THE ULTIMATE GUIDE TO STORE OPERATIONS: *HOW DATA DRIVES GREATNESS, FROM LEADERSHIP TO ASSOCIATES*

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TECH GUIDE

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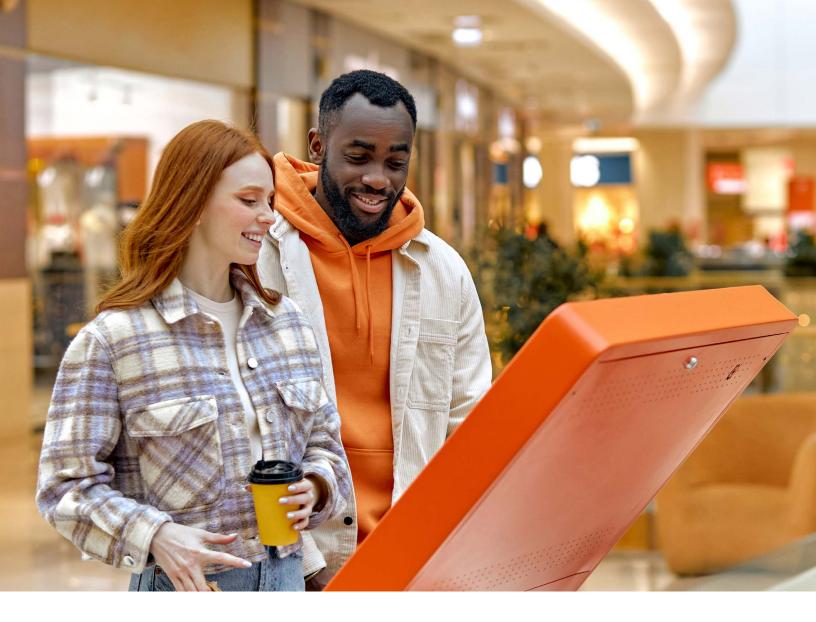
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INTRODUCTION

It's no secret that data is the foundational element of any successful retail store, but what's less well understood is the complicated web of stakeholders who all need to access that data: shoppers, associates, store managers and leadership all benefit from applications of different data points, and getting store operations right means leveraging your data capabilities properly for each stakeholder.

"Retailers need to be measuring store performance through analytics," said Greg Buzek, Founder and President of **IHL Services** in an interview with *Retail TouchPoints*. "This is the single biggest area of moving to prescriptive analytics in the industry. In our research, retailers that are using **store performance predictive analytics have store revenue growth expectations for this year that are 13X** that of those who do not use these analytics. This is one of the largest statistical impacts we have seen in over **26 years** in this sort of research."

To achieve these kinds of results, retailers need to have tools in place that can apply these insights to every stakeholder across the enterprise. That's a challenge given that the uses of, and benefits from, the data will be different for each group:

- **Data enables a better customer experience:** Retailers have reams of data around their customers, particularly loyalty program members, and putting this information to use can boost personalization and bust friction with tools like digital signage and advanced self-checkout;

- **Good associates benefit from great communication:** Not every associate is equal, from the tasks they excel at to how they like to be contacted during the workday, and retailers need to turn the lessons they derive from data into human-centric training and communication;

- **Granular data helps managers fine-tune operations:** The most valuable insights for managers are the specifics, such as who to assign where and when, so they need access to the nitty-gritty details of store operations; and

- **Leaders must record — and understand — the big picture:** For district managers and above, the goal is to understand the macro trends that will impact the specific actions taken by individual stores — from pinpointing lucrative opportunities to tracking customer behavior patterns with an eye for unusual data points.

CUSTOMERS' OWN INFORMATION CAN IMPROVE IMMERSION AND SECURITY

Two key areas where data can power the customer experience are **digital signage** and **self-checkout**. Well-placed digital signage can be the first thing a customer sees as they enter the store, and retailers already are experimenting with ways to go beyond basic applications like video marketing loops to integrate one-of-a-kind experiences by working in tandem with shoppers' personal devices.

"Fundamentally, digital signage offers the potential for real-time, personalized information, allowing retailers to quickly and easily change pricing, promotions and other information," said Nick Kramer, Leader of Applied Solutions at **SSA & Company** in an interview with *Retail TouchPoints*. "One of the promises of digital displays is personalization. This becomes particularly powerful when displays are integrated with the consumer's mobile device via geofencing, which can **enable retailers to tailor messaging and promotions displayed on screens to specific customer segments** based on factors such as their location, purchase history or preferences. This can help increase the relevance and effectiveness of marketing efforts."

Additionally, knowledge of customers can be used to enhance the self-checkout experience. Buzek noted that retailers are faced with rising theft, which can be a particular problem at self-checkout, but the POS is the last place retailers want to add more friction. A compromise may be utilizing loyalty data to recognize trusted customers in order to exempt them from certain anti-theft interventions, which can speed up the process for the most important shoppers while still enabling greater security in general.

Retailers looking to make the most of their checkout experience also should take a pulse of what their shoppers want on a broader scale. Offering self-checkout lanes has become table stakes in many verticals, and in some cases offering an aisle dedicated to slower, more personal service could actually become a differentiator.

"Many customers feel better about the self-service experience when they know they can have a full-service experience," said Nicole Kyle, Managing Director of CMP and Co-Founder of **CMP Research** in an interview with *Retail TouchPoints*. "The power of choice is huge. I also love the example from the Dutch grocery store chain **Jumbo**, which has opened **'chat checkouts' for people who want to move slower and connect with other people**. I've read that it's done a lot to combat loneliness in the elderly population especially, and it's a great example of meeting customers where they are!"

GEOFENCING ENHANCES GREAT EXPERIENCES

Geofencing is a versatile tool that is useful for creating great experiences, whether a customer is quickly picking up an order or slowly browsing the aisles. SSA & Company's Kramer laid out some key ways the technology can drive convenience across both kinds of store visits:

- **For BOPIS, notifying customers when their order is ready:** "With geofencing, retailers can send notifications to customers when they enter a specified proximity to the store, letting them know that their order is ready for pickup. This can reduce wait times and provide a seamless customer experience."
- **In-store personalized communications based on location:** "If a customer is browsing in-store, retailers can use geofencing to send them personalized offers or recommendations based on their shopping history."

SHARE INSIGHTS WITH ASSOCIATES ON THEIR TERMS

Store associates need different types of data depending on the role(s) they're playing. Customer-facing workers want shopper data from loyalty programs and real-time inventory levels; backroom workers need to see the latest planogram updates; and cashiers will want to be up to date on any pricing changes. Retailers need to invest in tools to help each of these stakeholders have access to the information they need, while also making them feel connected to the team as a whole.

Driving adoption of digital workplace applications is key to achieving these dual goals, and that means using multiple communication touch points, according to CMP Research's Kyle: **"Whether that's threads or instant messages, especially in a remote world, they keep teams feeling connected to each other and in touch even when space might prevent them from being physically close.** Communication and connectedness are important, especially when many customer contact agents in the retail industry are stressed: about **three-quarters** characterize their typical stress level at work as moderate or high, whereas about **one-quarter** say their typical stress is zero or low."

Some workers may be fine using their phones for quick instructions but prefer to meet face-to-face with a manager for larger discussions, while others may want to live in a completely digital world. At a time when labor is tight, communicating with associates on their own terms can be key to getting the most out of them.

"Certain people receive communication really well digitally," said Ron Thurston, author of *Retail Pride: The Guide to Celebrating Your Accidental Career* and a former executive at **Gap**, **West Elm** and **Tory Burch**, among others, in an interview with *Retail TouchPoints*. "'I saw this message from Ron, and I get it. I know what he's saying. I know what to do.' Whereas with other people you may need to actually have an in-person meeting and say 'Hey, let's talk about the store performance today. Here are the goals. Here's what I need you to do.' It needs to be done in person. **I think it's really about being aware of what your team needs and delivering the communication that's right for them**. It's not a one-size-fits-all."

A similar lesson applies to training: different associates learn best in different ways. CMP Research Employee Persona Segmentation has shown that some customer-facing employees learn better in person while others learn better virtually; some prefer classroom-style training while others want to move at their own pace, according to Kyle. Gamification is a key element for shorter, self-paced approaches.

MANAGERS MUST MERGE DATA WITH AN EYE TOWARD THEIR TEAM'S STRENGTHS

Store managers are the stakeholders who need to get down into the most granular elements of a given location's data. Ensuring they have the tools for a deep dive into data is important for the success of everything from inventory to scheduling.

"You can use the data that says customers spend an average of **20 minutes** in the fitting room, and staff that accordingly," said Thurston. "Customers at checkout spend this amount of time. Customers come in and they go to the right when they come in the store. **There's a lot of data you can use from that scheduling point of view."**

Retailers also must keep in mind that they're relying on managers to make the judgement calls as well as take actions based on data-driven insights. Labor optimization tools are necessary to help managers understand where help is needed at what times, but managers also need a good eye to understand who should be working any given shift.

"Being a great leader, as a store manager, is also about observing where your team has success, and where they don't," said Thurston. "Then it's also through touch-base conversations [based on] observing their overall performance during certain times. You can really see where their skills gravitate because nobody is good at everything. **You're great with the customer, or you love doing stock, but usually it's not the same person."**

This approach also applies to how managers should measure results to schedule training more effectively and offer rewards to associates. Retail workers wear many hats these days, but truly great employees usually have a specialty, and managers need tools that can help them schedule, teach and reward associates who go above and beyond expectations **within their most important role.**

"A lot of this can be done with tech, but I think that there's always a final human element, even on large teams," said Thurston. "I ran **Apple** stores where there were **400** or **500** people on their teams. It's a massive schedule that is highly complex, because you've got geniuses and specialists and all kinds of different people that have unique skills. Someone who's a specialist about how to sell iPhones doesn't know how to fix them, right? They're very different skills. **So you have to build this very complex infrastructure. It's necessary to do that well, or the whole thing falls apart really quickly."**

LEADERS SHOULD BE CONSIDERING EVERY METRIC

The goal of district managers is to look at the big picture and utilize tools that can inform them about macro trends for their region. This ranges from seeing **which stores or managers are overperforming or underperforming** to keeping an eye on **buying patterns for certain products or categories**. It should go without saying that leaders need to be tapped into the flow of data for the entire area under their purview.

However, just because leaders are looking at the big picture doesn't mean they shouldn't be searching for minor nuances that can translate into major differences. For instance, they may not be the ones stocking shelves, but they're in a position to catch broader patterns that point to a long-term shortcoming in terms of what is being put on those shelves, particularly if they're able to look outside the usual KPIs.

"Retailers all look at inventory turnover or labor as a percentage of sales — but there might be more important metrics that are tangential to, or have more impact on, profitability," said IHL Services' Buzek. "For instance, grocers for years have had vendor-managed inventories and direct store delivery. However, the drivers are incentivized to get as much product on the shelf as they can, **not necessarily the correct product according to the shelf plan**. So [the plan] calls for Diet Coke, but rows get filled with Coke because that is what the delivery driver has in the truck. For this reason, retailers are moving to computer-aided ordering for all products in the store — even vendor-managed. Understanding a nuance like that can be extremely helpful for profitability, as the actual inventories can be off the shelf plan by **20%**."

Getting store operations right is a process that requires buy-in from stakeholders across every level, from senior leadership to the shoppers themselves. With the right investments in tools that can elevate key parts of the experience and highlight the most important aspects of the business, every store can thrive at its fullest potential.

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