



Case Study :

COTTON ON

Beonic Pty Ltd

About Cotton On

On just about every measure, the Cotton On group is a fantastic Australian retail growth story. The group has doubled its store footprint over the last two years.

Having celebrated its 500th store opening in August 2009, the Cotton On vision is to open thousands of stores within the next five years. They have 100 planned in the next 12 months.

The business remains privately owned by its founder and CEO Nigel Austin.

Nigel and the group's General Manager, Peter Johnson, recognised that growth for growth's sake is not the objective. Profitable growth for the long term is the objective, and so the need for continuous benchmarking of operational measures is fast becoming an imperative to ensure each store opening is sustained by good performance.

The Cotton On group has 4,500 employees operating its retail stores in Australia, New Zealand, Singapore, Hong Kong, Malaysia, and most recently USA.

Categories include intimates, sleepwear and activewear with Cotton On Body; Children's fashion at Cotton On Kids; Footwear with Rubi shoes; Gifts & stationery with Typo; and t-shirts with T-Bar stores.



The challenge that led to an investment in Beonic solutions

Nigel recalls "In early 2009 we realised that to be smarter in allocating our scarce training resources we had to prioritise efforts on educating the lesser performing sales teams. We soon realised we didn't have the necessary micro-knowledge about store capabilities."

"In order to grow the store businesses to their full potential, we needed to rate them on how well each team turned browsers into buyers; We had to get a handle on conversion rates" he said.

With such a fast growing, diverse, and geographically spread operation, it made sense to install a pilot for automating the collection of traffic data to obtain accurate visibility of sales conversion rates across the various divisions.

The objective was to roster staff more efficiently, identify which marketing and advertising campaigns worked best, and identify where to direct sales training.

Deciding upon the Solution

Wes King, Cotton On Group's IT Manager recalls that Cotton On first decided to run with Infra Red (IR) beams because it was a technology that seemed to be fairly widespread out in retail stores and the expenditure could fit nicely within the budget allocated to the project.

It was Wes' first people counting project and he expected it to be one of the more straightforward from his 21 years of industry experience. Beams could easily be mounted on each side of a store entrance and the technology will therefore count the people as they entered and exited the store. Unfortunately, after three months of struggling with a multitude of problems, it became clear that IR beam technology was too limited, and Cotton On resolved to start over again.

Wes explained that there were three main problem areas for IR beams:

- The beams were sometimes inadvertently blocked by clothes racks at the front door;
- The sensors or the reflectors were too often knocked out of alignment and therefore not counting; and
- Clothes placed on racks in the vicinity of the beams flapped in front of them, thereby inflating and polluting the counts.

The IT department had to write their own software to integrate traffic data into Cotton On's standard sales reports, but with all of the counting issues experienced, the daily workload this project created for the IT department was way too high and most unexpected.

They needed to find a better solution and looked for a service provider where people counting technology was at their core. Wes King realised that to get "accurate" and "set and forget" capability, they needed to increase the expenditure budget too.

The initial experience proved yet again that the company needed to spend the right amount not the least amount.

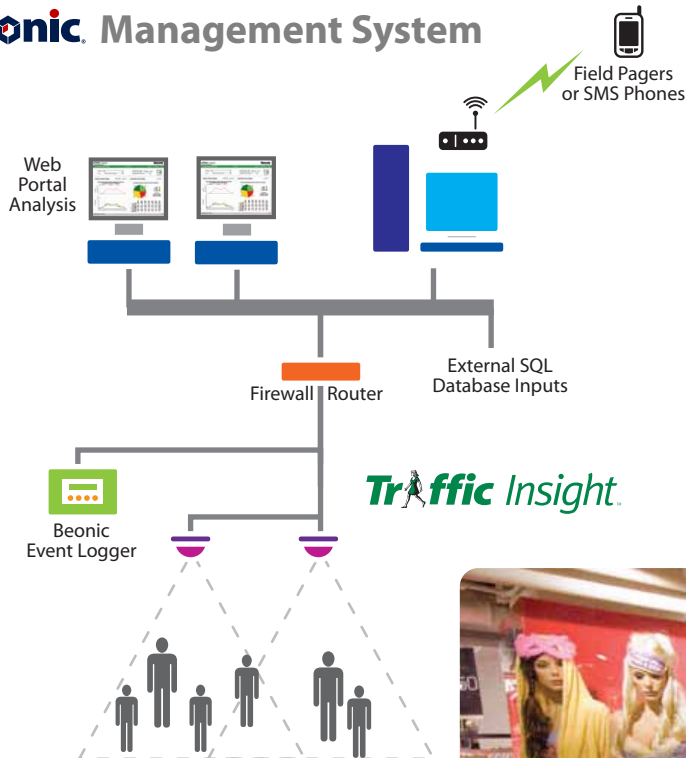
"All roads in our research for a people counting specialist company led to Beonic" Wes said, realising that with the aid of Beonic's professional services, the right advice was going to be available to deliver on Nigel and Peter's request with a minimum of fuss.



The Beonic Solution

After implementing Beonic's Traffic Insight™ solution, Wes King's IT team developed the SQL queries to extract sales data out of the corporate Retail Directions RMS system for importing into the Traffic Insight™ database. This process now executes automatically every day.

Beonic Management System



“Our executives get their daily sales report integrated with traffic conversion rates emailed every morning” said Wes.

The first phase of the project was for Cotton On Group was to establish a pilot implementation that works with an audited level of accuracy of at least 95%. Now that this has been achieved, the next step is to decide which stores will be deployed next.

The learnings from the experience

“Once Beonic understood our requirements and explained why overhead thermal sensors were the most appropriate technology for our store environment, it became clear that we could achieve what we wanted” he said.

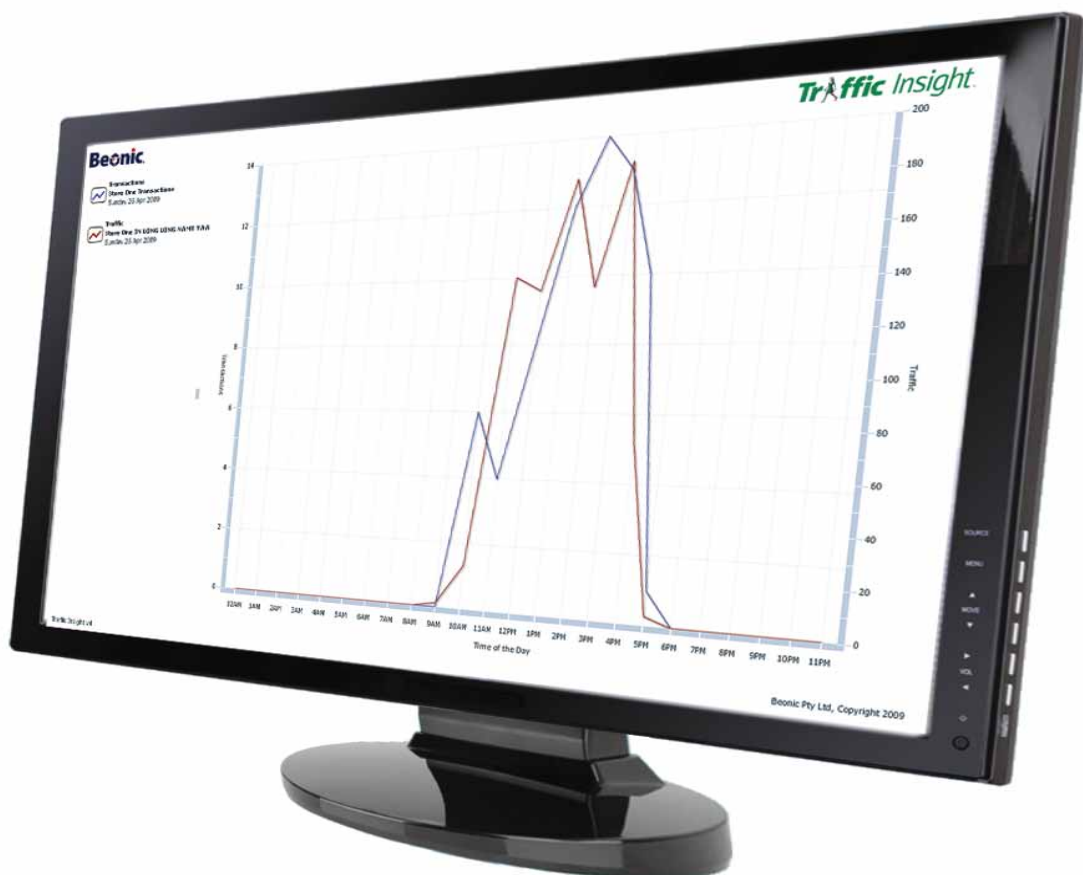
“Beonic demonstrated an extensive suite of back office reports that was a part of their Traffic Insight solution and this quickly assured us we were dealing with people who knew their stuff”.

“We had some cabling problems to solve too and Beonic came up with some innovative solutions that worked without a hitch” he said.

“Working with Beonic has been a very good experience. They installed the first sensor within a day of signing the order, and we have hardly called on their support ever since.”

Another take-out for everyone at Cotton On was that setting a flexible budget for a technical project is vital to assure successful outcomes.

Wes says *“We’re all experts in hindsight, but my advice to anyone who is contemplating putting in people counters is to discuss your environment with experienced people first.”*



** Demonstration data only.*