

Using Transaction Counts Instead of Traffic Counts is a Really Bad Idea

Lots of retailers still rely on their sales transaction counts as a proxy 'or approximation' for their store traffic counts. But this is a really bad idea.

Sales transaction counts only represent those store visitors who actually made a purchase. But what about the people who visit your store, but leave without buying? Without actual store traffic counts, you'll never know these people even visited your store.



This retailer's sales actions for a month were 10,000. This particular retailer was using sales transaction counts as an estimate for store traffic.

But the actual number of store visitors was 20,000 counts for the month. That's 100% higher than sales transactions indicated. You can see that sales transaction counts were way off. They grossly underestimated the actual number of people who visited the store.

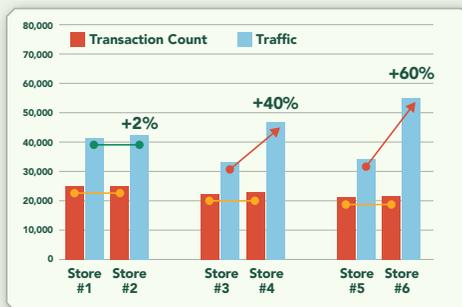
Here's another way to think about it:

In this example, there were 10,000 sales transactions in the month and 20,000 store visitors. That must mean that the unconverted opportunity was 10,000 traffic counts. That's a lot of missed opportunity!

You won't be able to convert every visitor who comes to your store. 100% conversion isn't realistic. But, by knowing what your traffic is and comparing it to your sales transaction counts, you'll be in a far better position to capture more of these lost opportunities.

Store traffic counts will always be higher than sales transaction counts. You will discover that there's a difference between the sales transaction count and the store traffic count. And, these differences can vary significantly across stores.

Traffic patterns are completely unique for each one of your stores. This is another very important reason why you need to track traffic in every one of your stores.



The transaction counts and store traffic are shown for three sets of stores from the same chain. Imagine these are your three stores and how you typically think about how well they are performing.

The sales transaction counts are indicated by the dark orange bars and they look pretty consistent across all the stores. But sales transaction counts compared to the actual store traffic counts shown in blue confirm how different these results are right across all the stores.



"Store traffic counts will provide critical context. If you're relying on sales transaction counts to run your chain then you are flying blind and so are each and every one of your store managers." Mark Ryski Author, Founder & CEO of HeadCount

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