



RETHINKING THE IN-STORE EXPERIENCE:

An Employee-First Approach

A 5-Step Playbook For Building High Performing Retail Teams



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Introduction

Retailers have allocated millions into expanding their omnichannel capabilities to keep up with growing customer demands for a seamless brand experience. Today; however, investment in digital and consumer-facing technology has come at the expense of the in-store experience, and store employees have been left behind. Without taking the employee experience into account, retailers are not able to achieve a true omnichannel approach across their business.

In-store employees — including associates and managers — are the frontline brand advocates for retailers. They are the face of the brand and should be able to effectively guide consumers throughout the buyers' journey from the moment they step into a store. That's key, because stores are where the majority of purchases still occur: Goldman Sachs noted, in an [August 2017 statement](#), that an **average of 85% of sales still come through physical store locations**.

Additionally, a [2017 TimeTrade survey](#) revealed that if an item is available both online and in-store, **75% of consumers prefer to purchase at a physical location**. The report also found that 49% of shoppers are "extremely likely" to make a purchase when helped by a knowledgeable associate, and another 39% are "somewhat likely." A well-trained brand advocate can have a huge impact on the bottom line.



Yet, a number of challenges are preventing today's retail organizations from putting forth their best in-store customer experience:

Cost of staffing, training and turnover.

It's difficult to deliver a consistent store experience with high staff turnover. [Korn Ferry](#) found hourly store employees had a 65% average turnover rate in 2016; with some retailers as high as 100%. Turnover also hurts the bottom line. Five years ago, a [CAP study](#) put the cost to replace a \$10/hour retail employee at \$3,328 USD. That figure has inevitably increased with rising minimum wage and low unemployment. When frontline staff constantly churns, shoppers are more likely to encounter undertrained or inexperienced associates, who are less prepared to deliver a great brand experience. The [Retail TouchPoints 2017 Store Operations Survey](#) found employee hiring and retention as one of the top five operations challenges, cited by 43% of respondents, bested only by employee training and engagement at 50%.

Performance variability.

Many retail executives use email to communicate critical information about processes, promotions and products to managers and rely on them to relay it to hourly workers. The reality is, some store managers are better than others at training, communicating with, and motivating employees; and the communication methods they often choose — forwarding the email, convening a brief meeting or depending on word-of-mouth — are not measurable. The result is inconsistent implementation across stores, with no insight into performance-related data, such as engagement, response rate or overall employee knowledge.

Inadequate communication with store associates.

At most retail organizations, there is a profound disconnect between the retail leadership, those who define company culture, and store associates, the individuals responsible for carrying out the culture directives.

Many retail leaders continue to run their businesses the way they learned to 10 to 20 years ago, despite the fact that retail is undergoing a huge cultural shift. Workplace communication standards have evolved past stale, unmeasurable methods, driven largely by the influence of younger generations and the rapid incorporation of smartphones into daily life. A 2017 survey conducted by Nudge Rewards, [Mobile Hang-Ups](#), found that Millennials spend an average of 100 minutes per day using mobile at work, which is 20 minutes more than Gen Xers. Millennials and Gen Z workers are digital natives who engage via mobile and get frustrated by having to rely on more traditional communication methods — such as email or word-of-mouth — to collect critical information.



Fortunately, the solutions to these challenges are within retailers' grasp. The way forward is to create a culture in which people love where they work. **When retail leadership strengthens its in-store teams through education, motivation and engagement, they create a frontline workforce capable of delighting shoppers and building stronger, long-term relationships with the brand.**

"Employee technology enablement is a 'Winners' strategy," according to Retail Systems Research's (RSR) *Retail Needs a Better Workforce: What Will It Take?*, December 2017. "But Retail 'Winners' understand that technology is a tool, and that the real task is to develop employees who are trained and skilled, know how to engage and assist shoppers in a meaningful way — and have the tools at their disposal to help solve customer problems, one by one."

Five Steps To Building A Better Workforce

Leading retailers recognize that they must rethink old assumptions on the potential of hourly workers, and how to best engage them. "'Winners' appear to be focused more on structural changes," according to the RSR Workforce report. "It's not so much about helping the existing employee base to do more, it's more about **changing that employee base to be longer-term and better-trained.**"

The following five steps outline the ways retailers can reach strategic objectives, driven by a high performing workforce.



Hire And Staff The Right People For Your Brand

Store design, signage and marketing go only so far. Real brand culture is delivered through the people who work there. Consider interacting with a barista at Starbucks versus placing an order at Dunkin' Donuts. Establishing and maintaining that culture starts with hiring the right people, then onboarding them in a way that infuses that culture into how they approach their day-to-day work.

University of Iowa research has shown that workers who fit well into their companies perform better, express greater job satisfaction and stay with their employer longer. This requires careful attention to the tools and guidelines used for recruiting and interviewing. Retailers should strive for a diverse workforce, and especially one that is made up of people with a passion for the company's mission, goals and culture.

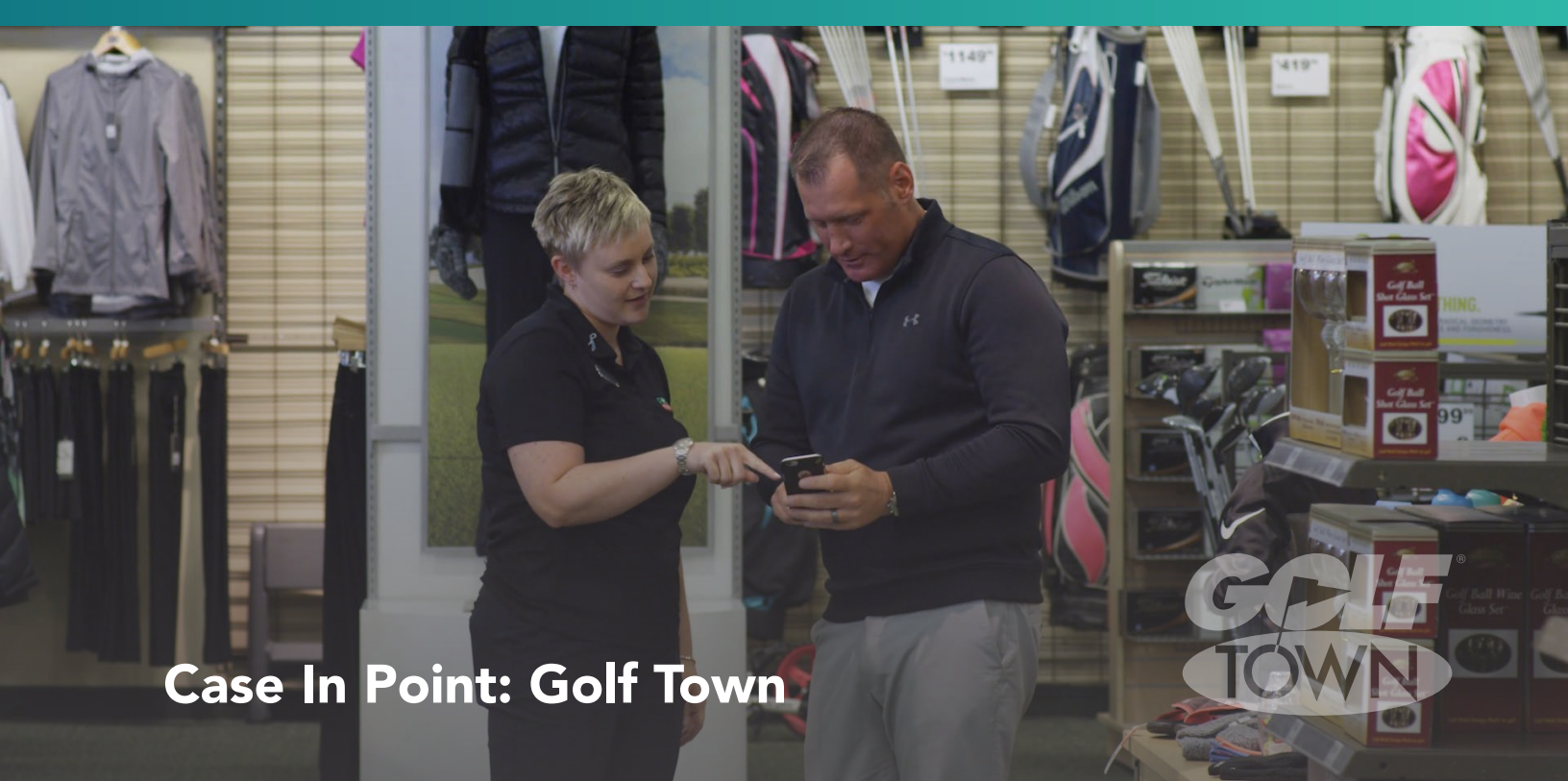
The **onboarding process** is a key step in transforming a promising new hire into an effective brand representative. The process should clearly spell out: "This is why customers are the center of our organization. Here are our values. This is why we hired you." Approaching onboarding with a focus on brand, values, and vision will help create a much deeper emotional connection among all employees.

MEASUREMENT



Time and money

savings: The impact of improving hiring and onboarding processes can be measured in savings related to rehiring and retraining.



Case In Point: Golf Town

Ensuring that new hires feel connected to the company's core values of team, winning, adaptation and authenticity is a key part of the onboarding at retailer **Golf Town**. The company crafted its culture in partnership with 1,300 store managers and associates after buying itself back from its U.S. parent last year. *Golf Town leverages Nudge Rewards'* mobile app on employees' devices to help drive a consistent customer experience, empowering them to share brand-related stories, learn about in-market promotions, and recognize their peers.

"We're leveraging tools like Nudge to provide our associates with relevant knowledge and the opportunity to share their expertise," said Madelaine Tricanico, Communications Manager at Golf Town. "In turn, our customers will feel like the person they're talking to is knowledgeable, and will be more inclined to visit the store again."

The Top Traits Of High-Performing Employees

Consumers of all ages still prefer to interact with a knowledgeable sales associate when visiting a store, asserted Gartner's Robert Hetu in the 2017 report, *What is the future of the retail store associate?*. "This need is elevated in specialized areas such as home improvement, drugstores and cosmetics, where informed associates can make a significant impact on customer satisfaction," Hetu noted.

Therefore, identifying and hiring store associates who are a good brand fit — then training, engaging and motivating them to become highly qualified — *is critical*.

Some traits of high-performing store employees remain consistent: **energy and drive, fast learner, extroverted, confident, empathetic, patient, honest, proactive, multitasker, respectful**, and **physical endurance**.

Modern demands add some new requirements. One is **adaptability**, as retailers focus on omnichannel strategy, adding entertainment and new technologies to the store mix.

Gartner adds that **digital dexterity** is becoming an imperative: "The cognitive ability and social practice needed to leverage various types of media, information and technology in unique and highly innovative ways that optimize personal and retailer business value," according to the 2017 report, *Leveraging the Retail Associate as a Platform for Digital Transformation*. Characteristics of digital dexterity include **social skills** (sharing, influencing, connecting); **collaboration** (group success, innovation, entrepreneur), **control** (opinionated, tech immersed, mobile first); and **self-reliance** (prudent, pragmatic, self-educating).

Additionally, a cross-industry study conducted by Gallup found that teams with high-performing managers contributed 48% higher profit to their companies than those with average managers. One significant benefit of communicating with and assessing employee performance is learning what characterizes a successful associate persona for the brand, which in turn helps to shape hiring, onboarding, and training.

A man and a woman are smiling in front of a chalkboard. The man is on the left, wearing a white t-shirt and a checkered apron. The woman is on the right, wearing a white t-shirt. The chalkboard behind them has handwritten menu items in white chalk. A large, semi-transparent number '2' is overlaid on the right side of the image.

Train To Develop Happy, Motivated And Productive Employees

The fastest way to motivate performance and productivity on the frontline is to create an effective and inspiring **training program**. Most retailers have some training in place, but it's much harder to create continuous training without tools that offer bite-sized information or microlearning that infuses new information into everyday tasks.

Excellent initial and ongoing training leads to satisfied employees who stay longer and deliver better brand experiences. RSR's Retail Needs a Better Workforce report found 'Winners' (43%) are more likely than others (28%) to assert that **providing employees with training to enable better customer service is a top workforce opportunity**. A report in *Harvard Business Review*, [How to Improve the Engagement and Retention of Young Hourly Workers](#), found that employers that train frontline managers to support people and process are surpassing industry averages in retention and employee engagement. "That doesn't just make them better places for young people to work; it makes them stronger businesses," the authors reported.

The indirect and sometimes analog approach to training and communication relies too heavily on the varying skills of store managers and department heads, as well as learning management platforms that only reach the manager. The answer to many retailers' training challenges lies in the mobile devices that are carried by the vast majority of staff members. According to a [Microsoft study](#), 67% of people will use personal devices at work, regardless of the company's official bring-your-own-device (BYOD) policy.

Some retailers hesitate to endorse the use of phones while on the job because they fear negative impact on the customer experience. The fact is, these devices are proving to be the most effective way to train, motivate, and communicate with retail staff — empowering them to facilitate an authentic and engaging customer experience.




The *Retail TouchPoints 2017 Store Operations Survey* found **widespread benefits to implementing associate-facing mobile solutions**. The top benefit found was increased customer satisfaction and improved employee morale (58% and 44% respectively), followed by increased upsells and cross-sells, not far behind at 42%. Research among Nudge Rewards customers found that an average of 70% of employees at an organization will voluntarily download a workplace app.

A mobile solution, such as an enterprise mobile app, is ideal for delivering training in small, manageable chunks. Retail associates can consume material and test their knowledge through interactive quizzes and challenges, while leadership can track progress and ensure training is delivered consistently and effectively. Mobile devices provide a completely new platform to engage on a one-to-one level with frontline staff, in a way retailers have never been able to before.

Retailers are bullish that training and technology investment will pay off.



MEASUREMENT



Measurable increases in knowledge, confidence and engagement: These outcomes can drive positive employee and customer satisfaction rates.



Empower Employees To Create An Authentic Customer Experience

An empowered workforce is **knowledgeable** about what they need to do, **passionate** about where they work, and willing to cooperate as a team by sharing best practices to deliver great experiences. But, according to Gallup's *State of the American Workplace*, August 2017, this describes **just 32% of employees in the United States**.

To succeed in delivering a brand experience that drives engagement and loyalty, it's critical for retailers to create an empowered workforce, particularly on the sales floor. Fortunately, the solution also can be found there. The fact is, in addition to representing the critical link between the brand and customer, frontline staff have a number of practical ideas that often go untapped, because retailers have no way to collect and validate them.

Retailers can do this by providing associates with a platform to share stories, best practices, and ideas right from their mobile devices. Here's how that works:

- **A shared communication platform between headquarters and stores creates a two-way channel** where employees can make suggestions and provide insight into customer feedback.
- Employees can use this type of platform to **share best practices** for sales or services that have succeeded at a particular location.
- **In-store employees can support one another** throughout the workday, such as, "We need help with setting up a new in-store display, is someone available to help?" "Sure, I'll be right there."

MEASUREMENT



Increased customer loyalty: More authentic brand relationships with customers can increase the number of repeat purchases, store visits, basket size and overall sales per store, which in turn improve overall customer sentiment.



- This ongoing collaboration and communication fosters **a sense of shared identity** and teambuilding. That translates into **empowered employees** and in turn, a great brand experience that drives engagement and loyalty among customers.

With a direct communication channel in place, frontline staff can be mobilized to march in the same direction. That camaraderie ingrains and reinforces the culture needed to create a more authentic customer experience, in which associates treat a customer like a customer, not a transaction.

The good news is, retailers are beginning to understand the need to invest in solutions that support frontline staff. **More than half (55%) of retailers stated that investing in new technologies** was one of the most important store operations priorities in 2017, according to the [Retail TouchPoints Store Operations Survey](#) report. Their top focus areas included: Mobile Technology (52%), Employee Training/Engagement (52%); and Employee Hiring/Retention (43%).

Retail 'Winners' are much more likely to identify employee collaboration solutions as an important tool toward these goals. RSR found more than twice as many 'Winners' see these investments as highly valuable than laggards (62% vs 29%), according to RSR's 2017 *Workforce* report. In fact, 42% of 'Winners' have already deployed tools catered towards retail associates and report satisfaction with them, compared to 18% of laggards.



Improve Performance Through Gamification And Real-Time Interactions

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Consumer loyalty programs have proven that gamification works; when you attach an incentive or a contest to drive consumer behavior, it has a direct impact on driving sales. That's why **87% of retailers plan to use gamification** to engage their customers by 2020, according to Boston Retail Partners' *2015 Customer Relationship Management (CRM)/Unified Commerce Survey*.

Gamification is also effective in driving associates toward better overall business performance. This works especially well when frontline staff are incentivized to work in teams. In its *2017 Global Human Capital Trends* report, Deloitte reported that today's more digital, more global, diverse, automation-savvy, and social media-proficient workforce requires a new business model, which it calls a "network of teams." This requires profound organizational changes, including how companies set goals and reward people based on a team approach.

In a store, this could mean providing team-based competitions for specific business objectives, and providing points, recognition, or rewards to top-performing teams. According to [a story by PayScale in Harvard Business Review](#), 81% of top-performing companies (compared to 74% of average companies) used some form of incentivized performance practices in 2015. These more successful companies also were 5% more likely to offer team bonuses to recognize groups of individuals who contribute to the business in a significant way.

MEASUREMENT

Revenue and sales increases and/or employee engagement and productivity improvements:

Gamification can positively impact a number of different goals that can be determined by the store manager, regional manager or C-level executives.





The ability to closely measure performance is key to making gamification work as a business driver. “The data-rich organization lends itself to innovative ways of measuring how well people work together both as teams and as collections of individuals. Better team and teamwork metrics and analytics will transform cultural and operational expectations around how people can create new value together,” Michael Schrage, a research fellow at MIT Sloan School’s Center for Digital Business, wrote in [Harvard Business Review](#).

Additionally, RSR’s *Digital Selling 2017* survey report found 45% of retailers are calling for more coordination with stores as a way to overcome organizational inhibitors. Gamification can play a key role in aligning corporate goals with in-store behaviors. The [Retail TouchPoints 2017 Store Operations Survey](#) found online quizzes (35%), mobile training (19%) and gamification programs (14%) are becoming integral parts of the retail toolkit, in part due to the growing segment of Millennials and Gen Z employees in the workforce.



Evaluate And Improve Employee Program Success

For most retailers, measurement of success against a goal takes place after a campaign concludes. Those evaluations are useful for future programs, but they do nothing to impact the outcome of in-market campaigns or initiatives.

When retailers have an effective channel for frontline staff communication, training and incentive programs in place, they can shift from being **reactive to proactive** when it comes to current promotions, campaigns and other in-store initiatives. Frontline staff are often responsible for the “last mile” of execution — the part of the retail playbook that connects all those efforts to the customer experience.

Using mobile software for engaging and motivating frontline staff, retailers can:

- Ensure all **staff have viewed training and informational materials** and passed an assessment on that material;
- Assess each associate’s own **confidence in his or her knowledge**;
- **Monitor productivity** of individual staff members and teams;
- **Compare knowledge rate to transactional performance** to spot trends and issues with understanding, awareness, and implementation of programs;
- **Offer additional training** and/or incentives to impact performance mid-campaign;
- **Provide feedback on team performance** versus other stores or regions to drive motivation;
- **Collect qualitative feedback** from frontline staff on what is working, or not working, and how customers are responding; and
- **Use lessons from high-performing teams** to train and incent average performers to raise their success rate.

MEASUREMENT



Consistent execution of in-store marketing campaigns and promotions:

Better employee programs will improve internal processes and motivation, resulting in improved outcomes from in-store strategies.



Case In Point: Compass Canada

COMPASS
GROUP®

Compass Canada, which operates more than 3,000 foodservice locations across the country, including Tim Horton's, Starbucks®, Pizza Pizza®, and Subway, faced challenges communicating with its 32,000 frontline employees, some of whom are part-time or seasonal. By delivering interactive messages about sales objectives, including tips for upselling or promoting the special of the day *via Nudge Rewards*, Compass Canada was able to help associates feel involved and excited about the task at hand.

"We had a 7% sales lift, just from instructing them properly. With Nudge, we were able to quantify what our goal — a 4% increase in average check size — meant to the people actually working with and talking to our customers," said Jugveer Randhawa, VP of Technology Delivery at Compass Digital Labs.



Conclusion: Elevating The In-Store Experience

Empowering frontline employees is the most effective way for retailers to create an in-store experience that fosters satisfied customers, increased revenue and repeat visits. But, retailers are still facing considerable barriers to achieving these goals: high turnover rates, broken training systems, and poor communication are preventing retailers from building high-performing teams that deliver on that brand promise.

The growing cohort of Millennials and Gen Z's in the frontline workforce and the proliferation of mobile devices have set the stage for a next-gen, mobile-centric approach to supporting the day-to-day needs of store associates. The path to improvement includes these five steps: investing in better hiring and onboarding, infusing culture through effective training, empowering associates to deliver authentic experiences, leveraging gamification and team-based incentives, and proactively evaluating and providing feedback to those workers. By enacting these strategies via mobile apps, retailers can shift away from old, stale paradigms and foster happy, well-prepared frontline associates who drive stronger, long-term relationships with the brand.



Nudge Rewards provides a mobile solution for retail, foodservice, and hospitality brands looking to measurably impact frontline team performance. With an employee app and content management system, brands can leverage Nudge Rewards to engage, educate, and ultimately reward frontline managers and employees to drive company performance. Headquartered in Toronto, Canada, their customers include global brands such as Rogers Communications, Compass Group, Golf Town, Samsung and Choice Hotels.

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