

In-Store Sales Funnel

Hello I'm Ronny Max and welcome to the second lesson on location funnels.

By this point, you understand why people are visiting the store. Now it's time to look how you are going to transform visitors to buyers. You do that by building in-store funnels.

The trick about building funnels, correctly, is to understand the difference between **correlation and causation**. Correlation is about the relationship between two variables. For example, as you would soon see in the following exercise there is an inverse correlation between foot traffic and sales conversion.

Causation occurs when one event causes a second event. By building a cause-to-effect funnel, you are effectively setting up the causation between the events that would lead to your desired outcome. Every funnel has a beginning and an end. The middle is what people in the funnel need to do to get from point A to point B.

To understand funnels, you start with Google Analytics. This is the Google Demo account, which takes its data from the live Google Store. And the access is open to everyone.

Google Analytics (GA) divides into acquisition (which is how you attracted visitors), behavior (which is the activities taken inside the site), and outcomes (or the activities that add value).

If you go to Conversions, then Goals, and then Funnel Visualization, you will see a common funnel from entering the shopping cart until payment.

Pay attention to the structure. It's a linear yes/no setup, where you either move forward in the checkout process or not. Each step in the funnel requires a click to the next webpage, in other words, a conversion to a call-to-action.

You can see a more holistic funnel of behaviors if you go to Behavior, and then Behavior Flow. In this case, the funnel is structured from left to right, but with the same idea of linear steps with calls-to-action and conversions.

And if you have expertise in Google Analytics, you can explore the new GA4 Analytics Hub. For example, check out the Path Analysis with Page Name and Screen Title.

You can use Google Analytics as a guide to build your in-store sales funnel.

Back in January 2020, a well-known CIO declared that "there's only so much you can learn from in-store path analytics." Well, he was right, and he was wrong because to build an in-store sales funnel, you start with path analytics.

With Path Analytics, you build the funnel analysis by quantifying the customer flow throughout the store. Another way of thinking about Path Analytics is to use the concept of Local Demand. In other words, to engage with a product, a shopper needs to be in that specific area of the store where the product is located.

Many of the examples of Path Analytics relate to big stores, such as a supermarket or a department store, or a shopping center. But you can get value from smaller stores as well.

For example, in a telecom store, you can quantify the number of people that go and look at displays of new products and those that walk directly to the customer service. Or, in an apparel store, you can measure how many people go to the premium products, how many move to the women's side, how many go to the men's side, and how long they stay in the kids section.

If you think only in terms of ratios, or descriptive analytics, then path analytics is not that valuable, but if you think in terms of funnels, and conversions, and optimization, then the data becomes interesting, and essential.

Let's take a look at another video from the Stanford University Vision Project, and this time think about building a sales funnel.

The challenge is how you transform the scenario you have just seen in the video into viable, and actionable, anonymous data. You start with path analytics.

In this slide, you see the camera's field of view was divided into virtual zones, where you can track the number of people and how long they stay in each zone. That data will give you the step in the funnel. Remember, your objective is to create a funnel with a cause and effect events.

For example, here the focus is on how many shoppers engaged with the jeans display. If your objective is to understand the customer engagement with black jeans, you start with the number of visitors to that department, then the number of people staying longer than 15 seconds in the display zone, and then those customers who engaged with the black jeans.

In this particular scenario, you also have the ability to measure how many people, and how fast the shoppers move up the in-store sales funnel by tracking the behaviors next to the mirror. For example, in this set of data, 87.7% of people did not "try before buy", but that also means that more than 12%, or 12 people out of 100 shoppers did stop in front of the mirror.

You can also test the funnel by changing the customer's flow; for example, by setting up a new display table in the middle of the store, and measuring how the customer's flow changes through the store as a result of the disruption of traffic.

Simply put, a funnel is a visualized model of the customer's journey where one event causes another. And once you setup your funnels, you can start to think seriously about how to increase sales and profits.

In the next module, you are going to learn core concepts in customer engagement, specifically heuristic evaluation and engagement magnets.

But, first, do the exercise. You're going to learn how to use simple people counting data to achieve a quick win.