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Retail In The Face Of An Entirely New Workforce Model

RSR Workforce Management eBook 2023

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RSR Retail Systems Research

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Research Overview

- Today's retail labor force is very different than it was even just a short time ago. The pandemic of 2020-22 was a tipping point, and Millennials surpassed Baby Boomers in population distribution. But younger workers have their sights set elsewhere. 85% of retailers say younger employees feel they have better opportunities elsewhere, and 79% say it's difficult for young people to envision a career in retail.

- New consumer omnichannel shopping behaviors create more complexity in stores- and that puts enormous pressure on retailers to not only improve the productivity from the resources they do have, but also find new ways to optimize processes and reduce labor costs.

- *Retailers find themselves understaffed, unable to attract and hang onto great talent, and met with increasingly demanding customers.*

- This study set out to 1) identify the challenges all retailers are facing, 2) examine the impact of new customer expectations on what and how work needs to be performed, 3) explore if and how a whole new generation of technology-driven capabilities help.

Respondent Profiles

RSR conducted an online survey in Spring of 2023 and received answers from 101 qualified retail respondents. Respondent demographics are as follows:

2022 Revenue (US$ Equivalent):
- Less than $250 million   3%
- $250 million - $499 million   9%
- $500 million - $999 million 42%
- $1Billion to $5 Billion   35%
- Over $5 Billion   11%

Retail Presence:
- USA   99%
- Canada   41%
- Latin America   22%
- UK   37%
- Europe   31%
- Middle East & Africa   9%
- Asia/Pacific   7%

Year-Over-Year Sales Growth Rates (assume average growth of 7%):

- Better than average (Winners)   65%
- Average   24%
- Worse than average   1%

Key Learnings

Retailers are in an impossibly difficult position.

New shopping behaviors create more complexity, not less, in the stores. **But retailers don't have enough help**.

New employees have **much greater expectations** of their employers than in prior times.

Shoppers use their smartphones intuitively – almost unconsciously – to solve their lifestyle challenges. Arming store-based associates with those same tools can help level the playing field. The best performers (Retail Winners) are **nearly three times as likely to be folding consumer-grade technologies into their stores** to help give associates a fighting chance of being relevant.

Almost one-half of retailers agree that "**more top-level commitment to excellent customer service" is key to moving forward.** Winners want to use business intelligence to prioritize next-steps; non-Winners want a strong leader to force the company spend its way out of the box it is in.

Winners consistently invest in the fundamentals: a) keep up with consumer adoption of technology, b) find and retain new talent and c) optimize schedules to accommodate both consumers and employee expectations.

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The Effects Of Historically Low Unemployment

Please rate your reaction to the following:

- ■ Strongly Agree (blue)
- ■ Agree (orange)
- ■ Somewhat Disagree (gray)
- ■ Strongly Disagree (yellow)

Statement	Strongly Agree	Agree	Somewhat Disagree	Strongly Disagree
Boomer-generation employees have chosen retirement over work	51%	37%	11%	1%
Younger employees have better opportunities elsewhere	44%	41%	11%	5%
It's hard for young people to envision a career in retail	42%	37%	14%	8%
This is not an issue; when unemployment goes up again, employees will be easier to find	35%	26%	34%	6%
The work is hard, the hours are long and the pay is minimal	34%	46%	16%	5%

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The Problems Compound

Please indicate the degree to which you agree or disagree with the following statements

■ Strongly Agree ■ Agree ■ Somewhat Disagree ■ Strongly Disagree

Statement	Strongly Agree	Agree	Somewhat Disagree	Strongly Disagree
New costs associated with omni-channel shopping create pressure to increase productivity and decrease labor costs	64%	32%	4%	0%
Engineered workflows improve store-level performance	55%	40%	5%	0%
We need to optimize non-selling processes in order to afford improved customer service	53%	36%	8%	3%
New consumer shopping behaviors like buy-online-pickup-in-store (BOPIS) require more complex tasks in stores and fulfillment centers	53%	41%	5%	1%
Store customers want tech-enabled self-service options, not more interaction with employees	51%	35%	13%	2%
Labor regulations, union contracts, and compliance and auditing requirements require better reporting capabilities	51%	41%	8%	1%
New tech-driven customer checkout options are causing us to rethink point-of-purchase (POS checkstands, etc.)	49%	43%	8%	1%
We need better tools to forecast, assign, and track employees work more efficiently	48%	49%	4%	0%

The World As Winners See It

'Strongly Agree'''

■ Winners ■ Others

Statement	Winners	Others
The company uses consumer-grade techs to maximize employee productivity and engagement	71%	26%
Reducing staff turnover saves money	65%	46%
We offer more training to improve employee retention	65%	43%
Stores are one of our best sources for finding employees for corporate jobs	64%	31%
We must be able to support a multi-generational workforce in the stores	62%	51%
We are considered an employer of choice	58%	29%
Employee pay and benefits are excellent	53%	29%
We are increasingly reliant on a contingent workforce and temporary employees in our operations	52%	17%
We encourage employees to pursue a career in retail with management training programs	50%	26%

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No Let Up On The Pressures Retailers Face

Business Challenges
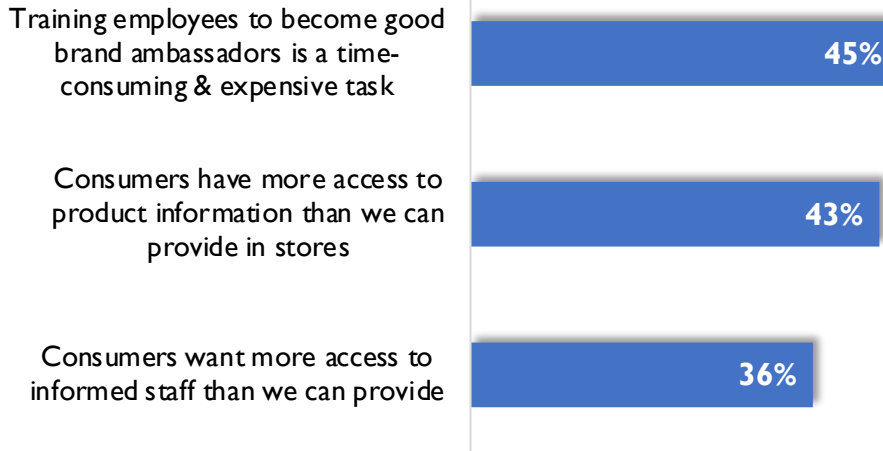
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Retailers Are Getting Hit From Every Direction

TOP THREE Business Challenges driving you to improve how the company manages its sales workforce

Good employees are hard to find, train and retain — 49%

Consumer price sensitivity constrains our margins and discretionary spend — 48%

Customers are demanding different store experiences than we currently provide — 46%

Direct to consumer brands are encroaching on our core market — 37%

We are unclear about the value of customer engagement to our business model — 33%

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Neither consumers nor retailers have abandoned the self-service model – consumers just want a self-service experience that uses the same technologies that they use in their everyday lives.
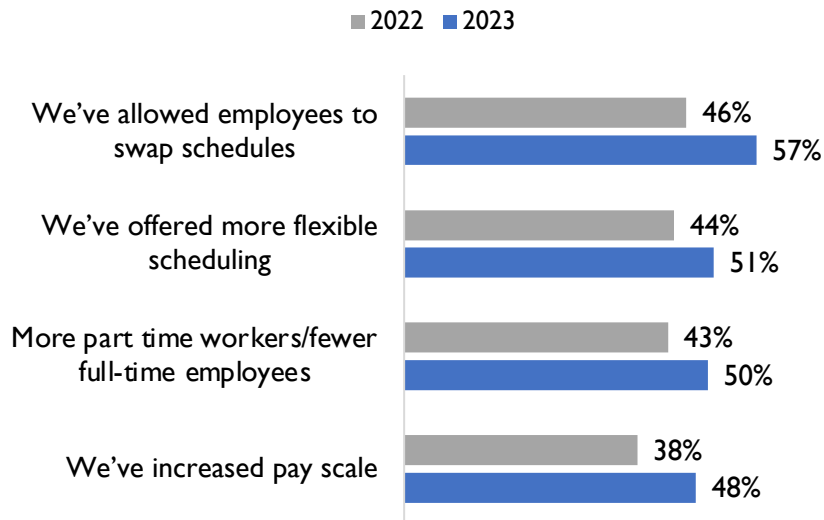
TOP THREE (3) Operational Challenges that are of greatest concern to your company in managing the sales workforce

Training employees to become good brand ambassadors is a time-consuming & expensive task — **45%**

Consumers have more access to product information than we can provide in stores — **43%**

Consumers want more access to informed staff than we can provide — **36%**

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Employees are hard to find, younger workers are culturally more diverse, and prospective staff members have certain expectations related to technology enablement... so retailers are offering a potpourri of incentives to prospective employees.

In light of recent disruptions, which of the following has your company adopted?

■ 2022 ■ 2023

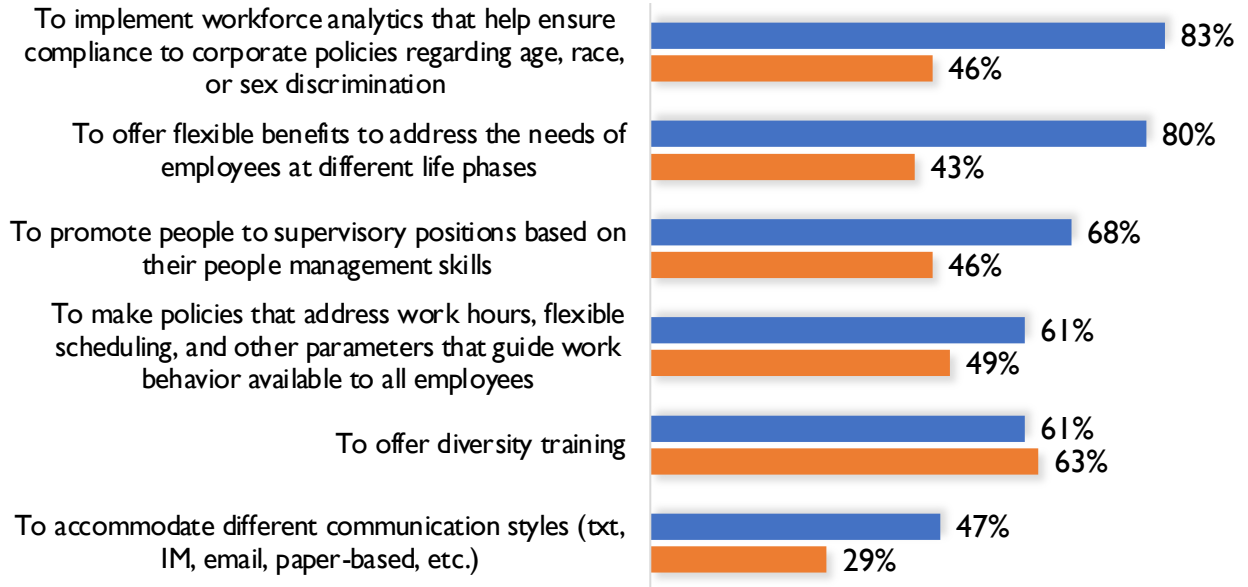|	2022	2023
We've allowed employees to swap schedules	46%	57%
We've offered more flexible scheduling	44%	51%
More part time workers/fewer full-time employees	43%	50%
We've increased pay scale	38%	48%

Aim Higher
Opportunities

Consumers don't need employees to help them find the products they are looking for as in days past; they are solving such issues at the speed of their smartphones.

Beyond the technology-driven changes in consumer shopping behaviors, social norms, structures, and attitudes have undergone enormous transformation, and the modern retail workplace is often the crucible under which many of these new constructs are tested.

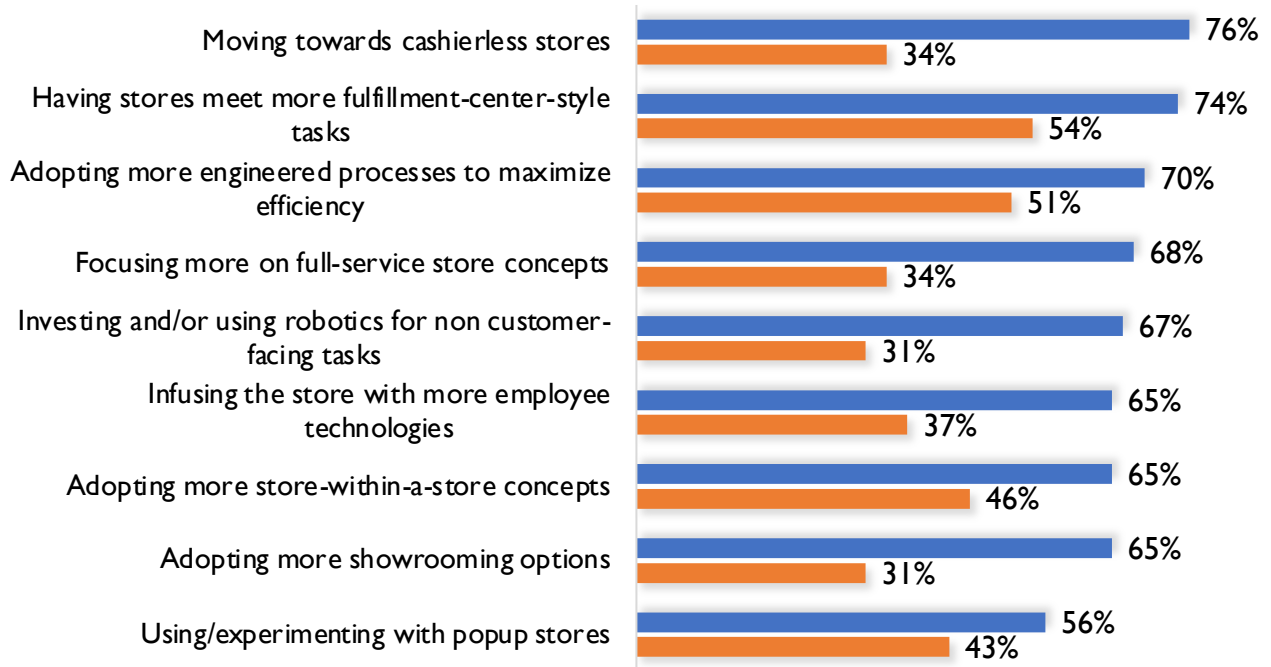# Winners Are Looking To Foster A Culture Of Inclusion

'Very Important'

■ Winners ■ Others

Category	Winners	Others
To implement workforce analytics that help ensure compliance to corporate policies regarding age, race, or sex discrimination	83%	46%
To offer flexible benefits to address the needs of employees at different life phases	80%	43%
To promote people to supervisory positions based on their people management skills	68%	46%
To make policies that address work hours, flexible scheduling, and other parameters that guide work behavior available to all employees	61%	49%
To offer diversity training	61%	63%
To accommodate different communication styles (txt, IM, email, paper-based, etc.)	47%	29%

The Store Environment Is Changing Too!

'High Value'

■ Winners ■ Others

Category	Winners	Others
Moving towards cashierless stores	76%	34%
Having stores meet more fulfillment-center-style tasks	74%	54%
Adopting more engineered processes to maximize efficiency	70%	51%
Focusing more on full-service store concepts	68%	34%
Investing and/or using robotics for non customer-facing tasks	67%	31%
Infusing the store with more employee technologies	65%	37%
Adopting more store-within-a-store concepts	65%	46%
Adopting more showrooming options	65%	31%
Using/experimenting with popup stores	56%	43%

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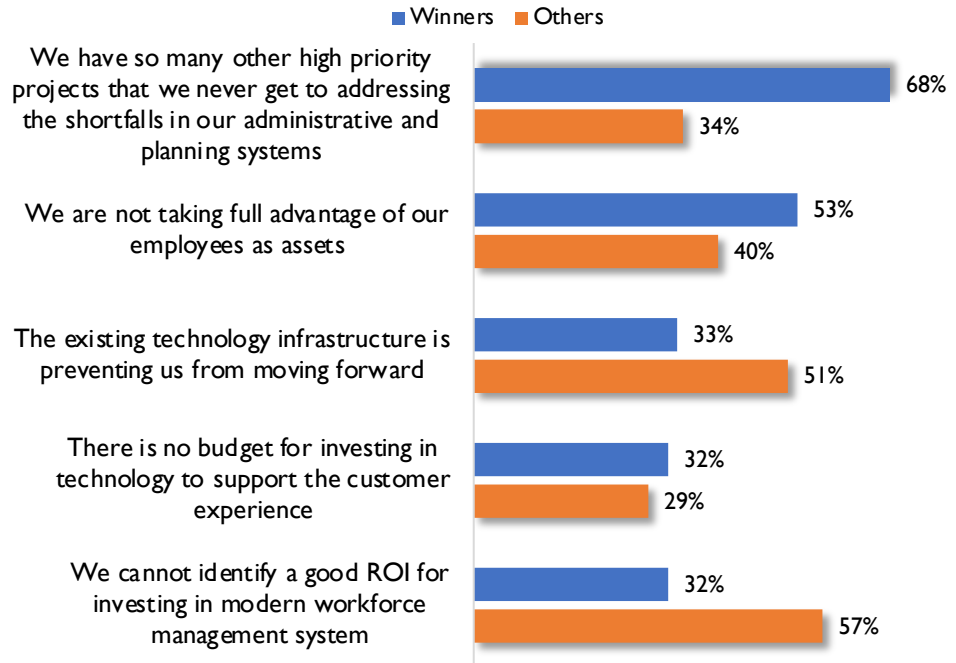
Organizational Inhibitors

What Stands In the Way?

Winners Are Too Busy; Others Don't See The ROI

TOP THREE Organizational Inhibitors preventing your organization from being more effective at managing the sales workforce
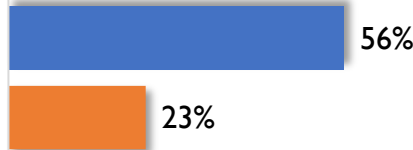
■ Winners   ■ Others

Inhibitor	Winners	Others
We have so many other high priority projects that we never get to addressing the shortfalls in our administrative and planning systems	68%	34%
We are not taking full advantage of our employees as assets	53%	40%
The existing technology infrastructure is preventing us from moving forward	33%	51%
There is no budget for investing in technology to support the customer experience	32%	29%
We cannot identify a good ROI for investing in modern workforce management system	32%	57%

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# It Takes Strong Leadership ...
PLUS Guidance From Shoppers

Top Ways To Overcome Inhibitors

■ Winners ■ Others

Implement customer services metrics such as NPS ("Net promoter score"), CSAT ("Customer Satisfaction Score") or CES ("Customer effort Score")
- Winners: 56%
- Others: 23%

More top-level commitment to excellent customer service
- Winners: 45%
- Others: 51%
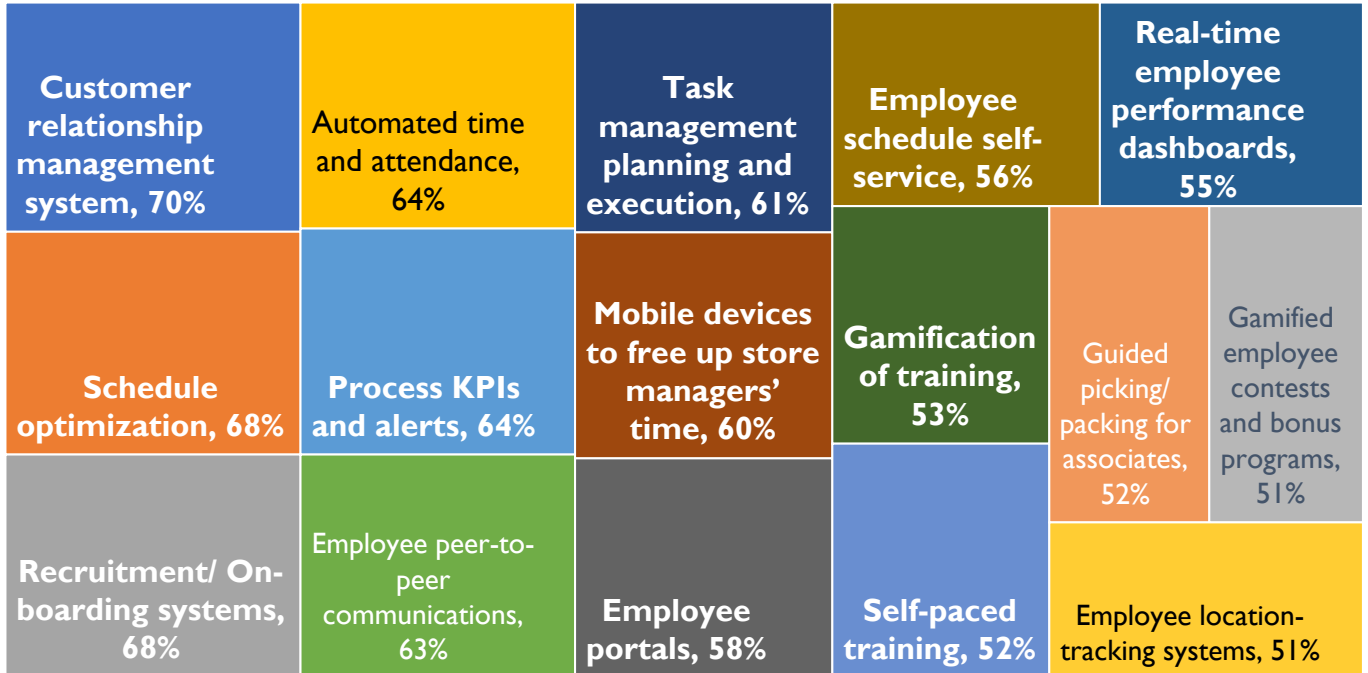
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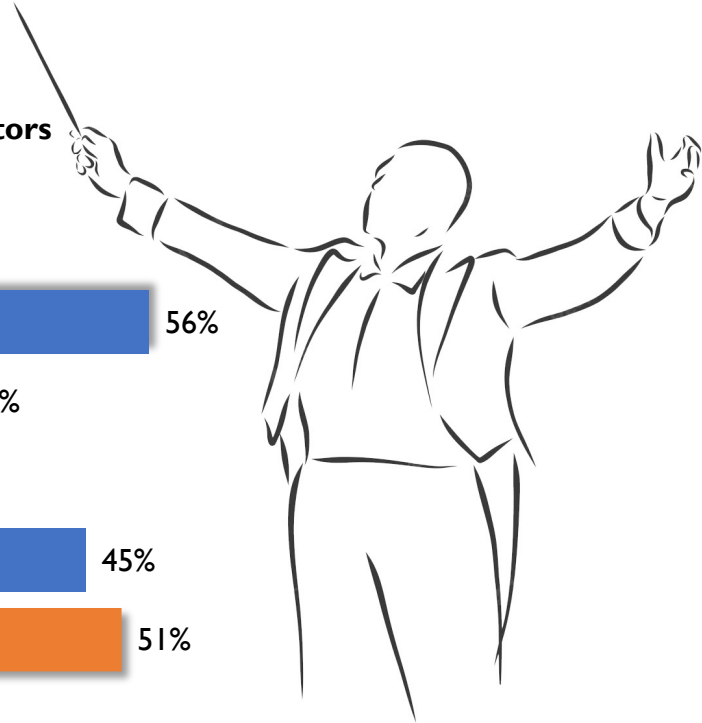
Technology Enablers

The Future Looks Bright

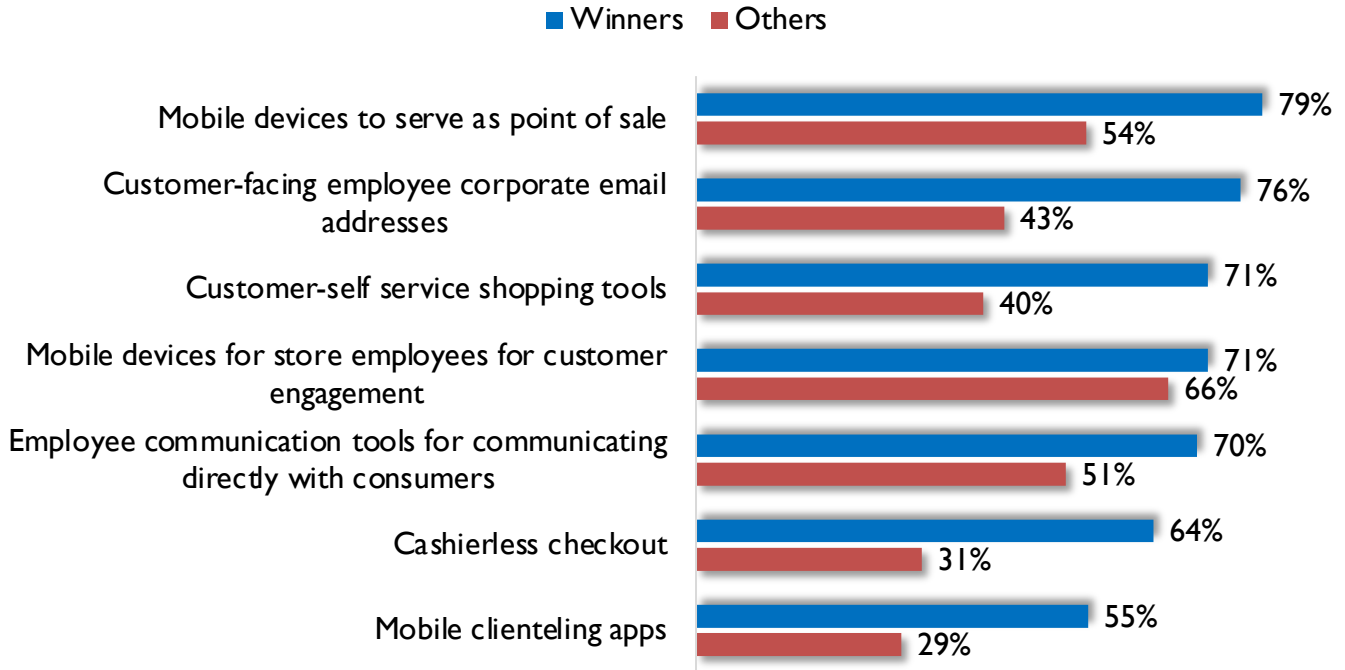# Retailers See <u>Enormous</u> Possibilities For What Technology Will Enable Their Workforce

'High Value' Employee-facing Technologies

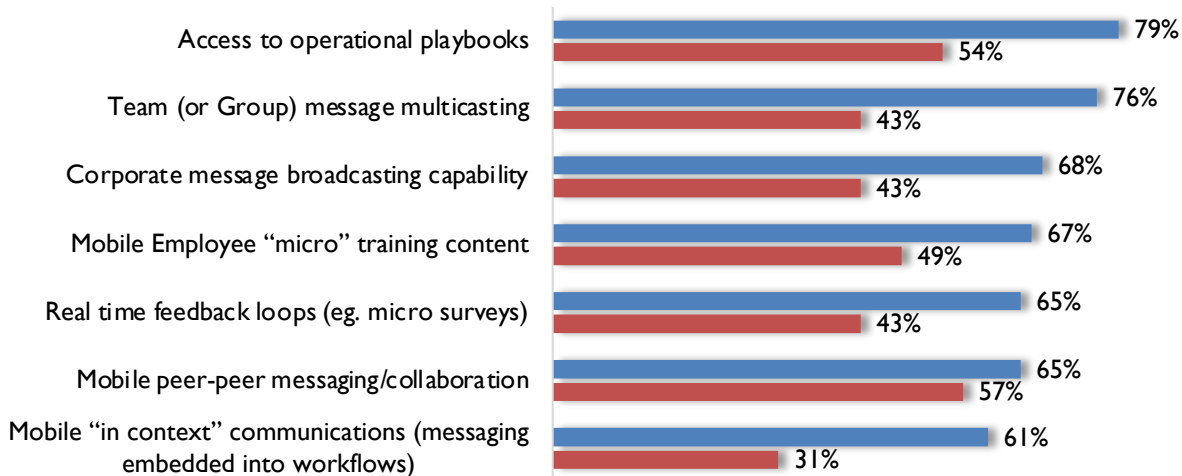Customer relationship management system, 70%

Automated time and attendance, 64%

Task management planning and execution, 61%

Employee schedule self-service, 56%

Real-time employee performance dashboards, 55%

Schedule optimization, 68%

Process KPIs and alerts, 64%

Mobile devices to free up store managers' time, 60%

Gamification of training, 53%

Guided picking/ packing for associates, 52%

Gamified employee contests and bonus programs, 51%

Recruitment/ On-boarding systems, 68%

Employee peer-to-peer communications, 63%

Employee portals, 58%

Self-paced training, 52%

Employee location-tracking systems, 51%

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Enthusiasm Gap

'High Value' Customer Facing Technologies

■ Winners ■ Others

Technology	Winners	Others
Mobile devices to serve as point of sale	79%	54%
Customer-facing employee corporate email addresses	76%	43%
Customer-self service shopping tools	71%	40%
Mobile devices for store employees for customer engagement	71%	66%
Employee communication tools for communicating directly with consumers	70%	51%
Cashierless checkout	64%	31%
Mobile clienteling apps	55%	29%

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The Winners' Advantage: 'High Value' Employee Communication Technologies

■ Winners ■ Others

Technology	Winners	Others
Access to operational playbooks	79%	54%
Team (or Group) message multicasting	76%	43%
Corporate message broadcasting capability	68%	43%
Mobile Employee "micro" training content	67%	49%
Real time feedback loops (eg. micro surveys)	65%	43%
Mobile peer-peer messaging/collaboration	65%	57%
Mobile "in context" communications (messaging embedded into workflows)	61%	31%

Report Recommendations

- **The Needs Of The Workforce And Modernized Store Concepts Are Interrelated**
  - Retailers need to define their future store concepts – then build technology enablement for both employees and consumers into those concepts.

- **Train - And Pay - For Performance**
  - A fairly compensated workforce reduces turnover, which both saves money in the long run and improves sales-per-employee.

- **Automate The Store Wherever Possible**
  - Retailers spend too much time executing routine tasks in stores for which consumers give them no credit. Those tasks should be automated to the extent possible.

- **Employees Are Shoppers Too!**
  - Access to real-time information is an expectation, not a privilege.

- **Younger Employees Have Great Expectations**
  - Employers need to implement policies and programs that encourage corporate transparency, ethical and inclusive workplace practices, and career growth potential.

- **Be Flexible**
  - Prospective employees are looking for greater work flexibility to achieve a better work/life balance.

- **Encourage Greater Communication With Mobile Technology**
  - In today's world, people interact and collaborate with each other via consumer-grade mobile technologies.

About RSR Research

Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

•**Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;

•**Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;

•**Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.

Retail In The Face Of An Entirely New Workforce Model
(RSR Benchmark, May 2023)

https://www.rsrresearch.com/research/retail-in-the-face-of-
an-entirely-new-workforce-model

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