# *OPTIMIZING THE EMPLOYEE AND CUSTOMER EXPERIENCE*
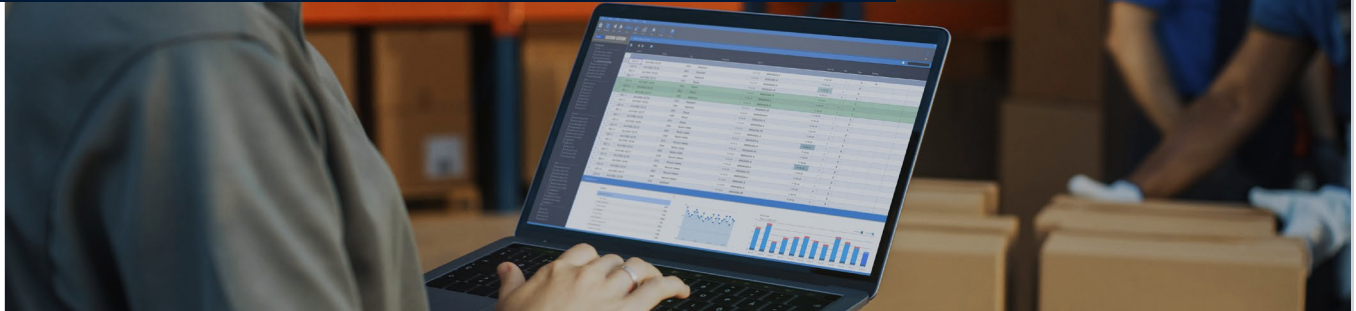## *WITH INVENTORY, TASK MANAGEMENT AND CLIENTELING TOOLS*

retail
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SPECIAL REPORT

# INTRODUCTION

The upheavals taking place in employment trends, in combination with fast-shifting consumer behaviors, have retailers looking for store solutions that minimize their staffing needs and maximize the customer experience — or ideally, do both.

"We still see a significant demand for retail talent," said Aaron Sorensen, Partner and Head of Business Transformation and Chief Behavioral Scientist at **Lotis Blue Consulting** in an interview with *Retail TouchPoints*. "If we look back to last year at the exact same time as this year, the demand for retail talent is higher, and we're still seeing job postings that are extended longer. Whether they're staffing for the floor or the stockroom, retailers are still facing challenges in hiring a full team. That means store managers and associates are being asked to do more to fill those gaps."

According to the ***Retail TouchPoints 2022 Benchmark Survey — Connectivity, Community and Collaboration: Inside the New Era of Store Design***, **71%** of the **150 retailers** surveyed are focused on rethinking their front-of-house store technologies. Some of the most notable types of solutions being investigated or deployed are:

- RFID-powered tech to improve **inventory accuracy** and better support BOPIS and curbside pickup operations;

- **Task management solutions** that can improve efficiency by laying out the precise steps workers need to take, both for everyday operations and special cases such as product recalls;

- **In-store mobile devices** that improve communication among associates and with customers;

- **Checkout solutions** that minimize (but don't totally eliminate) the need for cashiers, such as **Amazon**'s Just Walk Out technology; and

- Unified data platforms that provide store associates with **valuable customer data**, allowing them to provide clienteling services that can be personalized based on factors such as a shopper's past purchases and online browsing history.

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**Which areas of the store have you focused on rethinking and redesigning over the past year?** (Select all that apply)

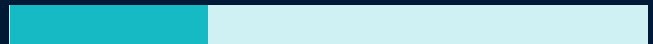Front of house (checkout, BOPIS pickup area, etc.): *71%*
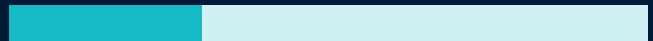
Store floor and product displays: *70%*
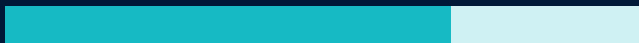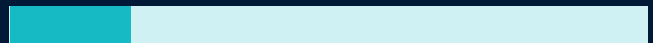
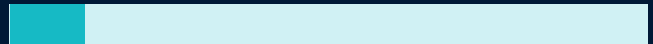Fixtures and product merchandising: *52%*

Stockroom/back-of-house space: *31%*

Exteriors, including parking lots and curbside stations: *30%*

Fitting rooms: *19%*

Areas dedicated to appointment-based retailing: *12%*

Source: *Retail TouchPoints 2022 Store Design Survey*

# SUPPORT IN-STORE EMPLOYEES WITH UPDATED DIGITAL TOOLS

Associates are not only working with customers to complete purchases in stores; they are also spending their time fulfilling online orders destined for BOPIS, curbside pickup and ship-from-store fulfillment. Among respondents to the 2022 *Retail TouchPoints Store Operations Benchmark Survey*, **more than half** said the time their associates spent fulfilling online orders had increased compared to 2021: **21%** said it increased *significantly* and **32%** said it increased *somewhat*.

Adding tools such as RFID tags on products that can be read with handheld scanners makes it practical for retailers to take inventory readings as frequently as **twice a week**. The resulting increases in inventory accuracy are critical to efficient store-based fulfillment, allowing retailers to substitute technology for manpower.

"Store inventory accuracy and integrity becomes a challenge now more than ever, because it's the same inventory in the same store location for serving ecommerce and customers in stores," said Shirley Gao, CIO at **PacSun** in an interview with *Retail TouchPoints*. "[With RFID], you can do a cycle count more often. Instead of **twice a year**, now you can do it **twice a week**. Employees use their RF inventory scanners to sell to the customer, fulfill a digital order or to do a transfer to anywhere. This will hugely improve our store associates' efficiency and reduce their time and labor spent walking around the store trying to find something."

In-store associate communication, with clear exchanges among employees and comprehensive problem-solving for customers, is necessary to maintain a strong store team. Paul Antony, SVP of Technology at **The Home Depot**, noted that the company worked with **Zebra Technologies**, **HPE** and **Aruba** to implement a system that allows associates to communicate with each other, locate items, correctly identify prices and examine inventory, all while serving customers.

"We recently **announced** the rollout of an updated **in-store network** and new hdPhones, the mobile in-store devices dedicated to improving the home improvement shopping experience, for both our associates and our customers," said Antony in an interview with *Retail TouchPoints*. "Every one of our store associates are now better equipped to provide optimal customer service anywhere in the stores, and even in the parking lots."

Retail employees also continue to serve a crucial role as the liaison between corporate headquarters and consumers. Michael St. Charles, Senior Digital Content Specialist at Zebra Technologies, noted that preparing workers for time-sensitive issues such as product recalls can be facilitated with the appropriate workforce technology, which can delegate tasks from the corporate level directly to store-level employees.

"Once [the recall activities are] done, it's validated by the store manager who can verify this product has been removed from the shelves, and the folks who need visibility into it can see this product has been removed from the shelves," said St. Charles in an interview with *Retail TouchPoints*. "This also decreases the time that it takes to do it. In the past, it would take a number of **days** for a product to be recalled, but I've seen customers who use the technology say it now takes a matter of **hours**."

# ENHANCING THE IN-STORE CUSTOMER EXPERIENCE VIA MORE INFORMED ASSOCIATES

Q&A with Michael St. Charles, Senior Digital Content Specialist, Zebra Technologies

**Retail TouchPoints (RTP):** How are the challenges of creating strong store teams impacting retailers?

**Michael St. Charles:** Hiring and retaining employees continues to be difficult. That ripples down into a number of other impacts at the store operations level. When you aren't able to retain experienced staff, and you have all of these junior staff members that you're hiring in, you lose that expertise from folks that have been there for a while, which impacts tasks getting done in stores.

Then there is the difficulty of filling shifts as needed when you have fewer associates to draw from and an unstable associate pool, both of which make it more likely you'll encounter understaffing during important times and important shifts.

Another one is inflation and the current economic instability, which is challenging not only because it impacts the needs of your store associates who are looking for more shifts, but some are looking for more pay.

**RTP:** Which consumer expectations are shaping retailers' approaches to building, training, educating and maintaining the store level workforce?

**St. Charles:** Customers want to do things more quickly and they want to do things very easily. Customers are driving higher demand for curbside pickup and there's higher demand for buy online, pick up in-store.

It's not the old paradigm where people will come into a store and they'll look around, browse and see what they want. With smartphones, they have the ability to research before ever walking into a store. Customers aren't at the beginning of the journey. They're there near the end of it when they walk into the store.

If customers want to research a price, they can do that themselves. But if a customer needs assistance with something, their questions are usually more complicated now, and that's when they come to the associates. That's why associates not only need to be more agile and able to react to what's going on the store, they need to have as much information as possible so they can meet these kinds of enhanced needs of the customers. If associates have to perform at a higher level and they're not getting more pay to do that, they need support.

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*RTP:* **How can retailers improve existing store teams and also attract strong candidates?**

**St. Charles:** Part of helping the store teams work better is taking notice of certain employees that are performing better. Can you place them with other employees that might need assistance? Try to create teams that work in shifts and can assist each other, or you can have someone on staff who is adept and can provide assistance when needed. Creating teams, knowing their performance levels and how to put them together through software that can automate it is really important. Doing that manually is very dense and time-consuming and invites mistakes.

Additionally, you can simplify the work that they're doing by giving them a mobile device that has their tasks directly on it. That helps employees, especially junior employees, become more self-sufficient, where they don't have to constantly go back to their manager. They always have the list that they can look to that's prioritized and has everything that needs to be done specifically for them. There's no disconnect.

*RTP:* **How else can task management solutions support store teams?**

**St. Charles:** The real-time element to task management is really important because it adds some of the agility that store associates need in order to get things done. Also, things like gamification are always being talked about as a way to provide some sort of incentive for work to be done in a more productive fashion. Those are part of a strategy that involves streamlining and simplification, which are going to be even more important in the coming years to ensure that associates are working more smartly and that stores are functioning in a more efficient fashion.

*RTP:* **What trends in workforce management technology do you see gaining momentum?**

**St. Charles:** Already strained labor forecasting processes are being pushed to the breaking point by labor shortages and other staffing challenges. While retailers may have an abundance of data collected from sales, customer traffic and other sources, disruptive events make such an impact that certain data may not accurately reflect current conditions and cannot be used to forecast current and future in-store labor requirements. Workforce management solutions that provide intelligent forecasting capabilities quickly detect changes in data patterns and can simulate important scenarios and create best-fit forecasting models, making it easier to adapt to unforeseen changes in customer traffic, product demand and other variables.

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# HELP ASSOCIATES CREATE A BETTER CUSTOMER JOURNEY

Shopping in-store remains the preferred channel for consumers in the U.S., but these customers want a brick-and-mortar experience with similar levels of convenience and personalization as digital options. According to the *2022 Retail Report* by KPMG and Adyen, **65%** of consumers in the U.S. choose physical stores, compared to a global average of **59%**, with **67%** believing that brick-and-mortar remains a valuable touch point, including among shoppers who engage with the same brands digitally.

John Clear, Director at **Alvarez & Marsal Consumer Retail Group**, visited a **Whole Foods** location in the Glover Park area of Washington, D.C. that is powered by Amazon's Just Walk Out (JWO) technology as research for the **report** *No Wallet? No Problem: How Just-Walk-Out Technology is Shaping the Future of Retail*, which he co-authored. Clear noted that at this early stage of the technology, associates are still needed for troubleshooting when customers encounter problems, including the technology's occasional inaccurate tracking of items that are taken from shelves. Additionally, associates that are no longer needed as cashiers and price checkers can switch to enhancing the customer experience in-store.

"The reality is that the benefit of JWO is it will cut down on the number of associates you need, and that's important because there is a labor shortage," said Clear in an interview with *Retail TouchPoints*. "However, you have to be aware of that balance and that's the nice thing about Whole Foods. There is still a butcher counter, it still has a fresh florist and the things you're familiar with are still there, but you don't get the additional costs that don't always bring benefit to the customer."

For Gao, who is currently upgrading PacSun's technology throughout the company, the future of physical retail lies in a unified and organized consumer data platform. By referencing information pulled from a customer's digital purchase history, in-store buying profile, returns information and call center contacts in one place, retailers are able to gain a comprehensive view of every shopper's behavior.

"With clienteling, when the customer comes to the store, our associate could greet them and ask them about their experience," said Gao. "If the customer bought a pair of jeans last week, the associate could suggest a sweater and accessories that go well with them. That will be a good upselling opportunity for our associates instead of getting bogged down trying to find items and trying to allocate inventory. They will have more time to greet the customers, answer the customers' questions — just serve the customer."

## DON'T NEGLECT THE ROLE OF CUSTOMER EDUCATION

Some of retailers' labor issues can be solved by providing self-service options to store shoppers, like cashierless checkout and tech that interacts with consumers' mobile devices. But don't assume that all shoppers are equally tech-savvy.

"When you put up the instructional graphics, plan for them to be long-term installations," said Alvarez & Marsal's Clear. "Customers have to be comfortable with new technology and they won't be comfortable until they understand it, and the way that they understand it is that you educate them. When retailers don't spend enough time educating their customer, then the technology doesn't really work. Retailers remove it because they think it's not driving sales. **Five** years later, retailers will say, 'Now we're way behind and we have to redo everything we just did.' If you put the front-end effort in and educate the consumer you will see the benefits faster."

## ZEBRA CAPTURE YOUR EDGE

Zebra (NASDAQ: ZBRA) empowers the front line in retail to achieve a performance edge, delivering industry-tailored, end-to-end solutions to enable every asset and worker to be visible, connected and fully optimized. Zebra software solutions help multi-site retail organizations optimize labor spend, simplify store execution and communication, improve inventory accuracy, and mitigate total retail loss.

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## retail TouchPoints®

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Dorothy covers the retail industry at large with a focus on design in store and as an element of omnichannel strategy.