STATE OF THE BRICK AND MORTAR STORES

Study shows brick and mortar is alive and well

INTRODUCTION

Wi-Fi has evolved as one of the most widely used technologies for today's brick and mortar retailers. And its analytics are proving that rumors about the death of retail are false.

In fact, according to a retail industry report by Coresight Research, physical store openings actually grew by more than 50% year over year.

As *Forbes* magazine highlighted in May 2018, "Physical retail isn't dead. Boring retail is." Retailers forced to close shop are those that failed to keep pace with changing customer demands and expectations. They didn't evolve their customer experience or successfully deploy the types of technologies needed to yield insights into what customers want and make pivotal decisions to increase revenue.

Most retail sales—**91%**—still take place in brick-and-mortar stores.

Despite anticipated growth of online shopping, **more than 80%** of all retail sales will still likely still be done in physical stores in 2025.

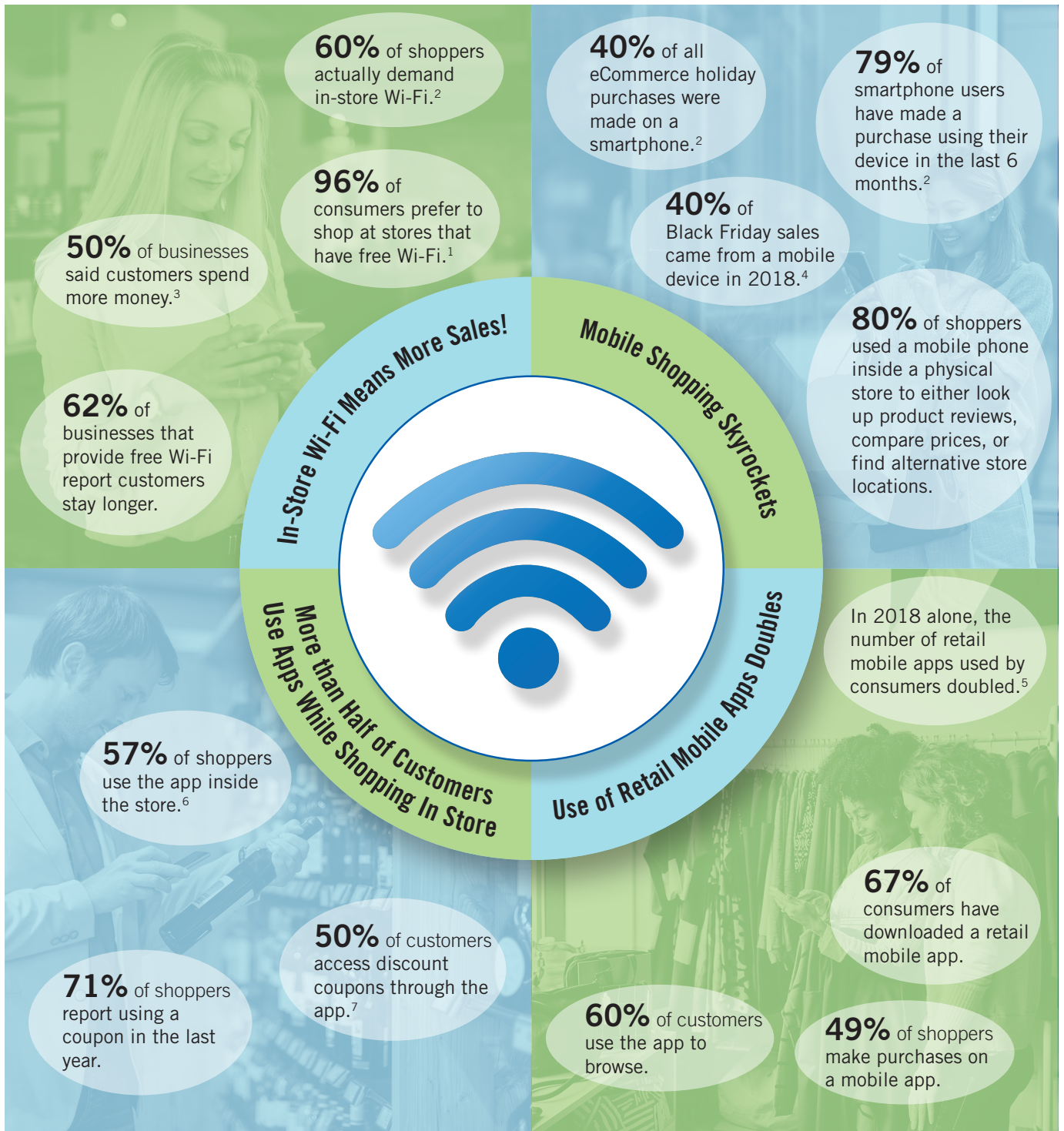Source: Bureau of Economic Analysis, GDP increases in third quarter.

Wi-Fi Location Analytics 101

One of the most powerful tools for retailers is Wi-Fi Location Analytics. It offers the opportunity for brands to be in control of every aspect of their retail operation and to improve sales and profitability based on precise, real-time information. Wi-Fi Analytics helps brands to engage customers on their mobile devices while in stores and provides critical info to the employees on the store floor.

Here's a quick guide to how it works:

- **Devices don't need to be connected!** Every 15 to 30 seconds, all Wi-Fi-enabled devices send "ping" messages to detect available networks.

- **Access points listen for the pings.** Existing Wi-Fi access points listen for signals sent by smartphones and devices.

- **Algorithms detect the presence and position of those Wi-Fi devices** and filter out static and staff devices.

- **Those detections lead to observations** about a customer's time inside the store—which departments they visited and how much time was spent at each location.

- **The data comes together to create customer behavioral trends**. Metrics and Key Performance Indicators (KPIs) create patterns that can be analyzed in real-time!

In-Store Wi-Fi Means More Sales!

60% of shoppers actually demand in-store Wi-Fi.[2]

96% of consumers prefer to shop at stores that have free Wi-Fi.[1]

50% of businesses said customers spend more money.[3]

62% of businesses that provide free Wi-Fi report customers stay longer.

Mobile Shopping Skyrockets

40% of all eCommerce holiday purchases were made on a smartphone.[2]

79% of smartphone users have made a purchase using their device in the last 6 months.[2]

40% of Black Friday sales came from a mobile device in 2018.[4]

80% of shoppers used a mobile phone inside a physical store to either look up product reviews, compare prices, or find alternative store locations.

More than Half of Customers Use Apps While Shopping In Store

57% of shoppers use the app inside the store.[6]

71% of shoppers report using a coupon in the last year.

50% of customers access discount coupons through the app.[7]

Use of Retail Mobile Apps Doubles

In 2018 alone, the number of retail mobile apps used by consumers doubled.[5]

67% of consumers have downloaded a retail mobile app.

60% of customers use the app to browse.

49% of shoppers make purchases on a mobile app.

[1] Cisco research
[2] Oracle research
[3] Devicescape Survey
[4] Mobile eCommerce Stats (2019 Report)
[5] Synchrony study 2018
[7] Surviving the Retail Apocalypse, Yes Marketing Survey
[6] Synchrony study 2018

The Real Story as Told by Wi-Fi Location Analytics

Here are some examples from real Hughes customers, that show brick and mortar is alive and well!

Case Study 1: Specialty Home Improvement Retailer

This brand franchise owner has over a hundred stores located in strip malls throughout the US. On average, each store is 5000 square feet.

The specialty retailer noticed strong swings in its revenue. Its patterns did not seem to echo shopping trends in other regions. It was also unclear whether most customers were new or repeat shoppers. And once in the store, what were they interested in? Understanding the specifics about customer profiles, shopping behaviors, and revenue trends would enable the franchise to execute a stronger and more targeted marketing strategy.
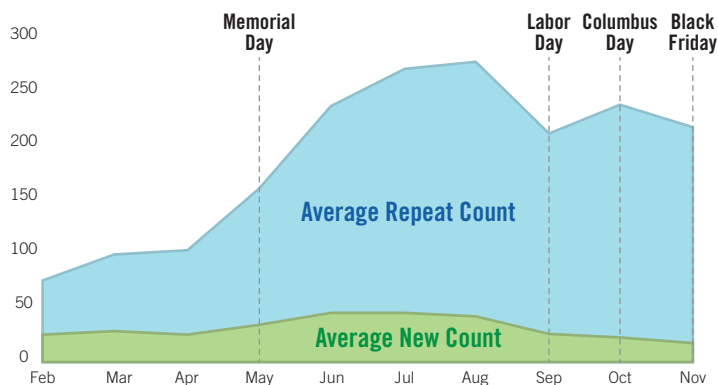

Challenges

- Revenue peaks and valleys
- No IT staff at retail locations
- Little insight into customers, behaviors and trends
- No in-store customer analytics

Solution

Hughes was able to deploy Wi-Fi Location Analytics throughout the brand's Pacific Northwest locations. This solution provided actionable data by month and across seasons. With several months of data collected, Hughes and the customer analyzed foot traffic, dwell times, customer profiles, and behavior to assist the brand so they better understood their customers and boosted their marketing efforts.
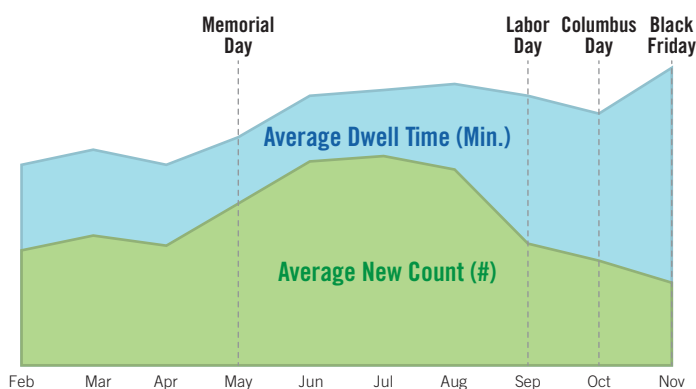
What do the numbers tell us? Using Wi-Fi Location Analytics, this retailer was able to identify seasonal traffic patterns and determine how many new versus repeat customers its stores were serving. From November through April, the area experiences cold winter weather, which improves by mid-Spring, as reflected in a spike of sales activity.

During the summer months, from May through September, the retailer saw a significant boost in traffic; when both new and repeat customers seemed to linger in the aisles as they shopped. Once September rolled around, however, sales started to decline. This was especially true of new customers. Even still, the time customers spent in the stores as they shopped remained high. Armed with such insights, the retailer can now formulate a proactive strategy designed to capitalize on seasonal trends and to attract new customers with special coupons, sales or offers.

Chart showing Average Repeat Count and Average New Count from Feb to Nov, with markers for Memorial Day, Labor Day, Columbus Day, and Black Friday. Y-axis ranges from 0 to 300.

Insights:

- Strong customer loyalty. Repeat customers account for greater number of sales.

- New customer totals do not match that of repeat business, pointing to a need to improve methods for attracting new customers.

- Summer (August) is peak season.

Chart showing Average Dwell Time (Min.) and Average New Count (#) from Feb to Nov, with markers for Memorial Day, Labor Day, Columbus Day, and Black Friday.

Insights:

- As expected, summer sees a significant boost in traffic, with dwell times also increasing. That means repeat customers are spending more time shopping.

- After September, the rate of new customers falls while dwell times remain steady. This indicates customers are spending more time in the store.

- By November, it's clear the retailer has failed to attract new customers, even as dwell times peak.

- This could be a good time for the retailer to try to attract new business with better deals.

Case Study 2: Nationwide Specialty Retailer

This nationwide retailer offers high-end clothing at discounted prices, along with a wide variety of home décor goods. Their stores are located throughout the US. As a retailer, this brand wanted to better understand its customers' behavior and spending patterns, particularly in relation to holiday shopping and the competition.

Challenges

- Stiff competition from both brick and mortar and online retailers

- Complex marketing landscape

- Little insight into regional shopping behaviors and trends

Solution

To pinpoint trends and behavior within a specific geographic area, this effort deployed Wi-Fi Location Analytics in stores throughout the Northeast region. This enabled the retailer to assess data over time and identify variances associated with national holidays, when customers are most exposed to local discounts and deals.

What do the numbers tell us? Using Wi-Fi Location Analytics, this retailer was able to identify seasonal traffic patterns, peak shopping months, attraction rates, dwell times, and in-store Wi-Fi usage trends. The data analytics also helped the retailer see instances when customers were comparison shopping (visiting online sites for such competitors as Target and Amazon) while in the stores. Collectively, this data provides a baseline foundation from which to build a more focused and nuanced marketing effort. Offers can be crafted to be of greater interest or more relevant to shoppers in the Northeast, or to go head-to-head with top competitor offerings. With this level of insight, the retailer can also consider powerful tactics such as mobile coupons delivered to a shopper in the store in real-time, stronger loyalty and incentive programs, or even a buy online/ pick-up in store option to attract new customers.
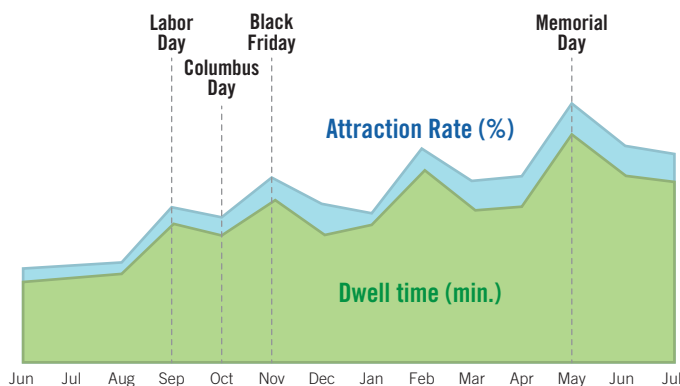
Insights:

- Dwell times and attraction rates increase as expected during months with national holidays when there are ample sales discounts and deals.

- Dwell time increases show that customers are spending more time inside the store.
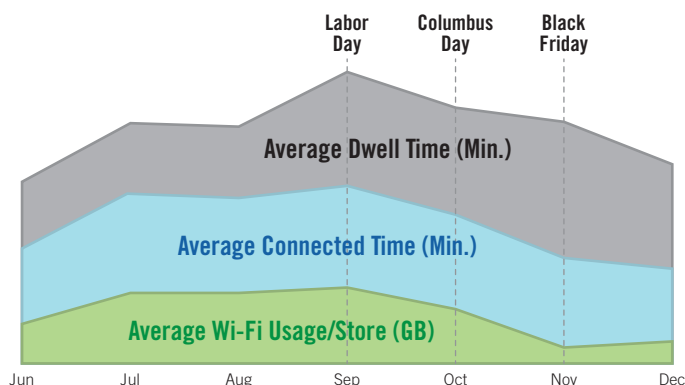
Insights:

- Wi-Fi usage appears to correlate with how much time a customer spends in the store.

- Amazon, Walmart, and Target are the most visited online competitor sites during dwell times. This should be a cause for concern for this retailer.

- Dwell times jump in August and September, even though Web usage increases only slightly. Fewer online discounts may account for this.

- In November and December, dwell times decline as Black Friday customers shop more often at tech stores than at home goods stores.

Trends into Action

With access to a wealth of data, customers like these can:

- **Learn about behavior patterns.** Until recently, retailers had to rely on expensive market research studies. Today, they can secure data about shopping behaviors that impact all aspects of the shopping experience, from marketing, products, and pricing to customer service and the store's overall concept.

- **See what works and what doesn't.** Deep data will benchmark performance over time and across stores. This is particularly true for a retailer's marketing efforts. To see a return on investment when it comes to marketing dollars, it is critical to be able to quantify the impact of activities such as coupons, paid advertising, social media, merchandising, loyalty programs, and promotions.

- **Monitor and optimize.** Armed with a benchmark of strong data, a retailer can then make informed decisions, monitor performance, and strive to optimize marketing activities.

What Trends Do You See?

Are you able to analyze patterns in your stores? With HughesON Location Analytics, you can.

HughesON Location Analytics can track your customers' mobile phones when they interact with your Wi-Fi networks—and even when they don't. You can discretely monitor dwell times, count footfalls by the hour, and see Web browsing habits.

Wi-Fi tracking can tell you when a hot sales promotion causes a traffic surge. It can help you determine when your busiest shopping day will be next month. And it can even show you which mobile apps customers use while in your store—and which competitors' Websites they surf.

The intelligence you get from HughesON Location Analytics can help you set perfect staffing levels, measure turnout from marketing campaigns, and analyze your competition. With HughesON Location Analytics, you'll be able to see what's really happening in your stores.

As these case studies show, there is clear evidence that brick and mortar stores are alive and well. Customers still enjoy the opportunity to browse the aisles, shop for deals, and be able to touch, feel and see the products they want to buy. And that customer behavior has a clear pattern. Imagine being able to see those patterns and leverage them in ways that will enable you to optimize your marketing and promotions, product selections, store layouts, loyalty programs, customer service and staffing. Isn't it time you equipped your stores with all the data they need to thrive?

HUGHES
An EchoStar Company

For additional information, please call 1-888-440-7126 or visit business.hughes.com.