

# AMOObi

## FEATURE SPACES AND CUSTOMER TRAFFIC

## ARE YOU TAKING ADVANTAGE OF YOUR STORE'S MOST VALUABLE SPACES?

Many retailers believe that having more feature areas on the shop floor will result in more sales. What if we told you they're wrong?

Feature spaces are areas of a store aimed at capturing customer attention. The most common ones are the store entrance displays and the endcaps. However, there are usually other feature spaces spread out across the store, such as displays in main aisles, dedicated promotion zones, or special fridges.

Amoobi's experience tracking customer movement has proven to us that cluttering stores with feature spaces has a negative return on investment. Not only do they prevent customers from shopping smoothly, but they also impact the bottom line by taking up store associate time. At one of our clients, for example, we measured a 50% drop in customers stopping at the feature space in the middle of the store once extra displays were added (see exhibit 1).

If retailers are trying to make the customer shopping experience as frictionless as possible, why do they have an incorrect belief about something so important? It often results from them making decisions based on gut feeling and history rather than how customers actually shop their store.

By tracking real in-store customer journeys, retailers can learn what customers do in front of featured offerings and identify main performance drivers. Optimizing their feature space based on these insights, retailers can significantly enhance the customer shopping experience and lift sales. Feature spaces typically account for 10 - 20% of a retailer's total sales. We reckon that, with better planning, retailers can increase feature space productivity by up to 30%, resulting in a 1 - 3% incremental increase in total store sales.

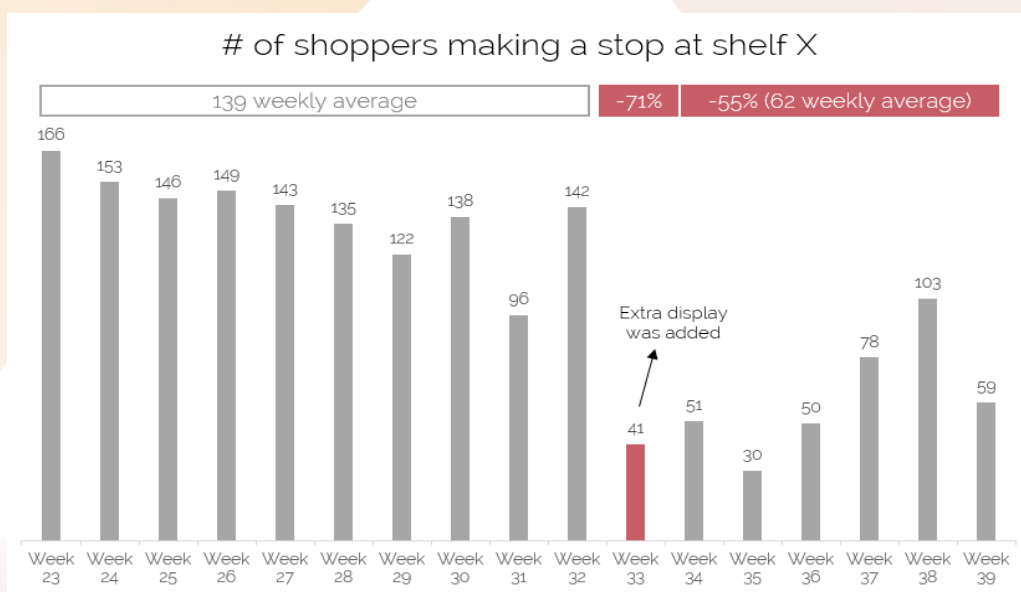


Exhibit 1: The effect of adding extra displays to a feature space on customer engagement  
(Source: Amoobi data)

## What are the roles of feature spaces?

In a nutshell, feature spaces are special merchandise points in a store. They can take many different forms, from a promotion shelf in-aisle to a pallet drop, a special POS display or a special zone right at the entrance of the store.

Feature spaces present interest for customers, retailers, and suppliers.

- For customers, they facilitate shopping and can make it more entertaining
- For retailers, they present the opportunity to bring their value proposition to light and obtain incremental sales in an efficient manner
- For suppliers, feature spaces help supplier products stand out from competitors', and increase share of wallet by providing high visibility. Suppliers are ready to pay for access to these prime locations

Feature spaces play different roles that can be summarized in five (non-mutually exclusive) typologies:

Role	Description
Promo Finder	<ul style="list-style-type: none"> <li>• Ensure high visibility for promoted items</li> <li>• Make them easy to find for customers</li> <li>• Example: Pallets at the front of the store featuring items on promotion</li> </ul>
Stock holding	<ul style="list-style-type: none"> <li>• Provide additional inventory separate from home shelf location for products that experience high turnover. Even more important if the product goes on promotion</li> <li>• Example: Having a summer promotion on water but making sure there's an extra pallet of water separate from the main water shelf</li> </ul>
Basket building	<p>Place products (with or without price savings) on the customer's shopping path in order to trigger a buy. This includes products like:</p> <ul style="list-style-type: none"> <li>• Impulse (e.g., salted or sweet snacks)</li> <li>• Cross-selling, food pairing (e.g., wine featured in fish area)</li> <li>• Inspiration (e.g., combine products in same location to make a meal kit)</li> </ul>
Discovery and Image Building	<ul style="list-style-type: none"> <li>• Expose customers to new items and trigger additional purchases</li> <li>• Feature items that reinforce what retailer wants to be known for (e.g., healthy products)</li> </ul>
Way finder	<ul style="list-style-type: none"> <li>• Feature products close to home lane to help customer navigate the store and invite them to enter the category/aisle</li> <li>• Example: toy endcap at the entrance of the toy aisle</li> </ul>

## What drives feature space performance?

One of the main KPIs for feature spaces is the number of units sold over a given period of time. This number is the result of **Traffic x Conversion**. While sales are a lagging indicator, traffic and conversion are leading indicators that can be influenced to alter the end result. But how do traffic and conversion separately impact feature spaces?

### Traffic: Not every feature location has the same ability to sell

The number of customers passing in front of a feature varies significantly across features within a given store. In an average supermarket, the best feature space will get around 70-80% of total store traffic while the worst location could see less than 10%, significantly reducing its opportunity. The best average endcaps typically get around 20% of total store traffic (see Exhibit 2). Do you know, in your store, what is the true visit performance of each feature space? How strong is your best one? How bad is your worst one?

Based on Amoobi's in-store customer tracking measures, customers tend to establish routine paths when they shop in their regular store, varying only when their shopping mission changes (stock-up vs. top-up trip, etc.). As a result, from one week to another, the main traffic paths in the store are stable.

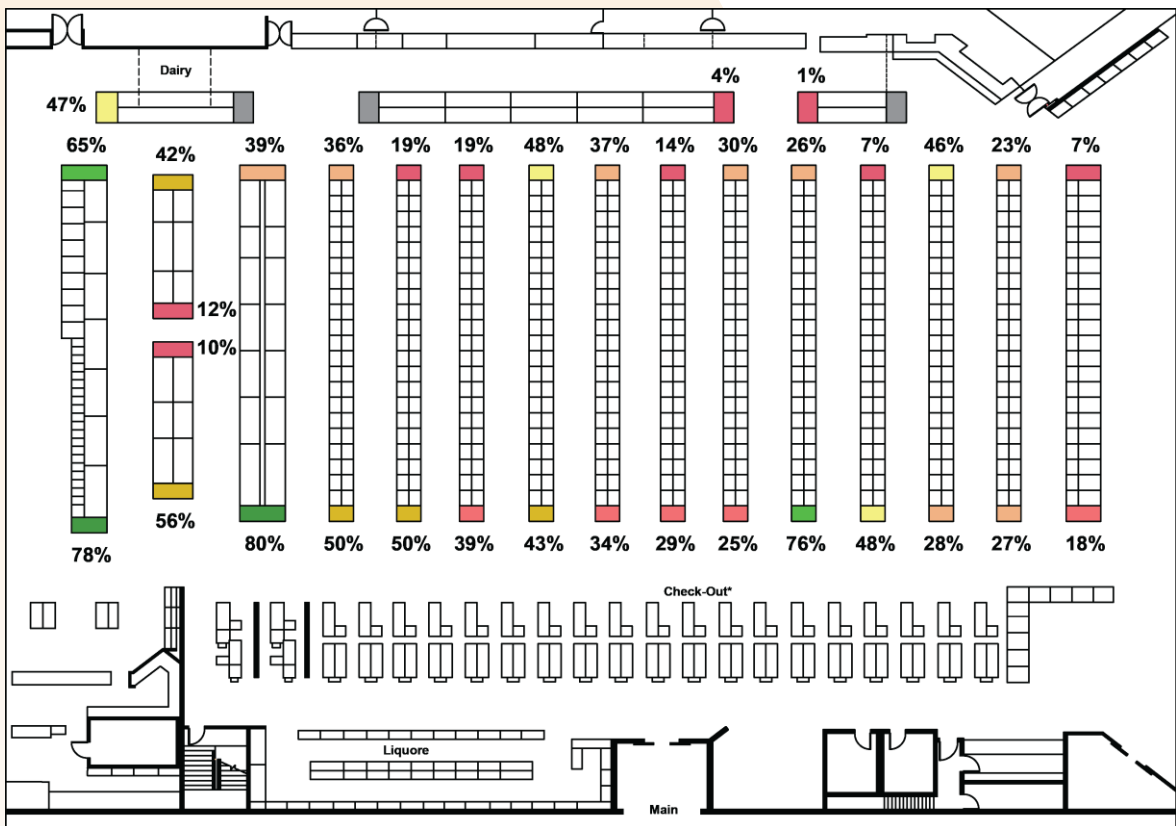


Exhibit 2: Percentage of store shoppers passing in front of features during a week  
(Source: Amoobi data)

Main traffic paths are determined to a large extent when the store layout is set; however, retailers can still influence these paths by using one of the following tactics:

- **Consistency over time of having attractive promotions in the same location:** by creating a "rendezvous" for high relevance promotions in a given location, customers will habitually visit that space while shopping, adapting their trip accordingly. As highlighted in one retailer we worked with, failing to deliver consistently strong offers in the designated promotion area led to customers not integrating that area as a must-visit place in their shopping trips.
- **Opening up space:** There is data-driven evidence that proves the more open a space is, the more likely people will go in that direction. By opening up space (removing clutter, lowering number of displays, creating more room), retailers can artificially push traffic in a certain direction, somewhat influencing where store visitors go.

In order to maximize feature space performance, it is necessary to obtain a comprehensive understanding of natural traffic in the store. This includes identifying high and low traffic feature locations. Below a certain level of traffic, it is worth questioning the use of the space: do you spend the time and money to change the space's offering, or do you just bite the bullet and make them permanent? For features with high traffic, the question is how to get the most out of the space and drive high conversion.

### Conversion: It can vary significantly from one week to another

Our data shows that the percentage of customers a feature space stops can vary from the single digit (<10%) up to 70%. While traffic in the store is hard to influence once customer routines are established, conversion performance is much more dependent on retailers' daily decisions and actions. Do you know the conversion performance of your features week after week?

The main factors influencing conversion performance are the **product**, the **offering**, and the **quality of execution**.

### **Things to keep in mind about product:**

The choice of product has a high impact on the conversion performance of the feature space. There are several aspects to take into account for selecting a product for a given feature, such as:

- 1. The relevance of the product to the traffic:** high vs low customer penetration
- 2. The nature of the product:** impulse vs. planned purchased

In the store's high traffic nodes, products with relevance to the largest number of customers, such as vegetables or toilet paper, will have better conversion than products appealing to a specific customer segment, such as baby lotion or cat food. These more niche products tend to perform better when they are featured close to their home location. In some cases, featuring these products at the entrance of their category lane can lift total category sales. This is because these products can play the role of "way finder," inviting customers to visit the category. In a DIY store, for example, an under-visited paint coating category saw a 10% traffic increase after adding an endcap featuring some of the coating products to the entrance of the aisle.

While all featured products will benefit from having more traffic, the ones that are more "impulse" or "routine" purchases by nature tend to perform better than ones that are more "planned" or infrequent. The conversion rate of impulse and routine products tends to stay the same, independent of traffic while conversion rate declines with traffic for planned purchase items.

Impulse products benefit from being featured away from their category locations as they tend to drive more incremental sales. This is because they capture interest from customers that did not plan to visit the category as part of their shopping trip. In one case, a large box retailer saw good conversion and significant sales lift by displaying a basic underwear offer, without any price change, in the main food lane of the store.

### **Things to keep in mind about the offering:**

Along with the product actually on display, the conversion performance of a feature depends on the quality of the offering. If you offer a customer a feature with little to no savings, you're limiting the attractiveness of the space. This will resultingly limit conversion. In one case, we found that any promotional offer below 35% off had a marginal impact on engagement compared to full price offers. However, Buy One Get One Free offers had a very large impact on stopping rate and engagement with an average increase of 8 - 25%. For categories where high conversions can be achieved without significant markdowns, offering too high of a discount could harm the value of the offer, as conversion plateaus beyond a certain point.

Besides price discount, there are other ways for retailers to make their featured product offerings more enticing and drive conversion. For new product introductions in particular, communication of the unique selling proposition might be more effective than reducing price. However, while clear communication can be a plus, experience shows that shoppers spend very little time looking at in-store communication. It's therefore essential to keep the message and the promotion as simple as possible

### **Things to keep in mind about the execution:**

Ultimately, conversion performance of a feature will depend on the quality of the execution. Is the product availability adapted to the expected sales? Does the product quantity reflect what's required for an attractive and full display? Is the signage communicating the value of the offer properly set? Are you even using the right display to sell your items?

Ensuring availability for featured items (promotional or otherwise) is critical, not only to capture immediate sales opportunity but also to maintain long-term customer trust and loyalty. In many cases, customers will have gone to the retailer in order to find advertised items. Not finding them will, at best, lead to heightened frustration. At worst, it will leave the customer feeling manipulated.

Availability depends on execution and making sure the right product is on the right feature space. Elements that will influence this are the ability to sell and the ability to stock: heavy/large products taking up a lot of space and selling quickly will require a large feature space to ensure stock remains available throughout the promo period.

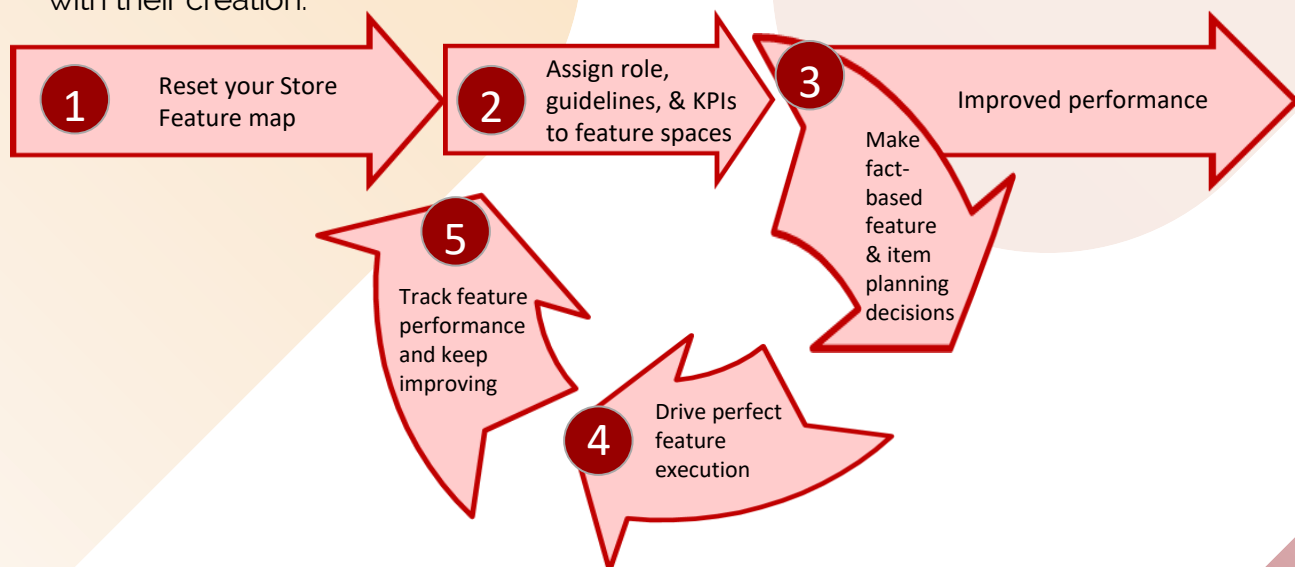
## How can you optimize your feature space performance?

As discussed before, feature space performance varies significantly from one location to the next, driven by both traffic and conversion factors.

Once the store layout is set, influencing traffic is difficult as customers develop routine shopping paths. This is why retailers should aim to better understand how customers shop their stores; it's important to identify the true high traffic nodes and plan the location of key features accordingly.

Conversion performance is primarily dependent on a retailer's decisions at the time of building the feature space plan, and executing those plans with excellence.

Too often, the number of feature locations in a given store is based on space available instead of sales potential. This means weekly feature plans are built based on gut instinct. As proven by Amoobi data, having too many displays on the floor leads to less engagement from shoppers. Beyond the sub-optimal sales performance of these features, this also leads to a heavy toll on store staff. They often take time and resources to set, to maintain, and deal with residues after the period has concluded for little sales impact. While the best features can easily generate more than \$2,000 in weekly sales, many generate less than \$50, not earning enough to cover the labor cost associated with their creation.



With a more customer-driven and fact-based approach to feature space planning, retailers can get better return on their feature space while improving customer satisfaction. Better execution in the store makes customer shopping much easier.

If you are not satisfied with the current performance of your feature spaces and want to improve them, we recommend taking the following five steps:

### 1. Reset your Store Feature Map

Determine how many feature spaces your store needs and where to locate them based on a thorough understanding of in-store traffic. Relying on objective traffic figures allows you to make confident decisions as to which features to keep or remove. It is better to have fewer impactful features perfectly managed than a clutter of features poorly executed that get in the way of your customers.

## 2. Assign role, guidelines, and KPIs to each feature space

Taking into account your customer value proposition and traffic potential, assign a role to each area, set guidelines on what to feature, and define performance targets to each feature location.

## 3. Make fact-based feature and item planning decisions

When allocating items to features, ensure each addition respects the guidelines set for the feature spaces. Furthermore, make sure there is sufficient relevance in the product and offering in order to drive high conversion. By doing so, your customers will have a consistent experience over time, reinforcing their shopping habits. This requires active engagement with vendors to get the support needed versus letting vendors dictate which product and what value they want you to push.

## 4. Drive Perfect Feature Execution

Achieving perfect execution of the feature plan is not only the responsibility of the stores. It is the responsibility of all relevant parties (merchant, marketing, vendor, supply chain, etc.). It requires a robust, well-coordinated end-to-end process. However, with a fully trained team and a decrease in features to be set, the required high standards are easily within reach. Having a better understanding of what a feature needs to be successful will allow you to execute flawless displays, signage, and advertising.

## 5. Track feature performance and continuously improve

The road to fully optimizing feature spaces is a long one. You might not have every piece right the first time; however, with some understanding of how customers shop your store, you will quickly be able to reach heights you never thought possible. Over time, with the appropriate tracking in place, you will be able to further improve and sustainably achieve strong feature performance.

At the end of the day, a retailer's feature spaces are one of its most important assets, and one of the best ways to engage with customers. Unfortunately, too often feature space planning is managed by gut feeling and fails to deliver to expectations. Change is needed for feature spaces to make a positive impact on the customer shopping experience. By targeting customers with your feature spaces based on good understanding of how your customers shop, your store will be taken to the next level. Yes, your sales will increase; however, more so than that, you'll know exactly why and be able to drive performance. As they say: knowledge is power!

### About the Authors



**Benoit Nachtergaele** is a global retail expert and independent consultant. He was previously the Senior Vice President of Merchandise Operations & Replenishment at Walmart Canada. Benoit has also been a Principal at Kearney in EMEA and Australia, acting as a core member of their Consumer Goods and Retail practice.



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Amoobi is a world leader in customer tracking technology. By using an innovative 3D sensor capability, we map the store floors of brick-and-mortar retailers and track unique, individual customer movements. We translate these movements into data so that retailers and brands can understand what their customers are doing on the store floor. Interested in taking your feature spaces and understanding of customer behavior to the next level? Reach out to Amoobi at [info@amoobi.com](mailto:info@amoobi.com) to learn more.