

2022 STORE OPERATIONS
BENCHMARK SURVEY

RETAILERS SCRAMBLE TO ADDRESS STAFFING SHORTAGES WITH EXPANDED SELF-SERVICE TECH

retail
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EXECUTIVE SUMMARY

For an industry historically plagued by high employee turnover, the “Great Resignation” was a particularly unwelcome effect of the global pandemic for retail. Concerns about store-level staffing — from hiring and training associates to recognizing, rewarding and retaining them — are reflected in responses throughout this 11th annual *Retail TouchPoints Store Operations Benchmark Survey*.

At **70%**, hiring/retaining associates was the top challenge identified by the survey's **106** retailer respondents for the **second** year in a row — an even higher figure than the **55%** of respondents who identified it as their top store operations challenge in 2021. Turnover has been on the rise for many retailers: nearly **half** of respondents said their employee turnover rate had increased over the past 18 months, with **10%** saying the rate had jumped *significantly* and **36%** saying it increased *slightly*. Just **17%** said turnover had decreased during this period.

Retailers are putting resources toward solving these problems: budgets for employee hiring/retention increased this year for **48%** of retailers, while employee training/engagement budgets rose for **45%**. Overall store operations budgets rose for **57%** of respondents, a renewed recognition of the importance of the brick-and-mortar store in the post-pandemic era.

Other key findings from the survey include:



In another sign of the technology's newfound popularity, **QR-code activated digital signage/kiosks** topped the list of in-store technologies at **47%**, with another **26%** of retailers saying they planned to deploy it in the next 12 months.



While traditional employee training methods (in-person sessions and video training/education) continue to dominate, used by **73%** and **67%** of retailers respectively, **VR- or AR-assisted training** is making gains: **15%** of 2022 respondents used this technology, up from **10%** the previous year.



A new question for the 2022 survey revealed the **minimum annual number of store employee training days** (excluding onboarding) that retailers allocate. Nearly one in four (**24%**) offer just *one to three days* of training per year, but the bulk of retailers provide up to **two weeks** of training, with **33%** each allocating *three to seven days* and *seven to 14 days*.



While just **20%** of respondents currently operate **cashierless/unattended** brick-and-mortar stores, **8%** said they plan to add them to their store footprint in the next 12 months (in 2021, just **2%** had such plans).

What are your top store operations challenges?

Hiring/retaining store associates



Managing expanded curbside pickup operations



Product merchandising/inventory management



Employee and customer physical safety



Aligning the store with digital channels



Employee scheduling



Employee training/engagement



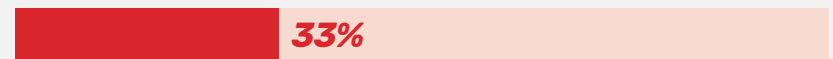
Managing expanded BOPIS operations



Managing product returns



Maintaining safety and hygiene protocols





STORE OPS CHALLENGES: SHRINKING STAFFS AND RISING CUSTOMER EXPECTATIONS

Q&A with Ali Asaria, CEO, Tulip



Retail TouchPoints (RTP): What are the top store operations challenges retailers are facing in 2022?

Ali Asaria: The first thing we're hearing from many retailers is that the staffing and labor situation is the hardest they've ever seen. It's really hard to retain current staff, or even to have the right number of staff, since a lot of people left during COVID. **Everything is being done in the context of 'Can we even open the store doors?'**

Another big challenge is that the baseline standards for omnichannel have been raised. **Every single customer has ordered something online and done curbside pickup.** Two or three years ago, a retailer seeing that customers liked features such as BOPIS or in-store returns could launch them in a more leisurely way, but now they're table stakes. By the time they're offered, customers will feel like 'What took you so long?'

RTP: What are some of the most valuable associate solutions for improving store operations?

Asaria: It starts with the retailer's orientation of valuing their staff and showing them that they're an important part of the retail experience, so you need to have a unified platform for associates — not **10** different logins and passwords they have to remember. The platform should show them that they're a primary user, so at Tulip we look at the user experience — things like how many clicks are needed to take an action and whether there's a steep learning curve for the solution.

Tulip started around the proposition of, 'What if every store could offer the same high-quality experience as the best retailers in the world?' A big part of that involves enabling retailers to be responsive and to evolve. For example, during the pandemic Tulip launched an online-to-offline appointment-setting feature, and we're seeing high adoption numbers across multiple categories. For the customer, there's no crowd and the changing room is ready for them when they arrive. **These shoppers have an intent to buy, but they want to make sure the experience is right before they even walk into the store.**



Part of that is concepts around associates saying ‘We should be able to text customers after an interaction or pull up [data points] like the size of their shoes.’ It’s up to the retailer to make sure these kinds of requests aren’t managed as one-offs. Our platform is designed to give **an omnichannel view of product, communications and inventory, but also an omnichannel view of the customer**. Giving associates access to this kind of visibility and systematizing how they use it means that even your newest associates can operate effectively.

RTP: *How do you see the role of the brick-and-mortar store changing?*

Asaria: Customers aren’t visiting stores just to fetch inventory, so the goal of a store is to deliver an experience, not just act as a warehouse. It’s important to empower associates to deliver those experiences, akin to the **Apple** store: associates with a device in their hands that allows them to complete the entire shopper journey without having to walk customers into a line.

Retailers also need to tell their associates that they don’t even have to close the sale; they can help the customer build their basket, then send them a text or email. That removes the entire pressure of the sales process.

RTP: *If you could change one thing about how brick-and-mortar stores currently operate, what would it be?*

Asaria: A lot of the largest retailers are being held back by their existing technology platforms. The core of the tech they’re using to run stores is software that was written 30+ years ago, so they feel paralyzed. There are features that they are too scared to let go of.

I worked at Microsoft at the time when Word and Office were the most popular platforms, but it was very hard to innovate on Office because there were so many users doing things ‘the old way.’ My boss became very famous because he started a campaign within Microsoft to let go of things, to shut off the parts of the product that caused many customers to complain. We need to find ways to allow retailers to give themselves the permission to let go of legacy features in order to make room for innovation.

WHERE HAVE ALL THE WORKERS GONE?

Hopeful predictions that the easing of COVID-19 restrictions would bring workers back to retail jobs have yet to materialize. “If you look at even just the last quarter, there’s still a lot of the Great Resignation going on,” said Tyler Higgins, Retail Practice Lead and Managing Director at global consulting firm **AArete** in a June 2022 interview with *Retail TouchPoints*. “Stores have been quick to respond by increasing hourly rates and adding enhanced benefits like tuition assistance and training programs, so it’s slowed down a little bit, but it definitely hasn’t stopped.

There’s still very much a staffing issue at the store level — we’re not past this yet.”

This year’s survey responses validate Higgins’ point. A new question in this year’s survey charts turnover rates for store-level non-managerial employees: only **one in five** retailers have annual turnover rates *under* 20%. Nearly one-third (**31%**) are in the 21% to 30% bracket and another **24%** suffer from 31% to 40% turnover.



Turnover rates have been increasing over the past **18 months** for a total of **46%** of retailers, with slight increases for **36%** and significant increases for **10%**. Just **17%** saw their turnover decrease, with **37%** saying it stayed about the same.

Retailers’ efforts to effectively schedule the employees they still have are reflected in the rankings of their top workforce management priorities, with matching staffing to demand at **48%** and scheduling at **40%**. These have become even trickier challenges than they were before the pandemic as retailers anxiously watch foot traffic and in-store conversion rates. They are seeking the ideal balance — scheduling enough associates to serve customers and make sales without “wasting” scarce human resources during slow shifts.

As if that weren’t complicated enough, managers also are dealing with the ongoing expansion of workers’ responsibilities associated with the rise of store-based fulfillment during the COVID crisis. More than **half** of respondents said the amount of time associates spend fulfilling online orders has increased this year compared to 2021, with **21%** saying it increased *significantly* and **32%** reporting it increased *somewhat*. Only **5%** said the time had decreased.

What are your top challenges/priorities in managing your store-level workforce?

Employee training and empowerment

50%

Matching staffing to demand

48%

Measuring employee performance

40%

Scheduling

39%

Decreasing turnover

32%

Forecasting labor costs

29%

Enforcing safety and hygiene mandates

25%

Providing visibility across stores/regions

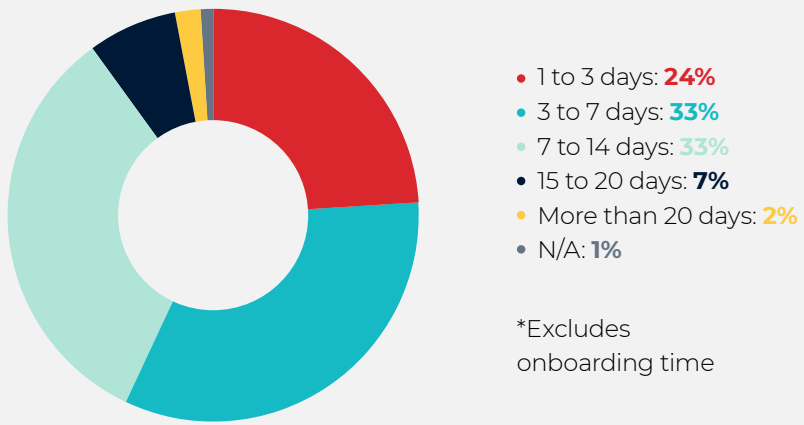
22%

Automating paper-based manual processes

16%

While employee training and empowerment tops the list of workforce priorities, at **50%**, the amount of time retailers reserve specifically for training is relatively low, with **24%** of retailers allotting a minimum of just *one to three days* of training per year for in-store employees (excluding onboarding of new employees). Nearly **two-thirds** provide up to two weeks of training, with **33%** each offering *three to seven days* and *seven to 14 days*. Just **9%** offer more than two weeks' training.

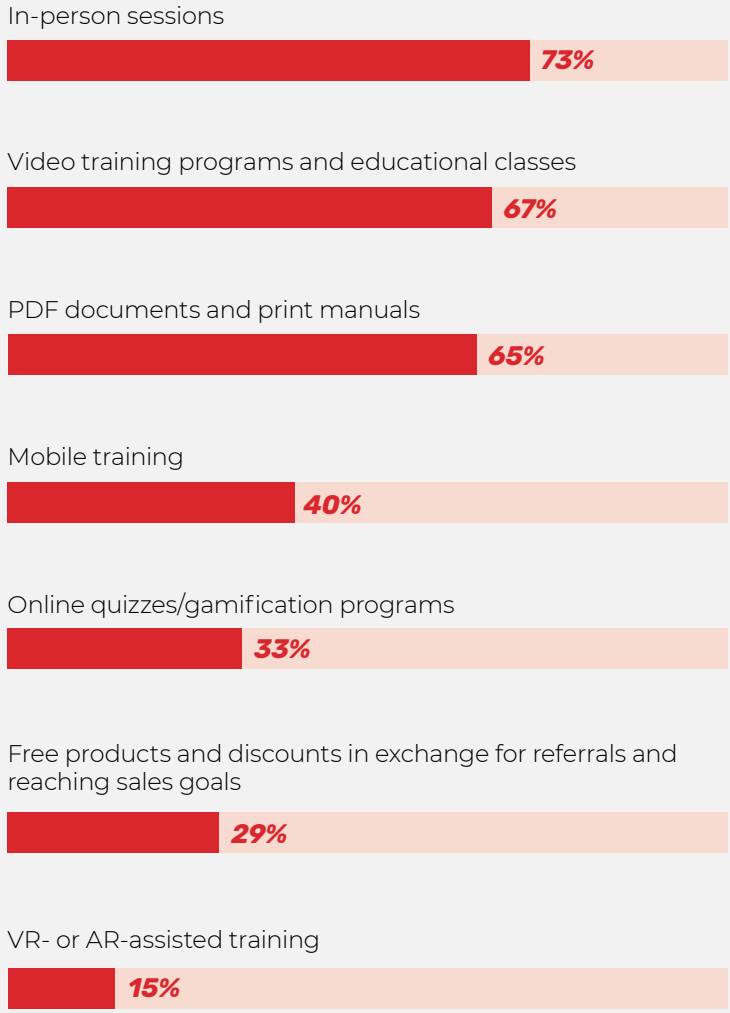
What is the average annual minimum training time for in-store employees?*



*Excludes onboarding time

The types of training and engagement programs retailers offer still rely primarily on traditional methods: **73%** use in-person sessions and **67%** rely on video training. A significant minority, **40%**, use mobile training, likely in conjunction with the **33%** leveraging online quizzes and gamification programs. Use of VR- and AR-assisted training has increased, rising from **10%** in 2021 to **15%** this year.

What types of training and engagement programs do you provide to employees?



CAN IN-STORE TECH MITIGATE THE WORKER SHORTAGE?

Retailers' staffing challenges are reflected in respondents' technology deployments: nearly half (**47%**) are using QR-code activated digital signage or kiosks, with another **26%** planning to add such solutions within the next 12 months. In addition to being a contactless technology, QR codes' ability to provide customers with product information, ratings, reviews and promotional offers via their own mobile devices can relieve thinned-out store staffs of these responsibilities.

Mobile POS, at **46%**, also can reduce workloads for associates by incorporating checkout into the sales process, while the **30%** of respondents offering autonomous POS/self-checkout can take this task out of workers' hands entirely.

Arming associates with mobile technology has become commonplace in retail: **71%** of retailers currently use it, and another **11%** plan to add it within the next 12 months. A sign of the supply chain issues that have plagued retail in 2022 is seen in the **54%** of retailers having workers use these devices to order out-of-stock products from online channels. Accompanying high response rates for accessing product information (**64%**) and accessing product availability data (**57%**) indicate that this is a common use case for mobile technology.

Technology supporting totally autonomous stores has become increasingly popular and versatile, although deployments have been concentrated in small-footprint selling spaces where transaction **speed and convenience** are paramount, such as sports stadium concessions, **airports** and **convenience stores**. But Amazon's move to deploy its Just Walk Out technology at **Whole Foods** stores, while still limited, indicates that both retailers and solution providers are looking to cashierless solutions as a potential long-term answer to the labor crisis.

For the moment, however, cashierless/unattended brick-and-mortar stores are a relative rarity: **20%** of respondents operate them now, and just **8%** plan to open them within the next 12 months.

Not every attempt to use self-service technology as a way to stretch the thinning ranks of store labor works out: supermarket chain **Wegman's** recently discontinued a scan-and-go style app it had introduced in 2019 because it contributed too much to losses from shoplifting.

What functions are employees performing using mobile devices?

Accessing product information

64%

Mobile payment

61%

Accessing inventory levels/product availability

57%

Online ordering of out-of-stock products

54%

Clienteling/assisted selling

47%

Education/task management

37%

Shift scheduling/swapping

25%

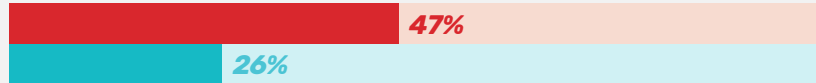
Auditing visual merchandising/displays

22%

What technologies do you use in-store?

■ Have now ■ Plan to add in next 12 months

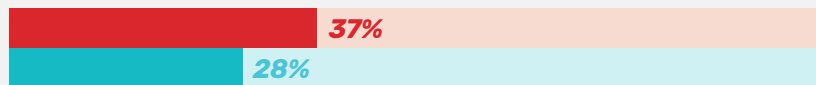
QR-code activated digital signage/kiosks



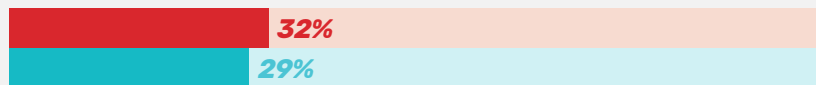
Mobile POS



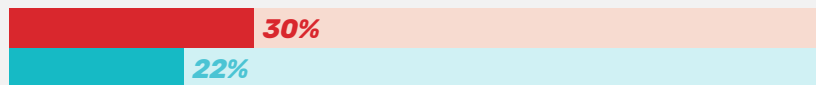
Mobile-integrated digital signage



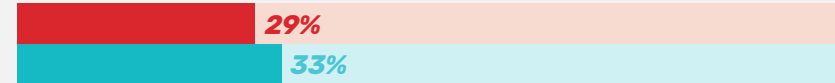
Mobile-assisted clienteling apps



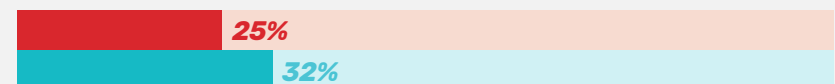
Autonomous POS/self-checkout



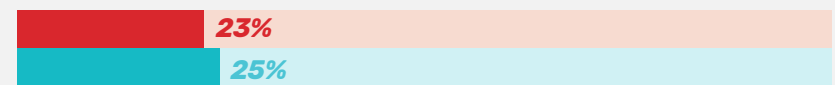
Hands-free communication devices



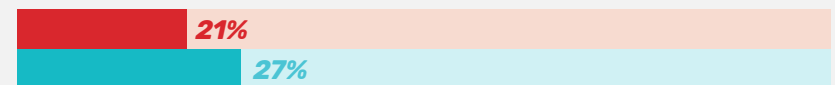
RFID for inventory accuracy



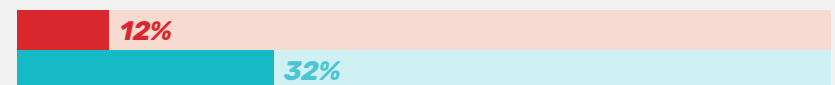
AR/VR solutions



Customer fitting technology



“Magic mirror” technology



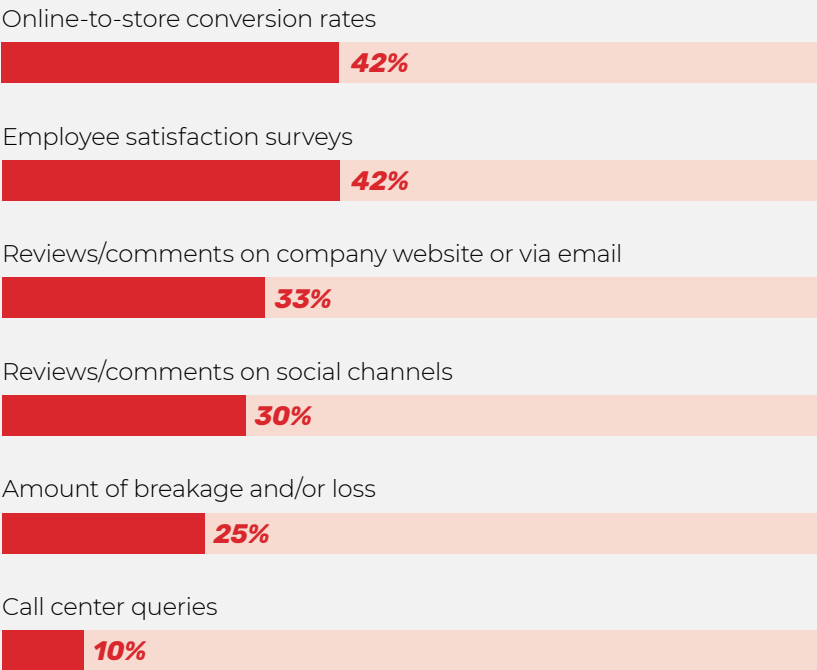
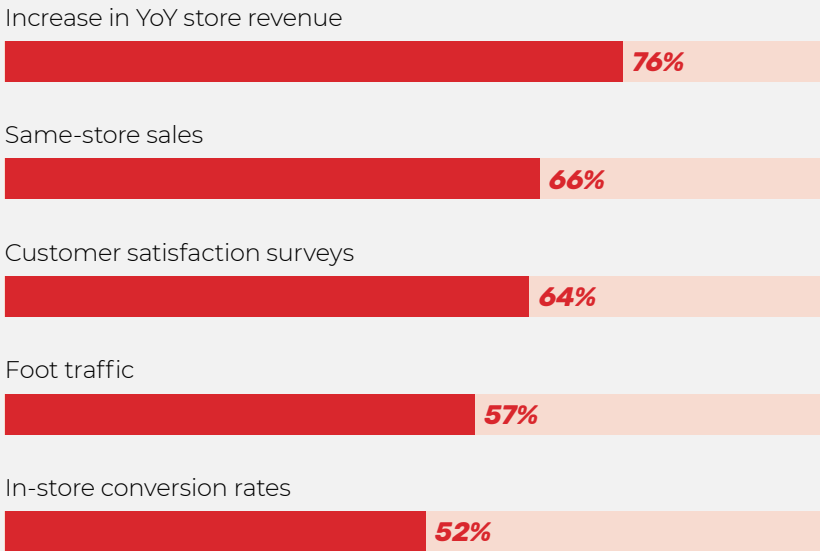
STORE PERFORMANCE METRICS START TO REFLECT CURRENT RETAIL REALITIES

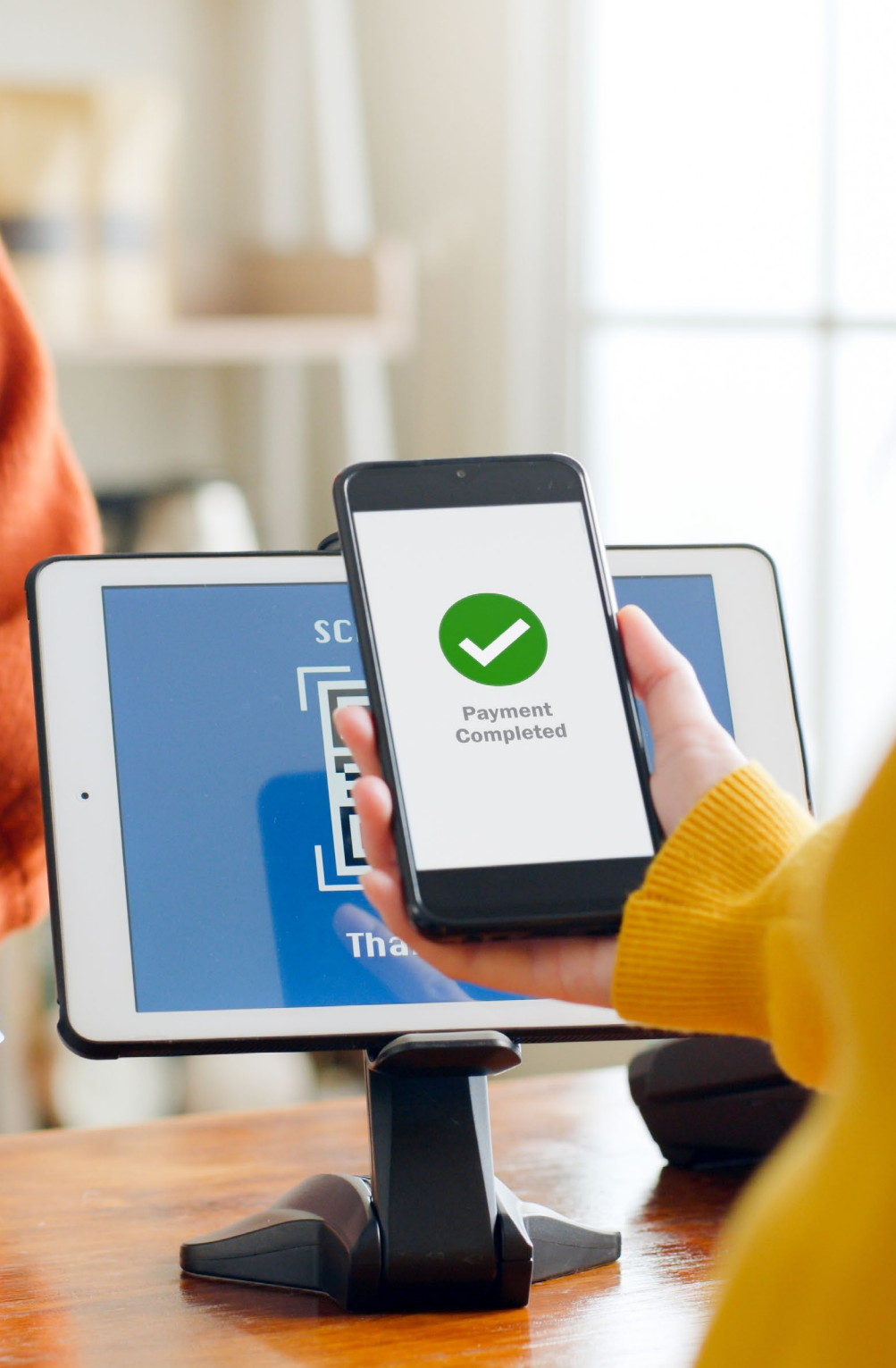
Beyond the immediate challenge of simply keeping stores adequately staffed, particularly for the upcoming holiday season, retailers also are trying to keep up with the new roles stores are playing in the omnichannel customer journey. Several traditional store performance metrics (year-over-year revenue increases, same-store sales) remained popular in 2022, but there have been some shifts. For example, online-to-store conversion rates, which reflect the multiple touch points so many shoppers use on their way to a purchase, climbed to **42%** this year from **33%** in 2021.

The use of employee satisfaction surveys as a KPI also rose, from **35%** last year to **42%** in 2022. While this increase is relatively small, it does indicate that at least some retailers realize that their stores' performance depends on hiring — and retaining — a well-trained, well-equipped and motivated workforce.

One of the big challenges for retailers going into 2023 will be making the changes required to provide the support these employees need, both tangible and intangible. Workforce experts recommend more than simply raising salaries and increasing benefits, although those are likely to be necessary. They also recommend that retail organizations pay greater attention to employees' mental well-being and make sincere efforts to show them that their contributions are important to the business' success. Retailers will need to take significant steps in order to convince skeptical workers that retail jobs are both worth pursuing and offer an attractive career path within their organizations.

What are your most effective ways to measure store performance?





METHODOLOGY

The 2022 *Retail TouchPoints Store Operations Benchmark Survey* gathered responses from **106** retail executives during August and September 2022. The vast majority (**84%**) operate brick-and-mortar stores, with **8%** each running pop-up stores and stores within stores.

Retail Vertical:

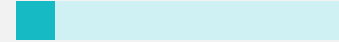
Specialty hardgoods: **28%**



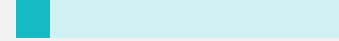
Supermarket/grocery: **12%**



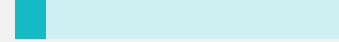
Department Store: **12%**



Specialty softgoods: **10%**



Convenience store: **9%**



Big-box: **6%**



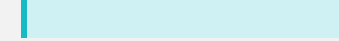
Office supplies: **5%**



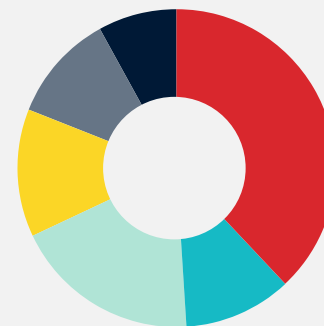
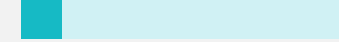
Electronics: **4%**



Drugstore/pharmacy: **2%**



Other: **12%**



Annual Revenue:

Less than \$50M: **38%**

\$50M-\$100M: **11%**

\$100M-\$500M: **19%**

\$500M-\$1B: **13%**

\$1B-\$5B: **11%**

More than \$5B: **8%**

LEARN MORE...



Tulip provides a suite of cloud-based solutions that power the modern store experience. Partnered with Apple and Salesforce, Tulip equips sophisticated retailers to build connections with customers, fulfill orders, checkout purchases, and optimize operations in order to create the end-to-end experience modern customers expect. Leading retailers like Mulberry, Saks Fifth Avenue, Indigo, Kate Spade, Purolator, and Michael Kors use Tulip to elevate the shopping experience, increase sales, and improve customer service across channels.

1.855.834.4587

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Retail TouchPoints and *design:retail* give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

201.257.8528

info@retailtouchpoints.com



ABOUT THE AUTHOR

Adam Blair, Editor

Avid theater-goer, intrepid journalist and grammar nag. There's always something new to learn about retail technology.