility.





Lesson 3

Safety Protocols Created Traffic & Conversion Barriers

Safety Had to Come First – The Sale Second

The safety protocols recommended by the Center for Disease Control and Prevention (CDC) – which seemed to change daily – may have been effective for slowing the spread of COVID, but they were also extremely effective at creating substantial barriers to buying.

From strict store occupancy limits, to narrowing traffic flow within the store, social distancing and mask requirements all contributed to what had become a fraught shopping experience.

The impact of the protocols on traffic patterns and conversion results were clear.

Traffic declined precipitously for all retailers, including for essential retailers, as occupancy limits constrained the ability of customers to enter the store. Line ups outside the store grew excruciatingly long.

Predictably conversion rates spiked since virtually everyone who visited the store made a purchase, but the conversion trends were far from consistent.

Stock outs became endemic as every link in the supply-chain was grappling with its own COVID impacts. Less traffic and lower conversion is a financially deadly combination.

Retailers who had traffic count data were better able to manage their occupancy requirements by having more accurate visitor counts than hand counting by staff which many retailers were forced to do. Additionally, detailed traffic reporting that show visit counts by hour provided retailers with evidence of occupancy compliance when proof was required by authorities.

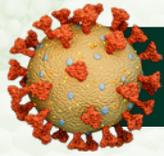
While every retailer experienced tremendous challenges as a result of implementing safety protocols, the retailers who had historical traffic data and conversion rate performance metrics as context could better manage the situation and understand the impact.



Key Takeaways

1. Retailers should establish occupancy maximum targets for every store and prepare sales forecasts based on traffic limits with commensurate conversion rate lifts in order to forecast staffing requirements and financial impact.
2. Retailers should create temporary 'triage' checkouts and pre-set navigation paths to maximize shopper throughput even under constrained traffic resulting from government-imposed occupancy limits.





Performance Metrics & Forecasts Became Obsolete

You Can't Algorithm Your Way Through This – Forecasts Were Futile

In March of 2020, stores started to shutter as the pandemic raced across the nation. Retail decision makers, from executives to store managers, stared at their data dashboards and reports in disbelief as the trends displayed appeared impossible.

Even the most junior manager could plainly see that the data couldn't possibly be correct— the data must be “bad”. But the fact was the data was correct, the actual results were simply incomprehensibly bad.

As we entered 2021, Year-over-year (YoY), same-store or ‘comp’ sales results – a critical retail performance metric that populates the dashboards and reports of virtually every retailer – displayed error messages as a result of the store closures during 2020.

In order to get any bearing on how they were performing, many retailers reset their data systems to view 2019 results to provide some modicum of meaningful comparison.

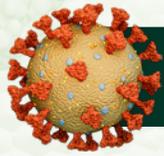
While ‘non-essential’ retailers were dealing with data tumult, ‘essential’ retailers were booking historic YoY same-store sales gains. It is unconscionable to claim that anything good could come from this pandemic, but these retailers reaped largess in the form of double-digit comp sales growth and soaring stock valuations – a bizarre juxtaposition.

Store traffic and conversion trends were also greatly impacted, and like every other performance metric, comparisons to 2019 results became the norm.



Key Takeaways

1. Retailers must have ready access to multiple years of historical data and the ability to swap out comparative years as needed in order to provide a meaningful basis for comparison when disruptions occur.
2. Dashboards and reports need to be flexible enough to manage dramatic trend changes without losing integrity or merely displaying error messages.
3. Retailers should seek out alternative data sources beyond their internal systems in order to contextualize their results e.g. geolocation data.



Lesson 5

Staff Scheduling & Store Experience Became Unmanageable

Frontline Workers Became Heroes – Store Experience Suffered

Effective labor scheduling is key to delivering a great store experience. The workforce management (WFM) systems many retailers use today are sophisticated and effective, however many of these powerful systems are informed by hourly sales transaction counts to determine scheduling.

Transaction trends were significantly impacted by stock outs and many WFM systems didn't adequately account for other activity such as BOPIS or curbside pick-up, so labor demand signals were incomplete.

But even if the labor scheduling system could produce a workable schedule, managers couldn't predict which employees would show up for work on any given day.

Prior to the pandemic, creating a store experience that would delight customers was the goal. However, during the pandemic, store experience resembled the medical triage tent of a war zone.

Customer experience measurement systems and metrics became largely irrelevant, as survival was the order of the day. Delivering the very basics of stocking and sales transaction processing were considered acceptable.

Beyond staff absenteeism due to sickness or symptoms, there was a mass exodus of retail workers which exacerbated the situation.

Notwithstanding the labor shortages, store traffic counts provided retailers with the most meaningful activity demand signal for scheduling since it captured all store visitors and not only those that resulted in a sales transaction captured in their point-of-sale system.

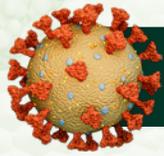
Retailers that had shopper conversion targets for their stores also had to recalibrate to account for the many non-controllable factors that were impacting conversion rates, but beyond the control of the store teams, such as stock-outs on fast moving items.



Key Takeaways

1. Workforce management and labor scheduling systems are critical tools, but they must be informed by store traffic counts and not sales transaction counts.
2. Customer experience measurement tools were of little value and investments in these systems should be reprioritized.
3. Retailers who employ conversion targets must account for non-controllable factors that are beyond the control of the store teams such as stock-outs and labor disruptions.





Selling Took a Backseat & New Tasks Dominated

Conversion is Most Greatly Influenced by Frontline Staff

Under normal circumstances, selling and customer service are the primary function of frontline workers, and this directly influences shopper conversion rates – but that all changed during the pandemic.

Processing BOPIS transactions and delivering curbside orders left shoppers who did manage to get into the store underserved or completely ignored. Part of the problem was staff resourcing. Even if stores could find more workers, labor budgets were not increased commensurately leaving many stores continually under-staffed.

New and constantly changing hygiene protocols pushed store teams to the edge. Beyond constant cleaning and re-stocking, workers were also required to monitor occupancy levels to meet government regulations, which was often done manually because the store didn't have a real-time occupancy system or traffic count data.

In the early stages of the pandemic, a fever was considered to be a reliable symptom of contagion, so in addition to all the other new hygiene tasks, in some stores' frontline workers were required to measure body temperatures of shoppers before they were allowed to enter the store. Using electronic temperature 'guns', shoppers were 'shot' – not a great way to start a shopping visit.

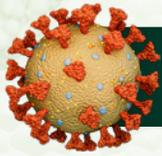
As if this wasn't enough for the store teams to manage, belligerent, and often physically violent anti-maskers/vaxxers, threatened, physically assaulted and even murdered store workers. The headlines seemed to get increasingly disturbing.

All these new tasks served to distract frontline workers from their previous focus of serving shoppers and, as a result, conversion rates were negatively impacted. How could all this not impact conversion?



Key Takeaways

1. Retailers must re-examine labor budgets and skills required to operate during a pandemic. It's completely unreasonable to ask existing staff to take on a multitude of additional tasking without more help.
2. Store sales, conversion and customer experience goals and targets need to be completely recalibrated to account for the conversion barriers that the additional workload is creating.
3. Retailers must review their security procedures to ensure that their workers and customers are protected against abusive and violent store visitors.



Lesson 7

Retailers Must Track Store Operating Days

Managing Which Stores Were Opened or Closed was Problematic

When the first store closures were announced, the general assumption was that the stores would close, then open and we would carry on as usual – no big deal.

The reality was that tracking which stores were opened or closed turned out to be a very big deal and a tracking nightmare.

Part of the problem was that the pandemic spread and then ebbed and flowed, affecting different markets at different times in different ways.

Retail stores didn't just close and then open, they were constantly and randomly 'closing-opening-closing-opening, etc.' The fact was, unless you were the owner and operator of a single location or a small number of stores, it was hard to consistently track actual store operating days.

There are a number of good reasons for tracking 'Store Operating Days' as a metric and then displaying the results with 'Average Daily Traffic' counts. The most important reason is so that you can understand if traffic growth is a result of more people actually visiting your stores, or as a result of the stores being open more days this year versus last year.



Yesterday vs. Same Day Last Week			
Store Operating Days		Average Daily Traffic	
⇔ 0%		↑ 26%	
Yesterday	Last Wednesd	Yesterday	Last Wednesd
23	23	103	82

Week-To-Date (WTD) vs. WTD ast Week			
Store Operating Days		Average Daily Traffic	
⇔ 0%		↑ 26%	
WTD	Last Week	WTD	Last Week
69	69	97	77

Month-To-Ddate (MTD) vs. MTD Last Month			
Store Operating Days		Average Daily Traffic	
↑ 6%		↑ 13%	
MTD	Last Month	MTD	Last Month
503	475	88	78

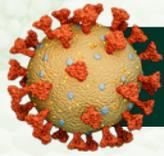
This example shows how Store Operating Days and Average Daily Traffic compare.

Week-To-Date, stores were open the same number of operating days this week compared to last week – so the 26% WoW increase was a result of more store visitors.

Month-To-Date, store traffic was up 13% compared to the prior month, but we also know that stores were opened 6% more days this month compared to last month, so the traffic increase was in part driven by more operating days.

Key Takeaways

1. Tracking actual store operating days during the pandemic proved to be very challenging for some retailers due to the inconsistent nature of how the virus spread, and the frequency of store openings and closings.
2. Retailers should track 'Store Operating Days' as a metric and display it with Store Traffic data in order to understand if store traffic is increasing/decreasing relative to the number of actual operating days.



Lesson 8

Retailers Need to Make Sales Even When the Store is Closed

Store Traffic is the Lifeblood of Brick-and-mortar Retailing – But What If You're Forced to Close Your Store?

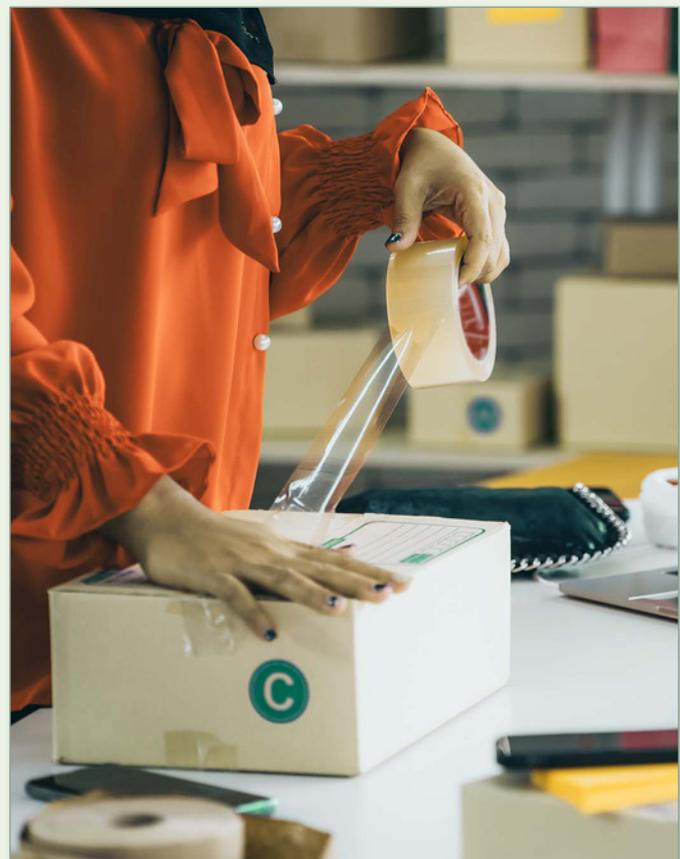
The pandemic made one thing clear: store traffic can drop to zero.

Retailers that rely substantially on foot traffic to generate sales will be in a very precarious position should another pandemic, or some other major disruption occur.

All retailers – regardless of size or category – need to create a basic operating plan to facilitate BOPIS and/or curbside pick-up service.

Part of this effort will likely require an update to your website, and potentially updating your inventory management system.

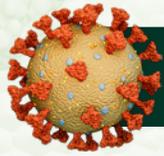
These investments will be very well worth it, and besides, it's clear that some shoppers will always want these services so by offering them you will be able to serve your customers in new ways.



Key Takeaways

1. All retailers must be able to generate sales, even when the store is closed and there is no foot traffic.
2. All retailers must offer E-commerce, BOPIS and curbside pickup in order to help mitigate the financial impact of major disruptions like the pandemic.





Lesson 9

Flexibility & Adaptability are Critical Survival Skills – Store Traffic & Conversion Insights Are Vital

There is No Reliable Way to Predict the Future

Every retailer, regardless of whether they were designated as 'essential' or 'non-essential', was impacted by the pandemic in some way.

According to Fortune, some 12,200 U.S. stores closed in 2020.

From iconic brands and large chains to local 'mom & pop' stores, across a wide spectrum of categories, no one was spared the wrath of the COVID-19 pandemic.

The retail industry collectively gasped when the government-imposed closure orders to a wide swath of categories. These unfortunate retailers designated as 'non-essential' were profoundly impacted. If you are a 'non-essential' retailer who survived the pandemic thus far, congratulations. You did an amazing job. Now you need to get ready for the next one.

If you were lucky enough to be designated as 'essential', you know the challenges that lay ahead should another pandemic or other major disruption occurs. This is the time to refine your procedures, setup emergency protocols and be prepared for the next disruption.

Lastly, as you think about the road ahead, consider the heroic work that your frontline employees did and continue to do. Countless frontline workers risked their own personal safety – tragically some even lost their lives. Show your store teams gratitude and recognize the contributions they make every hour of every day serving shoppers who visit your stores.

At the end of the day, there is no way to predict the future. The only thing retailers can do is to be as flexible and adaptable as possible. Store traffic and shopper conversion insights are critical to understanding demand trends and making timely and informed decisions.



Key Takeaways

1. Whether you are an 'essential' or 'non-essential' retailer, now is the time to prepare for the next disruption.
2. Recognize and express your gratitude to our frontline workers – these people are truly heroes.
3. Store traffic and shopper conversion data provide critical insights that can help you navigate the next disruption.



As of January 10, 2022, the COVID-19 pandemic and its variants continue to persist. The story of this pandemic is still unfolding. But retailers have learned a lot over these last 24-months, and it behooves all retailers to take steps now to mitigate the impact of future disruptions.

Lessons are only truly valuable if they inform a future decision or influence a behavior. The nine lessons contained in this whitepaper should be heeded. While store traffic and shopper conversion insights will not necessarily save a failing retailer, they can help retailers make better decisions and improve their chances of survival.

9 Lessons the Pandemic Taught Us About Store Traffic & Conversion

Key Takeaways

Lesson 1

1. Every retailer, regardless of size, category, must accurately track store traffic in every location.
2. Sales transaction counts are not a reliable proxy for store traffic since they only capture buyers and provide no insight into how many shoppers visited but left without buying.
3. As retailers navigate the recovery, accurate store traffic data provides vital demand signals enabling them to most effectively allocate resources and schedule staff to match the changing traffic patterns.

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