



Case Study :

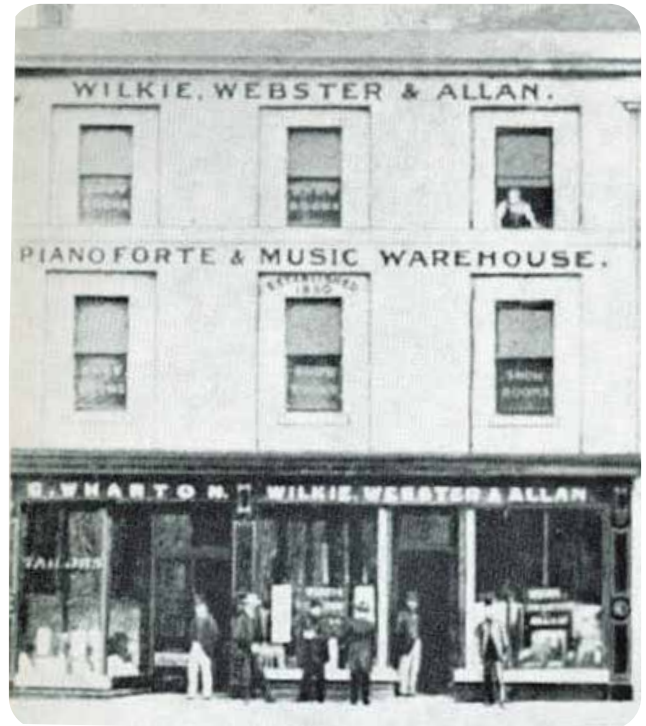


Beonic Pty Ltd

About Allans Music

In the 1850's Joseph Wilkie and George Allan set up a music warehouse in Melbourne's Collins Street, catering for a population of just 20,000. This effectively was the start of Allans Music - and the story embraces the musical history of Australia.

Far more than just a 'seller' of musical instruments, the Collins Street store became a musical Mecca for the talented and famous - Dame Nellie Melba took her early lessons at Allans! That history means that Allans Music is one of the most recognisable national brands in music.



Allans Music has seven stores – Melbourne, Kew, Ballarat, Sydney, Alexandria, Brisbane and Adelaide.

The Brackenbury Group, the current owners of the business, acquired Allans Music from Roland Corporation and other private investors in November 2005. The Brackenbury Group is a specialist retail investment and management team focused on retail and branded consumer businesses. Brackenbury was founded in Australia in 2001 and in 2008/09 turnover exceeded \$220 million.



What were the challenges that led to buying traffic counters?

Allans Music is Australia's largest full-line musical instrument retailer, selling musical instruments, audio, recording and lighting equipment, Print music, DVDs, and other categories. Some of these categories have long sales cycles, and so staffing levels are very important to ensure sales opportunities are not missed.

And as with any retail business, promotions can be hit or miss. The marketing department wanted to know more about the effectiveness of their advertising in attracting people into the stores.

On top of this, the company wanted to ensure that staff members were complying with marketing initiatives to build a marketing database.

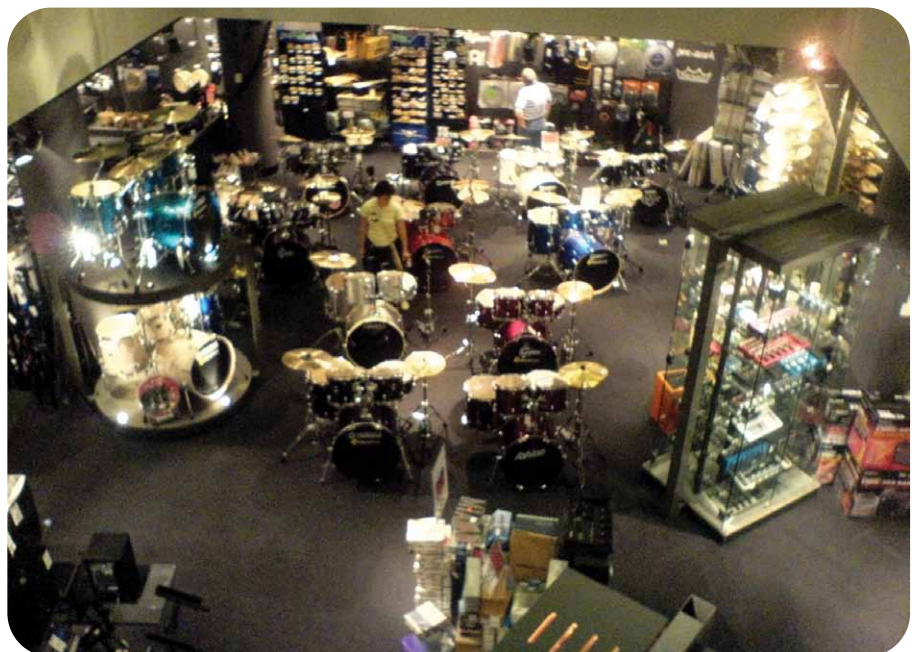
Deciding upon the Solution

The Brackenbury Group has a wealth of experience running retail businesses, and in doing so, had good success with driving increases in retail performance in conjunction with Beonic's traffic counting software and hardware.

Prior to 2006, Beonic had well and truly proven itself to Brackenbury in around approximately 30 Digicall and Vodafone mobile phone stores. According to Rob Walker, National Marketing Manager for Allans Music *"30 representative phone stores had adopted Beonic and they had seen the direct benefits of that on the phone business so the same strategy for Allans Music was applied"*.

When Brackenbury took over the Allans business, it was no surprise to see them install Beonic's Traffic Insight™ solution incorporating Beonic's thermal traffic sensors. Allans Music joined the party by installing the systems into each of their seven stores.

Sensors are installed at each store entrance to provide total visitation statistics, and in some stores, are also at strategic points within the store to determine traffic flow movements between floor levels. Interestingly, the music products industry in general has not yet embraced the technology or the concept of people counting in stores.



The benefits to the organisation

The big benefit of traffic counting comes from incorporating traffic-based monitoring into a retailer's KPIs. At Allans Music, operations staff monitor week by week whether traffic is up or down.

Allans Music National Marketing manager, Rob Walker says *"In a marketing sense, a benefit to our business is to tie in the promotions that we run, look at the traffic impact, and then possibly modify the promotion to get more value from them."*

"We map out our promotional calendar week by week for the period ahead. And then by week, we look at the weekly traffic benchmarks for each promotion we have run as well as each week's year on year shifts in traffic."



"Capturing and comparing sales to store traffic allows us to monitor sales conversions. We also have an on-going campaign to add new names to our customer database, so measuring the number of additions against the store traffic gives us a useful insight on staff compliance with this initiative."

"If 10,000 people entered the store, but only 100 new names were added by the store, then someone's not asking the right questions" he said. It's an innovative use of traffic counting to foster and incentivise store people to achieve meaningful corporate goals.

Allans Music retail operations management use Traffic Insight for benchmarking conversion rates. They report on sales, and on traffic, and calculate conversion rate, and in doing so have reported a steady increase in the rate of conversion.

When asked how well the numbers are accepted as accurate, Rob says that they had some trouble at the Brisbane store because initially when staff members moved around the front counter, they were adding to the visitation into the store.

The problem was resolved by reconfiguring the count line so that normal intra-store movements were no longer counted.

This is one of the advantages of state-of-the-art traffic counters today. They are very flexible in their ability to cater for odd-shaped count zones. Beonic can reconfigure the modern sensors remotely if required.

Rob Walker says *"Going through the process of resolving the Brisbane problem helped us reconfirm that the figures produced by the Beonic systems are robustly accurate. The level of responsiveness from Beonic to deal with the problems was good"*.

The learnings from the experience

Rob Walker says *“We feel more in control knowing what promotions worked and what didn’t with respect to getting people into our stores.”*

“The Beonic software has helped us establish traffic benchmarks. We now know what an average week’s traffic looks like and we can see our performance against it.”

“We know the busy and not-so-busy periods of the trading year, and we use this information for rostering staff” he said.

“Many promotional events are targeted at a particular category, and so in the future we will look at implementing counters within particular departments so that we can relate traffic to category based promotions” Rob says. *“Knowing what works and what doesn’t down to that level is really what we’d like to get to next.”*

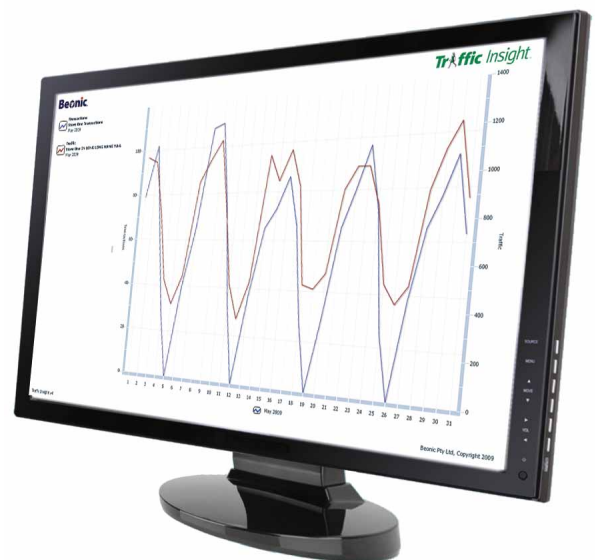


If retailers compare the conversion rate within each department against departmental benchmarks, they will also get an understanding of the need for up-skilling departmental personnel.

In the music store environment, since a piano sale is a rather large purchase, a promotion for an in-store piano sale might not lift the overall traffic numbers on a Saturday particularly noticeably unless you are measuring for traffic increases within the piano department itself.

But get an additional 25 piano sales by staffing correctly - well then you can say you have had a successful sale or event.

Asked what advice Rob would give to others contemplating installing traffic counters, he said *“Incorporate the measures into your standard operating procedures. We want our staff to focus on conversion and so at our monthly management meetings we review how we’re tracking on conversion rates.”*



“Managers also need to think about the on-line promotions that drive people into stores.

Traffic counting technology is half the story - the other half is how we as managers innovate in the way we use the information to achieve objectives”.

** For confidentiality reasons we have provided example data only.*

“A critical success factor is having the right support from your supplier - we are delighted with Beonic. The systems work accurately every day, day-in day-out.”