Transforming Store Employees From Expenses To Assets

Executive Perspective
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Big Changes

Over the years, retailers have paid lip service to the importance of their workforce. However, rarely have those sentiments turned into action.

For example, as recently as 2017, respondents to RSR's annual Store Report told us that *sixty percent of existing employees received less than 10 hours of training a year, and only 27% of store managers* (one of the most important pieces in the retail puzzle) *received more than that*.

While treating store labor as an expense that had to be militantly managed may have worked for retailers in the past, *it clearly is not working now*. What changed?

First, there has been a generational change occurring in the retail workforce. In 2018, the U.S. Census Bureau reported that over half of the retail workforce were ages 16 to 34.[1] But that was before the global pandemic of 2020 that accelerated the retirement of Baby Boomer (65+) workers. By the end of 2020, Pew Research reported that the pace of Boomer retirements had increased.[2]

This is important because younger workers have remarkably different expectations of their jobs than prior generations. A 2021 survey conducted by LinkedIn highlighted the differences in generational expectations (Table 1).

Table 1: What Do You Want From Your Job?

Factor	Baby Boomers	Gen X	Millennials	Gen Z
Better compensation	45%	56%	67%	72%
Better aligns with my interests or values	40%	45%	59%	69%
More opportunities to move up or increase responsibilities	30%	45%	57%	59%
Better benefits	23%	27%	39%	52%
Better job stability	25%	26%	32%	42%
Better or more flexible work hours	29%	33%	42%	41%

*Source: **LinkedIn Workforce Confidence Index** research
N= 9,437, October 9 to November 5, 2021*

Second, the nature of work in the store has fundamentally changed. In RSR's most recent study on the state of the retail workforce in May of 2022[3], 79% of over-performers ("Retail Winners") believe that "*customer-facing employees currently have a strong impact on our annual sales*", compared to only 53% of average and under-performing retailers. And in another RSR benchmark

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[1] https://www.census.gov/library/stories/2020/09/profile-of-the-retail-workforce.html

[2] https://www.pewresearch.org/fact-tank/2020/11/09/the-pace-of-boomer-retirements-has-accelerated-in-the-past-year/

[3] **Has The Era Of The Empowered Workforce Finally Arrived**?, May 2022, RSR

study from August of 2022[4], 82% of over-performing retailers state that there will be *more selling activities* in the stores in two years, compared to 56% of average and under-performers.

Because of these changes, **employee enablement** has become a top priority for retailers to combat the challenges presented by a younger workforce and demanding customer expectations. Many retailers have turned their focus to preparing customer-facing employees with **job training** and **communication technology**. Compared to what we observed in our 2017 research, retailers nowadays are emphasizing training for both new and existing employees. And consumer-grade mobile technologies are increasingly being used by the store workforce to facilitate peer-to-peer communications and collaboration, empowering employees with the same kind of technology that consumers use.

The evidence is compelling; the role of the store employee is more important than ever, new employees have vastly different expectations of their jobs than do older and retiring employees, and smart technologies for on-the-job training and team communications are gaining increasing adoption by retailers. In the following pages, we'll examine how Retail Winners are responding to the challenges and opportunities created by the new retail selling environment.

The Past Isn't Prologue

RSR's November 2020 benchmark[5] on retail workforce management practices summed up the hard truth about working in retail:

> "*Retailer practices, in general, have reflected a business model that presumes a transient, mostly part-time workforce. Employees (most especially those working in stores), were hired quickly, undertrained, <and> underpaid… Unsurprisingly, they moved on just as quickly... Many retailers had neither invested the funds nor training required for their workforce to meet the challenges 2020 brought at scale. When the COVID-19 pandemic struck the world in March of that year, these trends not only accelerated, but accelerated at warp speed. Many of the employee-rich functions retailers had been ignoring for far too long came home to roost. Now* **retailers have to change**.*"*

Fast forward to 2022, and the question is, *can retailers shift quickly enough to adapt their workforce management behaviors to meet the needs of a world that has completely changed all around them?*

The first difference RSR's 2022 study noted, was that **over-performing retailers ("Retail Winners") are much more focused on being an "employer of choice"** by offering employees
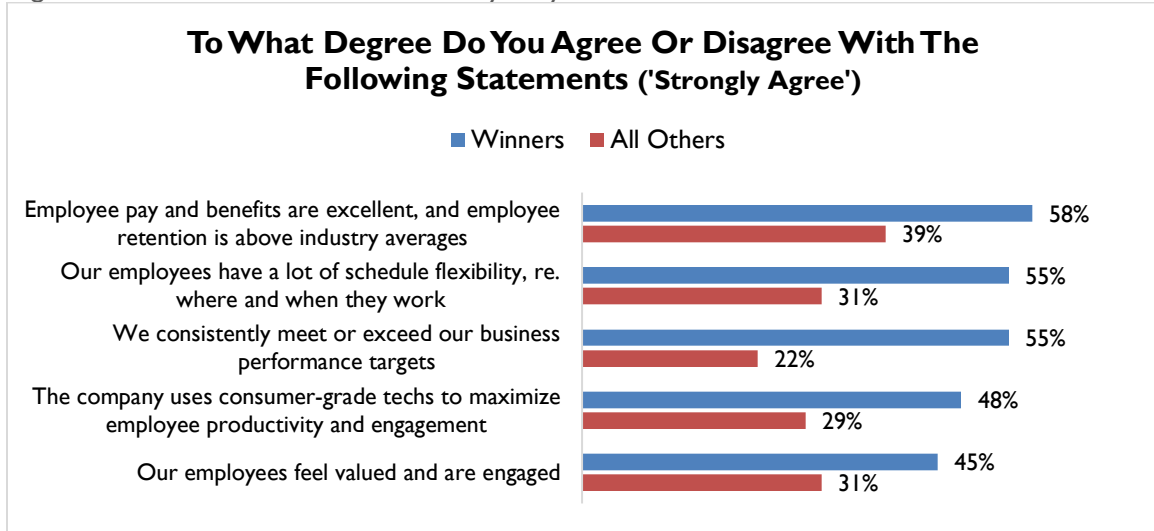
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[4] **What Can Retailers Do In Stores That Amazon Still Can't?,** August 2022, RSR

[5] **Outsmarting Change: How Retail Winners Succeed In Disruptive Times**, November 2020, RSR

better pay and benefits, incentives, more flexible work scheduling, and consumer-grade (smart mobile) technologies to improve employee productivity and customer engagement.

Not surprisingly, over twice as many Retailer Winners as average/under-performers "consistently meet or exceed our business performance targets" (Figure 1).
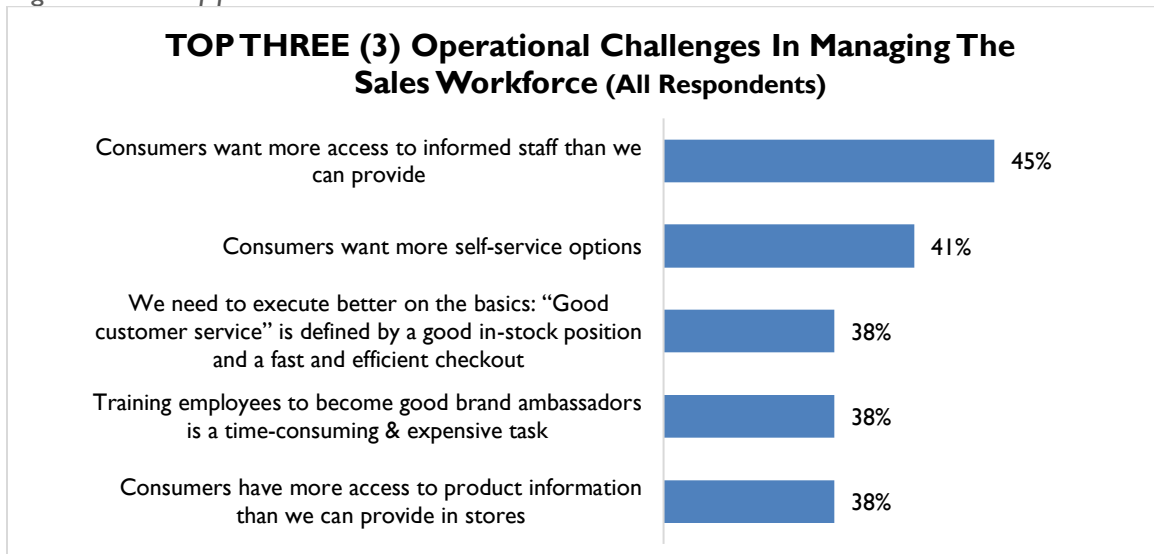
Figure 1: Retailers Get What They Pay For

To What Degree Do You Agree Or Disagree With The Following Statements ('Strongly Agree')

■ Winners ■ All Others

Statement	Winners	All Others
Employee pay and benefits are excellent, and employee retention is above industry averages	58%	39%
Our employees have a lot of schedule flexibility, re. where and when they work	55%	31%
We consistently meet or exceed our business performance targets	55%	22%
The company uses consumer-grade techs to maximize employee productivity and engagement	48%	29%
Our employees feel valued and are engaged	45%	31%

Source: RSR Research, May 2022

What then, are employees being asked to do? Since the mid-20th century, retailers have implemented and perfected a customer self-service model. The new RSR research shows that while retailers continue to be challenged by consumers to provide more self-service options and better information about products on the sales floor, **those challenges are eclipsed by a need for better and more informed sales staff than retailers currently can provide** (Figure 2).

Figure 2: Shoppers Want More Service

TOP THREE (3) Operational Challenges In Managing The Sales Workforce (All Respondents)

Challenge	Percentage
Consumers want more access to informed staff than we can provide	45%
Consumers want more self-service options	41%
We need to execute better on the basics: "Good customer service" is defined by a good in-stock position and a fast and efficient checkout	38%
Training employees to become good brand ambassadors is a time-consuming & expensive task	38%
Consumers have more access to product information than we can provide in stores	38%

Source: RSR Research, May 2022

How?

To address the conflicting challenges of a changing and more demanding employee pool, consumer demands for more service options, a more complex store environment, and the pervasiveness of information available to both consumers and employees anytime and anywhere, progressive retailers are acting to empower employees on two fronts: **training** and **technology**.

The Training Imperative

When it comes to training, retailers are clearly responding to the challenge. In the last five years, both attitudes and commitment about employee training have changed (Table 2). Especially notable is the number of retailers that commit 11-30 training hours per year for both existing and new employees.

Table 2: Walking The Talk

2017 New Employees				2017 Existing Employees		
# Hours	Should	Actually Do		# Hours	Should	Actually Do
1-10 Hours	23%	37%		1-10 Hours	52%	60%
11-30 Hours	44%	45%		11-30 Hours	37%	29%
> 30 Hours	33%	19%		> 30 Hours	11%	11%
2022 New Employees				**2022 Existing Employees**		
# Hours	Should	Actually Do		# Hours	Should	Actually Do
1-10 Hours	9%	27%		1-10 Hours	22%	29%
11-30 Hours	63%	59%		11-30 Hours	61%	62%
> 30 Hours	28%	15%		> 30 Hours	17%	9%

Source: RSR Research, May 2022

The new priorities in the store have caused a shift in both the number of hours that retailers think should be devoted to training new and existing employees, and in how many hours they *actually devote* to training.
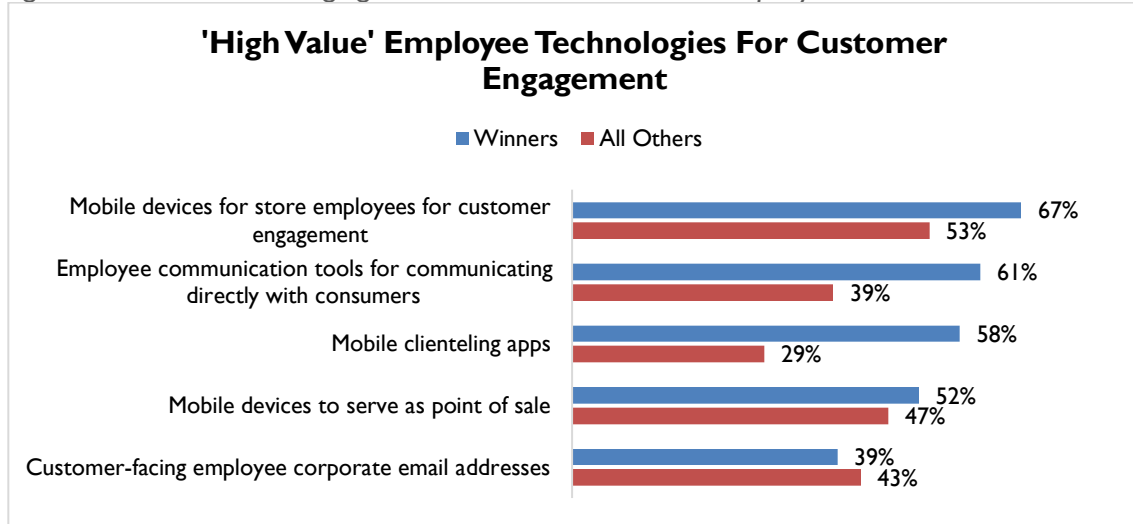
This is a clear reflection of what is happening in the stores from the point of view of both consumers and employees. It's also a reflection of retailers' realization that the store remains a vital part of the overall value equation to consumers.

The Technology Imperative

"Mobile" is the underlying theme for technology enablers when it comes to the store workforce. Employees are just like everyone else – smart mobile might have been a discretionary item in 2009, but it's one of life's necessities now.

For too long, consumers have had more information at their fingertips than store employees do. Now, over-performing Retail Winners are trying to even the playing field by placing a high value on mobile devices for store employees for customer engagement (Figure 3).

Figure 3: Customer Engagement Techs For Sales Employees

'High Value' Employee Technologies For Customer Engagement

■ Winners ■ All Others

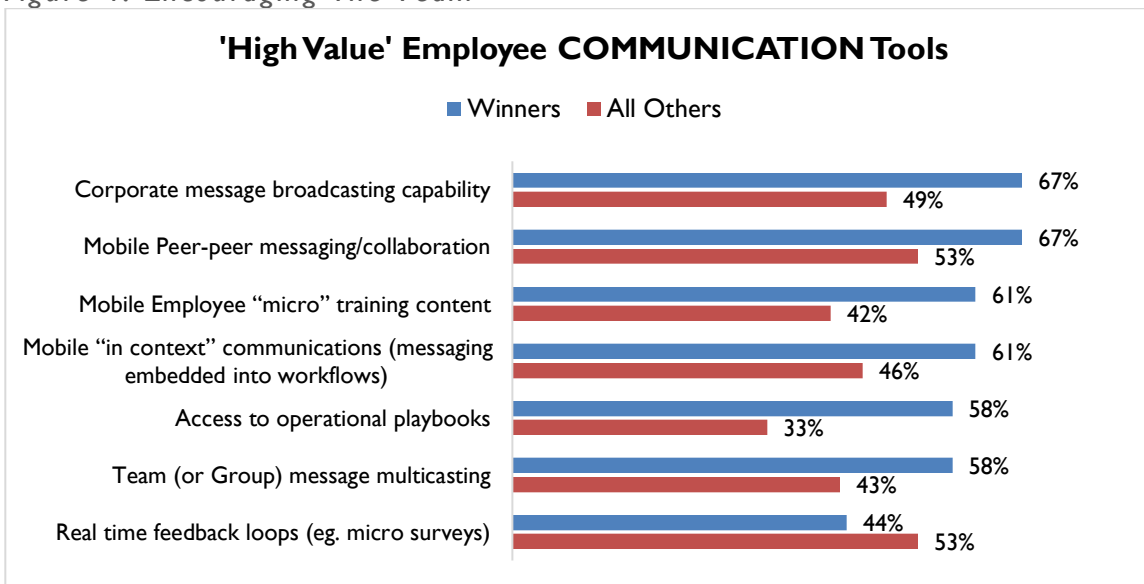| Category	Winners	All Others
Mobile devices for store employees for customer engagement	67%	53%
Employee communication tools for communicating directly with consumers	61%	39%
Mobile clienteling apps	58%	29%
Mobile devices to serve as point of sale	52%	47%
Customer-facing employee corporate email addresses	39%	43%

Source: RSR Research, May 2022

This is a clear reflection that many retailers have decided to give their store employees the same power of information that consumers take for granted. **That's a tactic that every retailer should be deploying.**

The pervasiveness of mobile technologies creates the opportunity for retailers to use team communications to encourage teamwork and to provide just-in-time information to staff. Retail Winners certainly see the opportunity (Figure 4), and even a majority of average and under-performers see the possibilities for **peer-peer messaging and collaboration**.

Figure 4: Encouraging The Team

'High Value' Employee COMMUNICATION Tools

■ Winners ■ All Others

Category	Winners	All Others
Corporate message broadcasting capability	67%	49%
Mobile Peer-peer messaging/collaboration	67%	53%
Mobile Employee "micro" training content	61%	42%
Mobile "in context" communications (messaging embedded into workflows)	61%	46%
Access to operational playbooks	58%	33%
Team (or Group) message multicasting	58%	43%
Real time feedback loops (eg. micro surveys)	44%	53%

Source: RSR Research, May 2022

While it may have taken retailers more than a decade to come around to what consumers already know, that putting real time information and communications capabilities directly into the hands of store employees while they are on the sales floor is hugely enabling, they finally get the message.

Summing It Up

Retailers know that investing in the development and maintenance of store staff to provide real customer service is an imperative. The best way to address **employee enablement** for an environment that features a changing and more demanding employee pool, consumer demands for more service options, and a more complex store environment, is to follow the lead of Retail Winners – who are already on the way to addressing the challenge. With that in mind, RSR makes these recommendations to all retailers:

- Retailers need to ask themselves: *what do we want the in-store customer experience to be*? There is no one-size-fits-all, but *store employees are brand ambassadors*. Almost 8 in 10 Retail Winners understand that customer-facing employees have a strong impact on annual sales, and a majority of all retailers believe that that impact will only grow.
- Most Winners offer better compensation, training, and schedule flexibility to employees, than do non-Winners. They also consistently exceed business performance targets. The lesson is self-evident: *you get what you pay for.*
- Escalating consumer expectations have triggered a wall-to-wall redesign – or at least a reconsideration – of operating processes and the technologies that support them. Retailers accept that consumers want both more access to more informed staff <u>and</u> more self-service options. Achieving these objectives requires *focus and investment.*
- New customer service concepts require new processes and new technologies - and new training. A majority of Winners recognize the need for both *new techs and new training* for sales staff.
- *Consumer-grade mobile technologies and apps* are no longer nice-to-haves. Consumers have them in their pockets and purses; those that serve consumers must have the same capabilities.
- The pervasiveness of consumer-grade mobile technologies creates the opportunity for retailers to use team communications to encourage teamwork and to provide just-in-time information to staff. Retailers see the possibilities and value for *peer-peer messaging and collaboration* in particular.

Appendix A: About The Sponsor

WorkForce Software is the first global provider of workforce management solutions with integrated communications capabilities that improve employee and customer experiences and business results. The company's WorkForce Suite adapts to the organization's needs, no matter how unique, and enables associates to do their best work with easy access to communications, guidelines, product training, tear sheets, and brand messaging. WorkForce Software is helping some of the world's most innovative retail organizations optimize their labor, streamline their retail operations, and attract top talent with a truly modern approach to workforce management

For more information, please visit www.workforcesoftware.com.

Appendix B: 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.