

RetailMerchandiser

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retail-merchandiser.com STRATEGIES FOR GROWTH

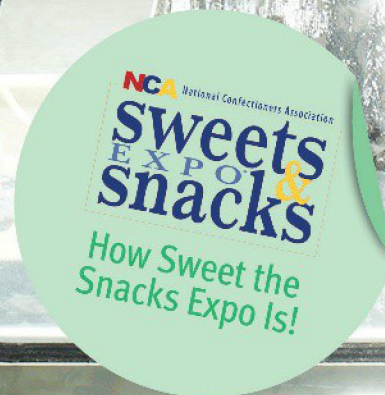


In Their **FASHION**

Jessica Simpson, John Varvatos and Nicole Richie mentor up-and-coming designers on the hot new reality television show, 'Fashion Star.'

Licensing:
Smurfette Crashes Fashion Week

Retail:
KLN: All in the Brand Family



Seeing Is Believing

As summarized in the old adage, 'garbage in, garbage out,' poor-quality data inevitably results in decisions that can ultimately drive a company into the ground. Video data collection can avoid these problems.



Strategic decisions are only as good as the information

upon which they are based. Currently, most business leaders face the challenge of discerning the quality of information being supplied before determining how best to use it. To forge the way to sustained success and company growth, executives now can and should call for data free of bias and flaws.



Traditional models of data collection and customer research result in a variety of pitfalls, rendering the information obtained only fractionally useful at best. For example, customer surveys cannot objectively measure a store's performance, because survey respondents are prone to their own bias and subjectivity. Customers do not enter a store expecting to evaluate the experience, and they are thus dependent on recollection and memory.

Although customers may easily recall an especially positive or negative experience, their ability to recall the specific details sought in a survey with accuracy is extremely limited. Researcher Elizabeth Loftus of the University of California, Irvine, says of human recall that it is "more akin to putting puzzle pieces together than retrieving a video recording." This means that it cannot be "played back" in sequence with accuracy but rather is reconstructed through small pieces that can be combined differently and therefore inaccurately.

The problem of inaccurate recall is further exacerbated when there is lag time between the actual service or sale and completion of the survey from a computer at home several hours – or even days – later. Nobel Prize-winning psychologist Daniel Kahneman notes that people's recollections of an experience are dominated by two distinct things: how they felt at the peak of that experience and how they felt at the end of it. As such, customer recollection of multiple details during a store visit would be colored similarly by those two points in their shopping experience.

Additionally, the typical survey respondent is in either the top 10 percent

or bottom 10 percent of satisfaction levels, leaving a full 80 percent of the customer base untapped for information. Often, the respondents are motivated by incentives such as discounts on future purchases, which introduces another degree of bias to the feedback collected.

Other data collection methods carry their own flaws. Consider tracking customer conversion rates when an adult enters a hardware store with three children in tow. If he or she makes a purchase, traditional data collection models would reflect a 25 percent conversion rate, although there was, in reality, only one potential customer.

Reduce the Waste

In sharp contrast, video data collection is impervious to such characteristic flaws, making the information obtained far superior in terms of reliability and usability for improvement. Capturing employee performance on film documents all aspects and nuances of a customer's experience without subjectivity or bias. Information can be obtained on the typical customer, not just those respondents driven by an exceptionally positive or negative experience, or incentivized by future discounts or other such programs. Similarly, because the information is captured as it happens in real time, the impact of lag time on the accuracy of recollection is eliminated. Additionally, information can be collected through video on even those customers who do not make a purchase. This is perhaps the most valuable piece of feedback a company can receive so it can capture that business at the next opportunity.

Company leaders make it their business to know the key performance indicators (KPIs) in their industry. This equips them to make optimal strategic decisions and lead the company to greater success. In reality, it is the behavior – the key performance driver (KPD) – behind the KPI that drives results, making it the most critical information to access.

To illustrate, the KPI of up-selling at the cash register is driven by the behavior of an employee offering customers an additional item. In essence, knowing the behavior (KPD) lets companies capitalize on their KPIs. Key performance drivers are both repeatable and trainable, which translate to greater profit margins through reduced shrink, increased average ticket prices and customer retention. Therefore, being able to visually verify whether those KPDs took place on video footage is an invaluable tool.

Making the best use of high-quality customer data enables a company to have a consistent footprint across multiple sites nationwide, which is critical to brand and image management and thus customer retention. To achieve that consistency requires ongoing, uniform training at each location on the behaviors that drive performance.

Accordingly, the data collected from customer experiences must be actionable and placed into training plans. Video data collection, because of its neutral bias, is a simple yet powerful means to capture information upon which to build a training program. Although customer surveys have a role in collecting data, they are sufficiently limited in providing information that can be translated into a behavior – an action – that is trainable.

Recycle the Results

To engage in non-stop performance improvement requires a company to continuously seek information and train their employees to higher standards. Although decisions about the good of the business may lie in the executive suite's purview, the deployment of those decisions falls squarely on the shoulders of individual store managers through employee training.

For the corporate vision to permeate completely and accurately through the management ranks, it needs to be clearly defined and well-communicated



through training modules delivered on an ongoing basis. After training is complete, it's time to once again assess performance through video collection to determine where retraining would be beneficial. A continuous feedback loop cycles the information from the uppermost levels of management to the individual employees and back.

Without accurate data, decisions are faulty and training will be inconsistent and ill-suited to charting a path to sustained success. Surveys prove costly in terms of the value of information received at the given price; they simply cannot guarantee that a company will garner more market share nor can they prevent corporate decline.

Decisions predicated on faulty data result in fiscal losses that compound over time. With objective video data, losses can be stemmed and instead turned into gains for long-term success. Video is widely held as the gold standard of feedback by politicians, entertainers and athletes alike because of its ability to reflect most accurately how one performed.

The same truth bears out in evaluating work performance as well.

Take It to the Bank

Frail data is extremely expensive in terms of time and dollars. Executives no longer need to dig through the landfill of flawed data to find the right information for strategic decision-making. Instead, it can be collected and delivered to the doorstep, enabling better decisions for the long-term good of the company's success. Dispose of time-worn, faulty data collection methods and reap the rewards of reliable information. 📁



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