Tech the Halls

*5 Ways Digital Transformation
Can Make Holiday-Ready Retail*

Sensormatic
by **Johnson Controls**

retail TouchPoints ®

The holiday season is nearly here, and retailers can look forward to a strong showing this year. **Deloitte's annual holiday retail forecast** projects retail sales to grow by **4 to 6%**.

With robust holiday sales on the horizon, retailers that want to stand out and capture a portion of this growing revenue may want to focus on getting their holiday inventory, processes, and operations in order. With increased foot traffic, the holiday season creates a great opportunity to maximize profits.

Here are five ways retailers can leverage technology to address the challenges that come with increasing foot traffic, boosting sales, and meeting goals head on that are good not just for the holiday season, but year-round.
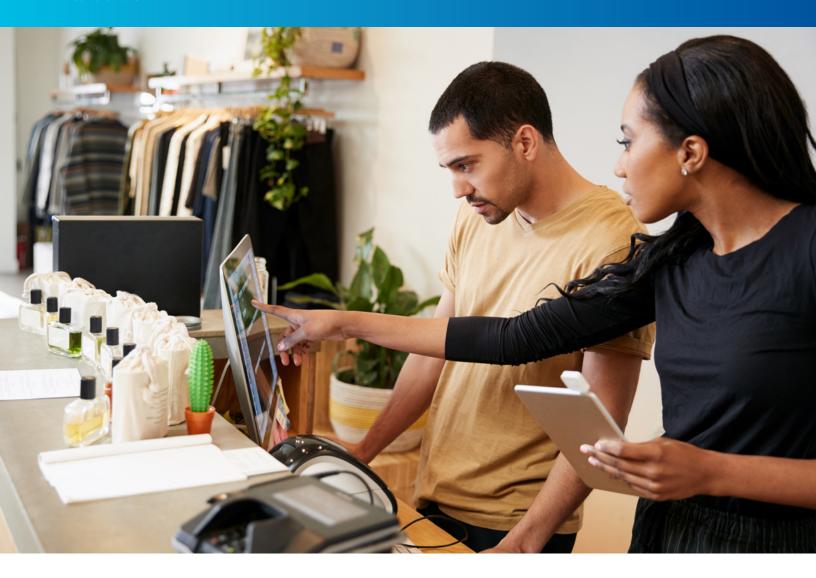
Use Data to Plan Ahead for Busy Shopping Days

Source data – raw, unprocessed data that has not yet been analyzed – is one of the most valuable tools at retailers' disposal. It can be used to feed multiple systems of record and inform a wide range of decisions. Still, many retailers leave this treasure trove untouched. It accounts for retailers' unique circumstances and customer base, allowing them to better predict shopper behavior and optimize retail performance to their unique demands.

Retail leaders looking to boost performance this holiday season may want to explore new ways to leverage all data available to them. Utilizing data captured across the enterprise can help retailers understand customer preferences, check their inventory, determine which promotions will perform well, and optimize ordering and staffing.

Diving deep into your source data will tell you exactly what you need to do to plan effectively for the busiest holiday shopping days, **as predicted by Sensormatic Solutions**:

Date	Holiday
Friday, November 25	Black Friday
Saturday, November 26	Saturday after Black Friday
Saturday, December 3	First Saturday in December
Saturday, December 10	Second Saturday in December
Saturday, December 17	Super Saturday
Sunday, December 18	Sunday before Christmas
Wednesday, December 21	Thursday before Christmas
Thursday, December 22	Wednesday before Christmas
Friday, December 23	Friday before Christmas
Monday, December 26	Day after Christmas, aka "Boxing Day"

Train Holiday Staff on All Systems, From Point of Sale to Omnichannel Fulfillment

Properly trained staff will provide better customer service on and off the floor.

Competition for holiday sales is fierce, so retailers can't afford to lose any customers due to untrained staff. Now's the time for retailers to carve out time in their schedules to train seasonal staff on all business operations. This includes providing hands-on training about omnichannel fulfillment methods like "buy online, pick up in store" (BOPIS) and curbside pickup, inventory management systems and processes, and point-of-sale systems. Properly trained staff will provide better customer service on and off the floor.

"Retailers may want to try a blended approach that trains associates on newly implemented technology using both a learning management system and on-the-floor exercises," said Kim Melvin, global leader of marketing, Sensormatic Solutions. "This will empower associates to help shoppers with tech-enabled, in-store experiences, such as exploring product offerings on a tablet, and may help increase sales for products not currently in stock."
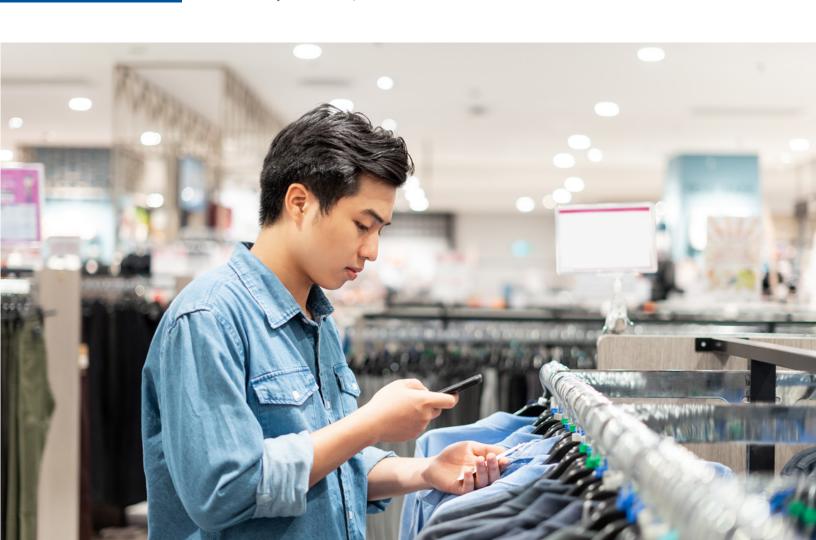
Re-Evaluate Price Points and Discounts

Price is going to be top of mind this year, as consumers plan to let deals and promotions guide their shopping choices. According to the **Sensormatic Solutions U.S. Holiday Consumer Sentiment Survey**, **78%** of respondents cited price among the top three most important elements of shopping in-store this holiday season among all salary ranges **($25k – $200k)**.

38% of shoppers will take advantage of Black Friday discounts.

The survey also found that **38%** of shoppers plan to take advantage of in-store Black Friday discounts, while **42%** of respondents said the timing of holiday promotions plays a role in when they will start holiday shopping.

Retailers can take advantage of higher traffic levels by planning promotions on busier shopping days and leveraging **Radio-Frequency Identification technology** (RFID) to offer strategic **markdowns**.

"RFID gives retailers insights into which products are most in demand," continued Melvin. "Customers will be more willing to pay a premium for those items, so insight into that information is very valuable. It can help guide strategic decisions about price points, reduce unnecessary markdowns, and maximize revenue."

Protect Inventory to Avoid Out-of-Stocks

Before launching holiday campaigns, it's essential that retailers reflect on their inventory management tactics. The industry norm has long been to conduct a full inventory audit once a year. It's such a basic part of the retail process that many businesses don't consider that a new approach may be useful. However, advancements in intelligent, item-level inventory systems can streamline customer journeys and associate workloads.

BOPIS and curbside pickup cannot function without accurate inventory. Retailers have traditionally taken full inventory in January, right after peak season. From then on, store inventory depletes by **an estimated 2-3% a month**, meaning that inventory **accuracy may erode by 65-70%** by the time the holiday season comes back around. That makes completing orders in the final months of the year more complicated, more expensive, and less successful.

73% of holiday shoppers say product availability is a top concern.

"No one wants to drive to your store to pick up a BOPIS order or grab a last-minute gift only to find out the product is no longer available," Melvin shared. "Item-level inventory enabled by RFID can help retailers deliver more satisfying experiences to in-store and BOPIS shoppers by reducing the risk of stock-outs and making inaccurate inventory data a thing of the past."

With **73%** of holiday shoppers surveyed by Sensormatic Solutions saying product availability is among their top concerns this holiday season, it's crucial that retailers get inventory management right. Add that to the popularity of alternative fulfillment options like "buy online, pick up in store" (BOPIS), and accurate inventory management could make or break a retailers' holiday season.

Understand Effectiveness with Sales-Per-Shopper and Shopper-to-Associate Ratio

The key to growing sales during any shopping season lies in accurately understanding how much customers are spending and how well a store is catering to customers' needs. Retailers have traditionally relied on the "sales-per-hour" model to assess performance, but there may be more effective metrics.
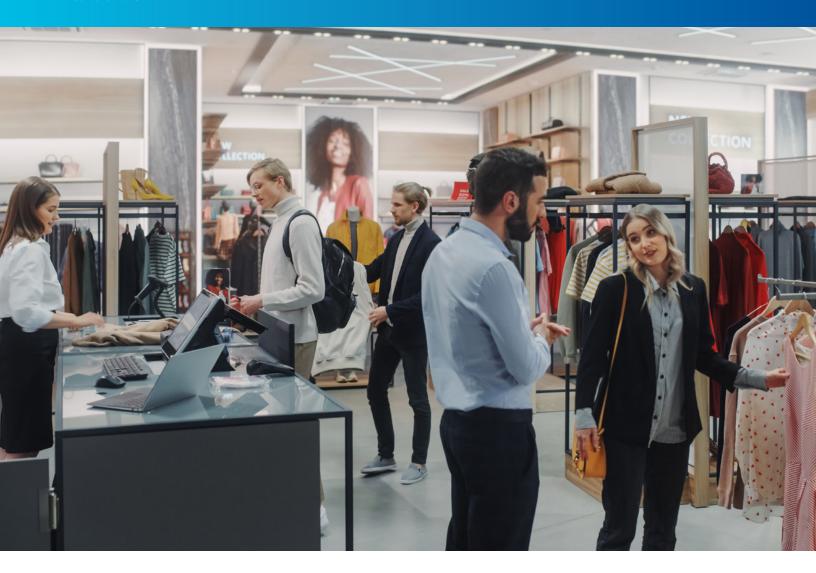
Retailers looking to get a better understanding of where they stand may want to start tracking two new metrics:

· **Sales-per-shopper (SPS)** outlines how much each shopper is worth. Retailers can use SPS to distill traffic and sales comparison into a single metric that reflects the store's overall performance as it relates to revenue maximization. This metric more accurately reflects overall performance than sales-per-hour as it means the store is converting higher and selling more to each individual.
· **Shopper-to-associate ratio (STAR)** measures how effectively stores operate. This metric takes traffic count and divides it by labor hours to determine the store's service level. When compared with SPS and SPH, the STAR metric may highlight reasons why the store is performing above or below expectations.

"During the upcoming holiday season, when labor might be spread thin, traffic and labor equations are as important as sales numbers," Melvin said. "Understanding how these factors relate to each other can inform sales planning and help retailers get to the root cause of performance problems."

Accurate shopper traffic insights will be integral to getting reliable SPS and STAR metrics come November. Without these numbers, retailers will not be able to compare revenue and labor numbers.

Start Preparing for Holiday Retail Sales Now With Sensormatic Solutions

With the right preparation, the right technologies, and the right partners, you can ensure your holiday season is merry, bright — and, best of all, profitable.

Use #SensormaticHolidays2022 to follow along with Sensormatic Solutions this holiday season on **LinkedIn** and **Twitter**.

Learn More

About Sensormatic Solutions

Sensormatic Solutions is the leading global retail solutions portfolio of Johnson Controls powering operational excellence at scale and enabling smart and connected shopper engagement. Our intelligent digital operating platform – Sensormatic IQ – combines the full Sensormatic Solutions portfolio, including third-party data to deliver unmatched insights into shopper experience, inventory intelligence, loss prevention and operational effectiveness with advanced technologies, like AI and Machine Learning. This enables retailers to act on prescriptive and predictive data-driven outcomes to confidently move into the future.

About Retail TouchPoints

Retail TouchPoints and design: retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.