FOLLOWING THE TRAIL

Brown Shoe Company combines video with analytics.
by Len Lewis

What's the difference between loss prevention and customer analytics?

Not much, according to Jon Grander, vice president of asset and revenue management for Brown Shoe Company. "A lot of people have analytics. But when you combine them with human auditing or intervention, you can come up with some real solutions."

Grander, whose company operates more than 1,300 Famous Footwear and Naturalizer stores in the United States and Canada and wholesales to retailers from Nordstrom to Walmart, is in the process of doing just that. The catalyst is Brown Shoe Company's partnership with Prism Skylabs, whose system combines next-generation video surveillance with detailed customer analysis, enabling stores to track the path that customers take through their stores, what merchandise they've touched, where and for how long.

"We can hire marketing companies that do this by sitting outside the store and observing. They count customers, look at linger time and where customers are going," Grander says. "With Prism, we not only do this in real time but over an extended period of time. We can also watch thousands of customers across different platforms and gather some very interesting information to improve our store designs, promotions and what our sales associates are doing."

BEHIND THE EMPTY BOX

Brown Shoe Company's stores identify the bulk of inventory shrink daily — most often in the form of empty shoe boxes.

"We're in the process of trying to understand the root causes of our shrink — the story behind the

empty box," Grander says. "We can surmise that it's shoplifting, but there is still the question of how shoplifters are doing it. Do they place the shoes in a bag, or are they wearing the new shoes out and leaving their old ones in the box? And what percentage of it involves employees who make it look like items have been shoplifted by others?"

Over the past couple of years, the company has engaged several different companies to help figure things out, without much success. "I need to understand the shoplifter's behavior and see what the associates are doing as it's happening," Grander says. "Are they conspiring, looking the other way intentionally? Or are they being sent off the sales floor to check on something in the back room or doing something at the point of sale?

"These are the unknowns that I would like to statistically consolidate," he says. "I want to identify five constants in every one of our empty box scenarios. And I want to be able to say, for example, that there are three things that will stop 80 percent of those five things from happening. It's a game of numbers."

In this regard, Grander has high hopes for Prism Skylabs. The company's cloud-based software service uses a retailer's existing video to access images of any shelf or display in a store in real time and to provide an analytics platform that can help retailers unlock a wealth of data on customer shopping behavior.

"The video would help us understand the actual problem. Then I can turn it into a training tool for associates," says Grander.

Brown Shoe Company is still early in its collaboration with Prism,
but Grander says "they are very creative, technically savvy and the system is very flexible. They are also very focused on trying to build something that helps us come to some conclusions."

MAPPING CUSTOMER MGMT.
Instead of testing the Prism system in a variety of store types, Brown Shoe Company decided to target its redesigned mall concept. "We want to see if we can learn anything from this concept store about consumer behavior that would be useful in the design, marketing, merchandising or layouts in multiple stores," Grander says. The company's concept stores are located in the Mall of America in Bloomington, Minn., as well as in Lancaster, Pa., and Mays Landing, N.J.

"I don't know how long we'll be in test. ... We might use the analytics in a select number of stores by channel type or sales volume, or in select mall stores. That might tell us enough of a story."

Prism provides Brown Shoe Company with the ability to remotely access live data in its stores. "One of the most meaningful things to me at the moment is what the shopping behavior was during our back-to-school period," Grander says. "By mapping that time frame, we can find out if shopping behavior is different before or after this period, whether we're targeting products to where the consumer is going in the store and where we can best highlight products. We can enhance selling by stationing a shoe in a location where it will get the most looks and the most touches based on our prior experience.

"Anyone can get video, review it and connect the dots," he says. "But when you have a system that
connects the dots for you by telling a story about which shoes are being touched more frequently — that can equate to a sale. If there are a lot of touches on a shoe and not a lot of sales, it could either mean there is a fit problem or we didn't have customer's size. This system gives us the opportunity to make meaningful decisions to improve the customer's experience and our sales."

AFFECTING CHANGE
Prism also provides some additional customer-centric advantages. "It's all about the experience," Grander says. "What kind of experience is it when you've got people waiting to come in and the doors don't open on time? This system allows me to take an image and e-mail it to the district manager or other responsible person. A picture is worth a thousand words. This is the stuff that affects change."

The concept stores are still too new to determine how the Prism system might aid in any redesign. "We're running a marathon and we just passed the first mile," Grander says. "As we grow together, we'll start to figure out what we can learn. But it's a big idea and I feel it's going to revolutionize how we do business."

Analytics, he says, has "been around for a while. But technological advancements enable us to do a lot of new things. It promises to be a valuable tool for our marketing and merchandising operations and helps us differentiate our stores," Grander says, noting that the system may be a great way to optimize labor management and allocate hours more effectively.

"We're only limited by our imagination," he says. **P**