



## Recruit and retain best-fit associates to drive retail digital transformation

How workforce management tools give retailers a competitive edge

Today's customers want it all: **personalized attention and digital conveniences.**

## THE URGENCY OF DIGITAL STORE TRANSFORMATION

Digital technology and retailing have become virtually inseparable, creating a complex and evolving landscape for retailers. Digital shopping is more popular than ever, with Amazon accounting for 53 percent of online sales growth in the U.S. in 2016, according to Slice Intelligence.<sup>1</sup>

At the same time, customers still want to shop in physical stores. With the exception of Amazon, the top 10 U.S. retailers are brick-and-mortar stores, according to the Top 100 Retailers list from STORES magazine, a National Retail Federation publication. This top 10 list includes Wal-Mart Stores, Kroger Co., Costco, The Home Depot, CVS, Walgreens, Target, Lowe's, and Albertson's.<sup>2</sup>

Even the youngest, most digitally savvy shoppers from Generation Z (born in the mid-1990s or shortly after), still enjoy shopping in stores. In fact, 45 percent of Gen Z shoppers, who represent the future of retail, say they will miss their favorite stores lost as a result of retailers going out of business as compared with 33 percent of shoppers overall.<sup>3</sup>

Today's customers want it all: personalized in-store attention and digital conveniences. Store associates with digital skills are uniquely positioned to provide the personalized, customer experiences that can propel this transformation forward.

## TECHNOLOGY INVESTMENTS THAT HELP RETAILERS THRIVE

Retailers must respond to digital changes at an unprecedented pace, reinventing their physical stores while also expanding online and mobile operations. It's a complex balancing act that requires rapid implementation of multiple new technologies to seize emerging opportunities.

While specialty and big-box retailers are often seen as bellwethers in digital transformation, grocery retailers have recently emerged as a segment to watch.

While the grocery sector has historically been known for its cautious approach to technology, it is now retail's biggest technology investor and marketplace innovator. According to a 2017 Grocery Tech Trends Study, all 50 of the grocery retailers or super-market chains polled plan to keep their IT budget steady or increase it year-over-year.<sup>4</sup>

These technology investments are essential for grocers to combat competitive threats from multiple areas. For example, Amazon's recent purchase of the Whole Foods chain upped the ante on web-based grocery. At the same time, global retailers, such as Aldi and Lidl, have aggressively expanded into U.S. markets with an eye on brick-and-mortar stores.

<sup>1</sup> Jonathan Camhi, *The Omnichannel Fulfillment Report: How retailers can overcome challenges to fend off Amazon's threat*, Business Insider (August 2, 2017), found at <http://www.businessinsider.com/omnichannel-fulfillment-report-2017-8>.

<sup>2</sup> Barbara Thau, *Five Signs That Stores (Not E-Commerce) Are the Future of Retail*, Forbes (June 27, 2017) found at <https://www.forbes.com/sites/barbarathau/2017/06/27/five-signs-that-stores-not-online-shopping-are-the-future-of-retail/#77c240524641>.

<sup>3</sup> RIS and Tata Consultancy Services, *Shopper Insight 360: Crossing the Great Consumer Divide*, RIS News (August 17, 2017), found at <https://risnews.com/shopper-insight-360-crossing-great-consumer-divide>.

<sup>4</sup> RIS/Progressive Grocer, *2nd Annual Grocery Tech Trends Study: Embracing Digital Transformation*, RIS News (October/November 2017), found at <https://risnews.com/2017-grocery-tech-trends-study-embracing-digital-transformation>.

Perennial workforce issues such as **employee engagement, labor scheduling, and recruitment** are expected to drive technology investments.<sup>5</sup>

Nearly half of consumers (47%) believe **associates should have more training and tools** to give them a better understanding of the products they sell.<sup>7</sup>

While retail IT investments often focus on the development of omnichannel capabilities and store upgrades, technology investments aren't limited to the creation of new services. Perennial workforce issues such as employee engagement, labor scheduling, and recruitment were also cited in the 2017 Grocery Tech Trends Study as challenges expected to drive technology investments.<sup>5</sup>

Workforce challenges are critical as retailers scramble to find the digitally savvy employees they need in a hypercompetitive global economy. Without digitally sophisticated associates who can quickly learn and adapt to new technologies, retail growth is curtailed.

## RETAIL REINVENTION AND THE DIGITAL WORKFORCE

Retailers face stiff competition — not just from other retailers, but also from all kinds of other businesses — to recruit and train best-fit employees with strong digital skills. This is a battle that successful retailers must win if they want their workforce to reflect their innovative and technological business goals.

Many retailers have learned workforce lessons the hard way as they've struggled to keep pace with digital retail transformation. They've hit snags when they've rolled out omnichannel services without a sales force ready to implement them. There can't be a gap between what technology can do and what employees can deliver.

A great example of this gap can be found in the trend toward “click-and-collect,” which enables shoppers to order a product online for pickup at a local store. Click-and-collect offers convenience for the customer and potential revenue gains for the retailer as customers visit stores and buy additional products. There's a surge in click-and-collect services across virtually all retail segments.

Innovative services, such as click-and-collect, need well-trained store associates to execute them flawlessly. However, retailers cannot recruit or train people who have digital skills fast enough. One in five (21 percent) shoppers who've used click-and-collect processes say that associates seem confused by the pickup process. Retailers who create a smooth click-and-collect process are likely to see a sales lift from the 40 percent of shoppers who make additional purchases when picking up items at a store.<sup>6</sup>

Retail associates and managers are also being asked to do more than ever before. They're expected to have more in-depth, up-to-date product knowledge, while juggling omnichannel touchpoints, traditional store operations, and emerging technology requirements. An associate's product knowledge must exceed that of their well-informed customers who've often done their homework before entering a store. But shoppers are frequently frustrated by a store employee's lack of product knowledge. Nearly half of consumers (47 percent) believe associates should have more training and tools to give them a better understanding of the products they sell.<sup>7</sup>

<sup>5</sup>RIS/Progressive Grocer, *2nd Annual Grocery Tech Trends Study: Embracing Digital Transformation*, RIS News (October/November 2017), found at <https://risnews.com/2017-grocery-tech-trends-study-embracing-digital-transformation>.

<sup>6</sup>RIS and Tata Consultancy Services, *Shopper Insight 360: Crossing the Great Consumer Divide*, RIS News (August 17, 2017), found at <https://risnews.com/shopper-insight-360-crossing-great-consumer-divide>.

<sup>7</sup>Ibid.

Despite these hurdles, store associates remain one of a retailer's most potent tools for closing sales. In particular, younger shoppers are significantly influenced by store employees. RIS News reports that 47 percent of Gen Z shoppers are strongly influenced by helpful employees when shopping in a store. This compares with 38 percent of overall shoppers, highlighting that helpful associates are key to appealing to Gen Z shoppers.<sup>8</sup>

Store associates aren't just selling your products or services, they are selling the experience of shopping with your brand. Engaged employees are essential for a retailer to serve customers at any transaction point. By applying modern workforce management technologies for employee recruitment, training, and retention, retailers can attract and engage the best-fit associates to promote their brand's shopping experience.

## WORKFORCE TECHNOLOGY AS AN ESSENTIAL TOOL

How can workforce management technology help solve the issues facing retailers today? It can empower store associates to deliver the exceptional customer service that shoppers have come to expect. Staffing, scheduling, and productivity tools can optimize sales performance and engagement. Yet, relatively few retailer investments are currently focused on helping store associates do their jobs better.<sup>9</sup>

Instead, retailers spend a disproportionate amount of their investment dollars on omnichannel customer engagement, inventory, and shipping technologies, which may not impact the crucial in-store experience. Technology can't replace the high value of a knowledgeable, skilled workforce that successfully engages customers on every channel they shop.

Retailers must turn their attention to workforce management investments, which can help attract, retain, manage, engage, and grow these essential workers. Based on Gregg Gordon's book, "Your Last Differentiator: Human Capital," there are three primary strategies that retailers can use to unleash the power of employee engagement management. They can support innovation, improve labor utilization, and deliver a superior customer experience.<sup>10</sup>

### Support innovation

An engaged workforce generates a pipeline of new ideas, and innovative ideas can transform a business in several ways: By streamlining processes, saving money, or creating revenue streams from new products and services. Retailers should provide ways to capture great ideas by creating communication channels that are easily accessible with self-service functions or mobile apps. Business cases and proof points are also needed to convince managers that an idea is worthy of investment. Data analytics can be used to create the body of evidence to make ideas a reality.

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<sup>8</sup>Ibid.

<sup>9</sup>John Rabenhorst, Adam Pressman, Ryan Fisher, Pierre-Alexandre Koch, and Dean Hillier, *Retail Operations: People Are Still the Best Investment*, A.T. Kearney (2016), found at <http://www.atkearney.ca/consumer-products-retail/achieving-excellence-in-retail-operations>.

<sup>10</sup>Gregg Gordon, *Succeed in your digital transformation by focusing on these three areas*, Your Last Differentiator blog, (2017), found at <https://yourlastdifferentiator.com/2017/10/12/succeed-in-your-digital-transformation-by-focusing-on-these-three-areas/>.

Engaged employees are the key to delivering exceptional customer experience in both customer-facing and back-office roles.

### Improve labor utilization

Successful companies often find innovative ways to deploy their resources to maintain a competitive advantage. High utilization of resources leads to high levels of productivity. Consider these utilization strategies:

- **Time and wage utilization.** Disruptive companies identify wasted time throughout the organization and reallocate that time for productive activities. The goal is to use precious labor hours more effectively. Successful organizations also look to do the same with wages, optimizing salary budget utilization by identifying wasted costs, such as excessive overtime costs.
- **Skills utilization.** The best organizations take full advantage of the skills and experience of their people, using the right person for the right job to maximize the knowledge and abilities within the company. This approach optimizes productivity, minimizes costs, and fosters innovation. Using a highly skilled person to carry out unskilled tasks is a waste of money, while using people with the wrong skills for a particular task can impact the bottom line.
- **Crowdsourcing.** Crowdsourcing is often seen as the domain of the agile, innovative startup, but forward-thinking organizations of any kind can use crowdsourcing techniques to support innovation. By devising new ways of using the inventiveness of many people, often within their own companies, enterprising organizations possess a critical differentiator.

### Deliver a superior customer experience

Companies are discovering that competing through one dimension, such as price, is not enough in a highly connected digital world. Customers want an overall better and consistent experience when interacting with the brand in all its dimensions, not only when consuming a specific product or service. Engaged employees are the key to delivering exceptional customer experience in both customer-facing and back-office roles. Employees who have the right skills and training can anticipate customer demands, deliver higher service levels, and gain greater job satisfaction, which improves retention.

## KNOW THE CRITICAL WORKFORCE MANAGEMENT FUNCTIONS YOU NEED

Workforce management solutions offer a range of features and functions that support retail innovation and competitiveness. Retailers should look specifically for workforce management solutions that provide:

- Self-service functions that give employees better visibility into important company information, such as employee expertise, to schedule skilled salespeople during peak sales hours or during times of low traffic to train new associates
- Scheduling and mobile capabilities that deliver a modern and consistent employee experience that supports shift swapping and geofencing



Training and skills development will be of particular importance as store associates with digital know-how will be in high demand.

- Online communities that make it easier for employees to share suggestions for business process improvements
- Analytics to support data-driven decisions that fuel competitiveness and improve visibility into workforce issues that can negatively impact customer experience
- Easy ways to track and manage attendance and absences to avoid potential fulfillment challenges
- Training and skills development notifications for ongoing learning about the latest digital shopping tools
- Measurement of employee performance, engagement, and productivity to help identify and refine sales techniques

Training and skills development are particularly important as store associates with digital know-how will be in high demand and expect the same digital prowess from their employers. Retailers should create a culture of continual learning, as competitors continue to innovate and disrupt.

Retailers must also focus attention on their own work culture and how it's viewed throughout the industry. They should actively monitor job sites, such as Glassdoor and Indeed, and encourage employees to write reviews and participate in digital conversations about their work culture. This contributes to how associates are managed, supported, and utilized effectively. A retailer with a progressive digital workplace is more likely to retain its best-fit employees.

With the right workforce management tools in place, store managers can spend less time on the administrative aspects of their job and more time on the floor with associates, who in turn provide personalized customer service that delivers exceptional in-store sales results. This remains a tried-and-true formula for retail success.

For further tips and strategies for better employee engagement, download the Kronos white paper, [“Employee Engagement Your Last \(and Best\) Source of Competitive Differentiation”](#).

## ABOUT KRONOS

Kronos is a leading provider of workforce management and human capital management cloud solutions. Kronos for Retail is the most widely adopted and deployed workforce solution available. We've designed our solutions to meet the unique needs and challenges of retail organizations. More than 1,000 retail organizations use Kronos to empower employees and promote continuous improvement. Because in today's fiercely competitive market, your success depends on your ability to remain flexible while providing impeccable customer service to gain market share and increase your brand loyalty. Learn more about Kronos and our retail-specific suite of solutions at [kronos.com/retail](http://kronos.com/retail). **Kronos: Workforce Innovation That Works™**.



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