

In-Store Measurements for Transforming Retail

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With the increasing focus on the store as the place to win over consumers, there is a pressing need today to understand the shopping process in depth. This understanding is crucial for designing marketing and merchandising strategies that are relevant to the shoppers. When the consumers enter the store and become *shoppers*, their expectations change. Understanding and meeting those expectations is the key to winning the in-store battle for both retailers and manufacturers.

We need measurement tools that provide direct visibility into the shopper decision process and enable marketing metrics for improving every retail touch-point. Major attempts have been made recently to fill this gap in shopper knowledge. The most visible effort has been the PRISM project pioneered by the In-Store Marketing Institute and syndicated by Nielsen In-Store. PRISM responds to the specific need to make the store comparable with traditional media by offering a *rating system*. It employs infra-red sensors to get traffic counts at different parts of the store to measure the “opportunity to see”.

While traffic measures can be used for rating the store as marketing medium, traffic sensors do not offer visibility into the shopper behavior, especially in relation to specific store elements. This leaves a critical gap in the information capture for shopper marketing, failing to provide visibility into shopper engagement, shopper demographics and other relevant shopper metrics.

Traditional research methods such as video-based observation and survey methods are used in an *ad hoc* way today to meet the need for shopper insights. Such manual methods are subjective, expensive, and under-sampled; thus not *scalable*. There is an urgent need for *automation* in the process of gathering rich shopper data to have a scalable measurement solution for retail.

A Breakthrough Measurement Platform Using In-Store Video

The recent developments in technology fill the need for automatically capturing shopper data. The VideoMining platform uses software to measure the behavior and demographics (gender, age range, and ethnicity) of shoppers, using in-store video to capture detailed data about entire shopping trips. The measurement technologies evolved from R&D spanning over a decade through projects with Government agencies such as the Department of Defense, Department of Homeland Security, and the National Science Foundation.

Software can now continuously “watch” in-store video to provide a wealth of shopper behavior and demographics data. The breakthrough technologies convert in-store video into a continuous stream of data on how shoppers interact with each in-store element. The behavioral data is combined with transactional and other consumer data to provide an unprecedented visibility into the shopper decision process.

The measurement platform is easy to set up and the sensors are configured to merge with the retail environment. The measurement process itself is totally anonymous, not requiring any personal data from shoppers. The shopper data is collected in an unaided way with sample

sizes of thousands to millions, supporting a scientific approach for analyzing shopping behavior.

Scalable analytical models and software tools convert these shopper insights into winning marketing solutions. Video-based measurement is truly a revolutionary solution for addressing the urgent need for *shopper understanding*. It provides visibility into shopper engagement and behavior relative to exact marketing activation, enabling a holistic approach to shopper marketing.

Understanding Shopping Behavior

Action speaks louder than words. With the measurement platform positioned in-store, shopper interaction with brands and categories can be continuously measured to extract a set of standardized metrics affording visibility into key decision processes. The rich shopper data set feeds into analytical tools for quantitative and qualitative *understanding* of shoppers, identifying opportunities to improve brand and category performance for each market/shopper segment. This can yield marketing programs that “listen” and adapt to each shopper segment.

Planning for Shopper Marketing in a Holistic Framework

All marketing vehicles can now be brought into *one holistic marketing framework*, whether it is traditional elements such as in-store location, POP, packaging and price, or new in-store medium such as digital signage. Explaining *shopper engagement with specific marketing activation* is the key ingredient to a planning process that generates a segment-based tactical execution for each retail channel and market segment. With visibility into shopper responses to specific marketing levers, the output of the planning process can create a segmental-level tactical plan that includes specific shopper marketing vehicles. The combination of better models and data leads to optimization of shopper marketing dollars.

Testing in Real World Shopper Labs

With visibility into how shoppers respond to specific marketing elements, test marketing is now elevated to a whole new level. Testing can go beyond just sales lift numbers, pinpointing stages of the “shopper interaction funnel” where the conversion has room for improvement. Thus the shopper marketing mix and parameters can be refined to maximize the chances of success. For example, if an in-store POP display is one of the vehicles chosen, the relative placement of the display with merchandize can greatly impact shopper engagement, especially for new products. A recent project demonstrated this effectively when changing the location of a POP display by a few feet at a mass retailer led to 300% improvement in engagement levels. The engagement measures are also crucial in fine-tuning brand attributes highlighted in the packaging. Further, testing can provide insights into the impact on category dynamics; which is very helpful for supporting retail execution.

Monitoring and Tracking Impact of Shopper Marketing

You cannot manage what you cannot measure. Visibility into shopper engagement and other behavior attributes allow the selection and tracking of *Key Performance Metrics (KPIs)* that best reflect the brand’s goals. For example, brand strength at a retail channel can be expressed as a share of the category engagement time or percentage of destination shoppers.

These brand parameters can be tracked on an ongoing basis to yield a true picture of ROI for shopper marketing dollars. A host of category-related behavioral parameters can also be tracked, allowing the true performance of the category or brand portfolio to be monitored. This enables a realistic picture of the category dynamics, which can be incorporated into retail execution and into the next cycles of planning.

With the fast pace of change in both media consumption habits and shopping patterns, continual tracking of a suite of shopper metrics allows an optimized marketing execution that can rapidly respond to the changing needs of the shoppers, as well as the realities of the retail execution. The shopper data suite from in-store video provides an attractive platform to build and activate brands at retail, communicate with consumers in the store, and transform the retail experience.

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