

Retail In The Face Of An Entirely New Workforce Model

RSR WORKFORCE MANAGEMENT EBOOK 2023

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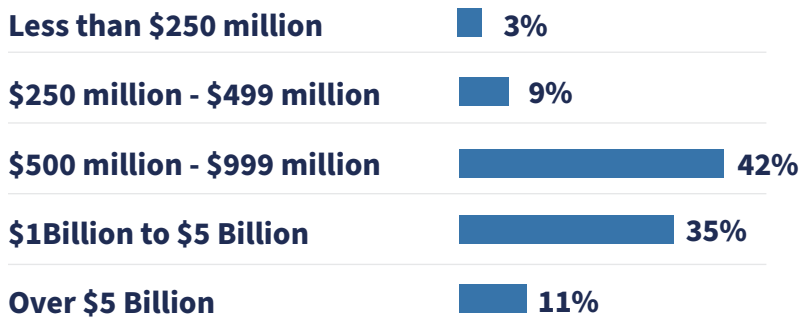
Research Overview

- 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 shopping behaviors require more complexity, not less, in stores and fulfillment centers. And all the new omni-channel shopping behaviors that consumers have adopted in recent years create enormous pressure on brands to not only increase the productivity from the resources they do have, but also decrease labor costs at the same time.
- Retailer 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 whole new generation of technology-driven capabilities help.

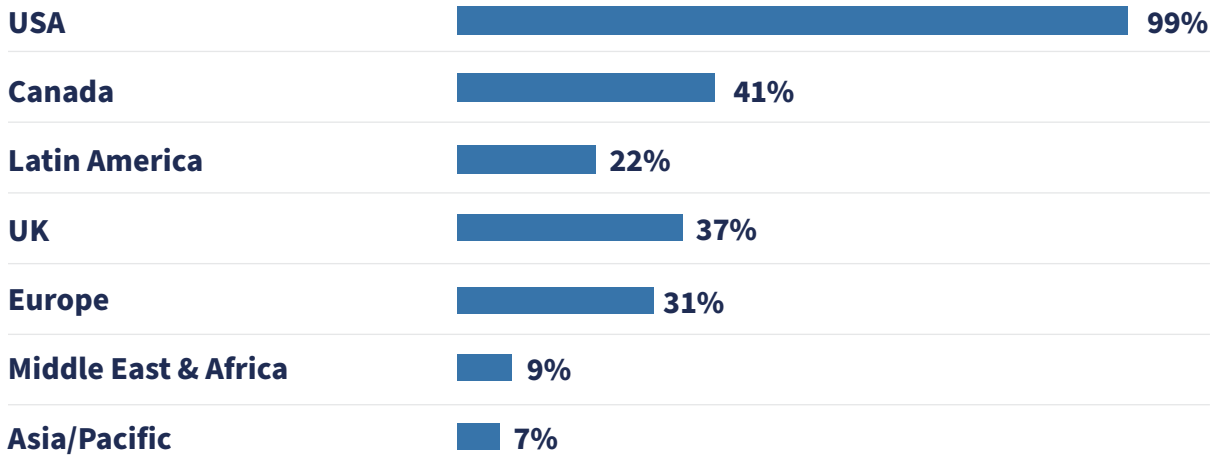
Respondent Profiles

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

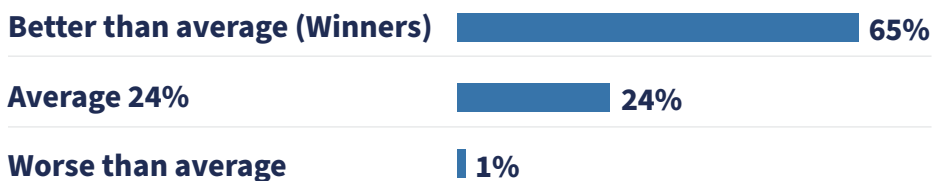
2022 Revenue (US\$ Equivalent):



Retail Presence:



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



RETAILERS ARE IN AN IMPOSSIBLY DIFFICULT POSITION.

New shopping behaviors create more complexity, not less, in the stores. New consumer omni-channel shopping behaviors create enormous pressure on retailers to do more in the store, increase productivity, and hold the line on labor costs - all at the same time. **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:

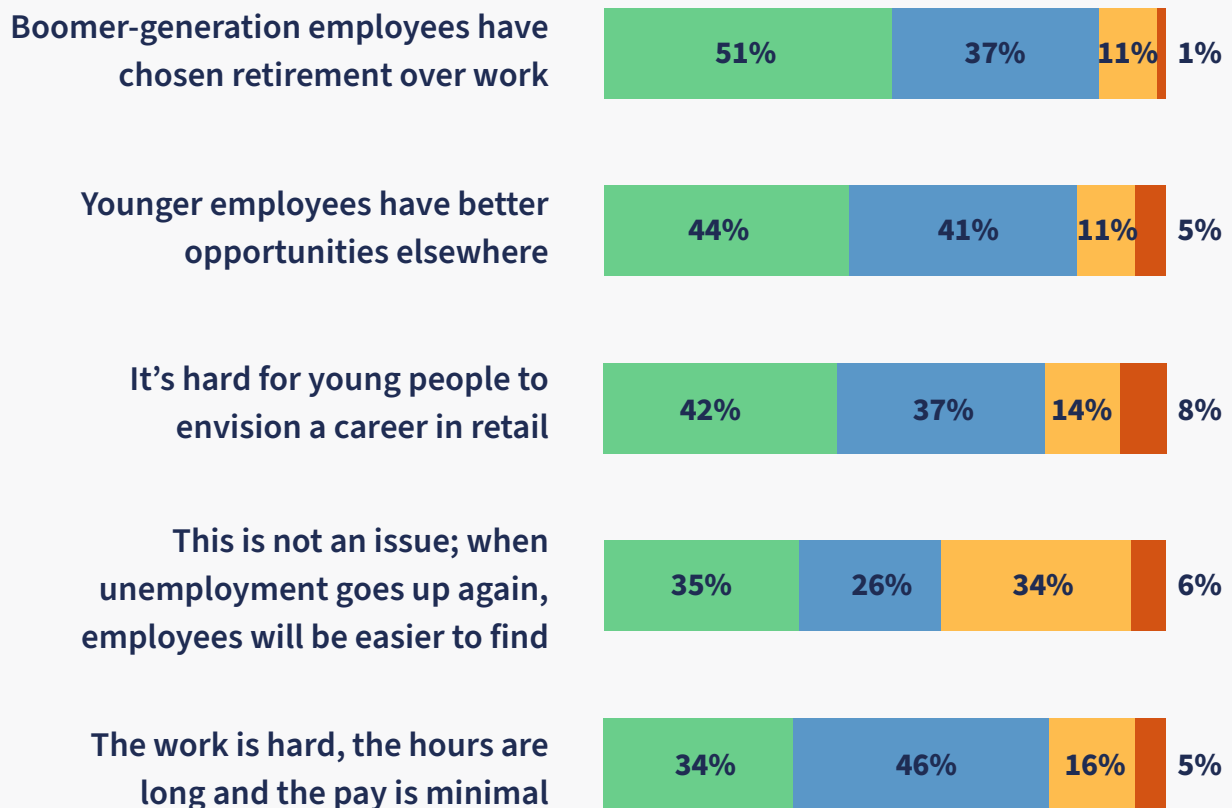
- a) keep up with consumer adoption of technology,
- b) find and retain new talent and
- c) optimize schedules to accommodate both consumers and employee expectations.



THE EFFECTS OF HISTORICALLY LOW UNEMPLOYMENT

Please rate your reaction to the following:

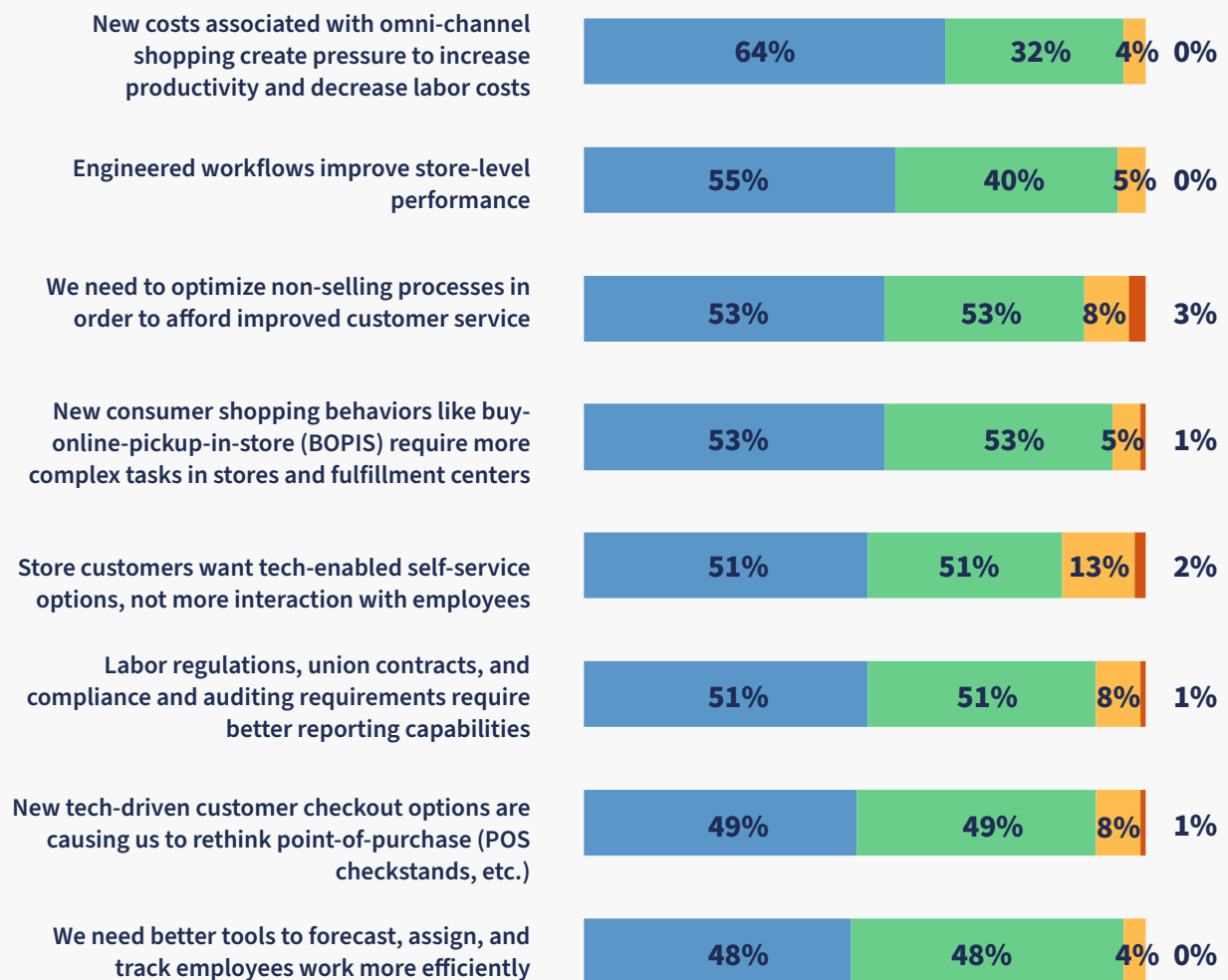
● Strongly Agree
 ● Agree
 ● Somewhat Disagree
 ● Strongly Disagree



THE PROBLEMS COMPOUND

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

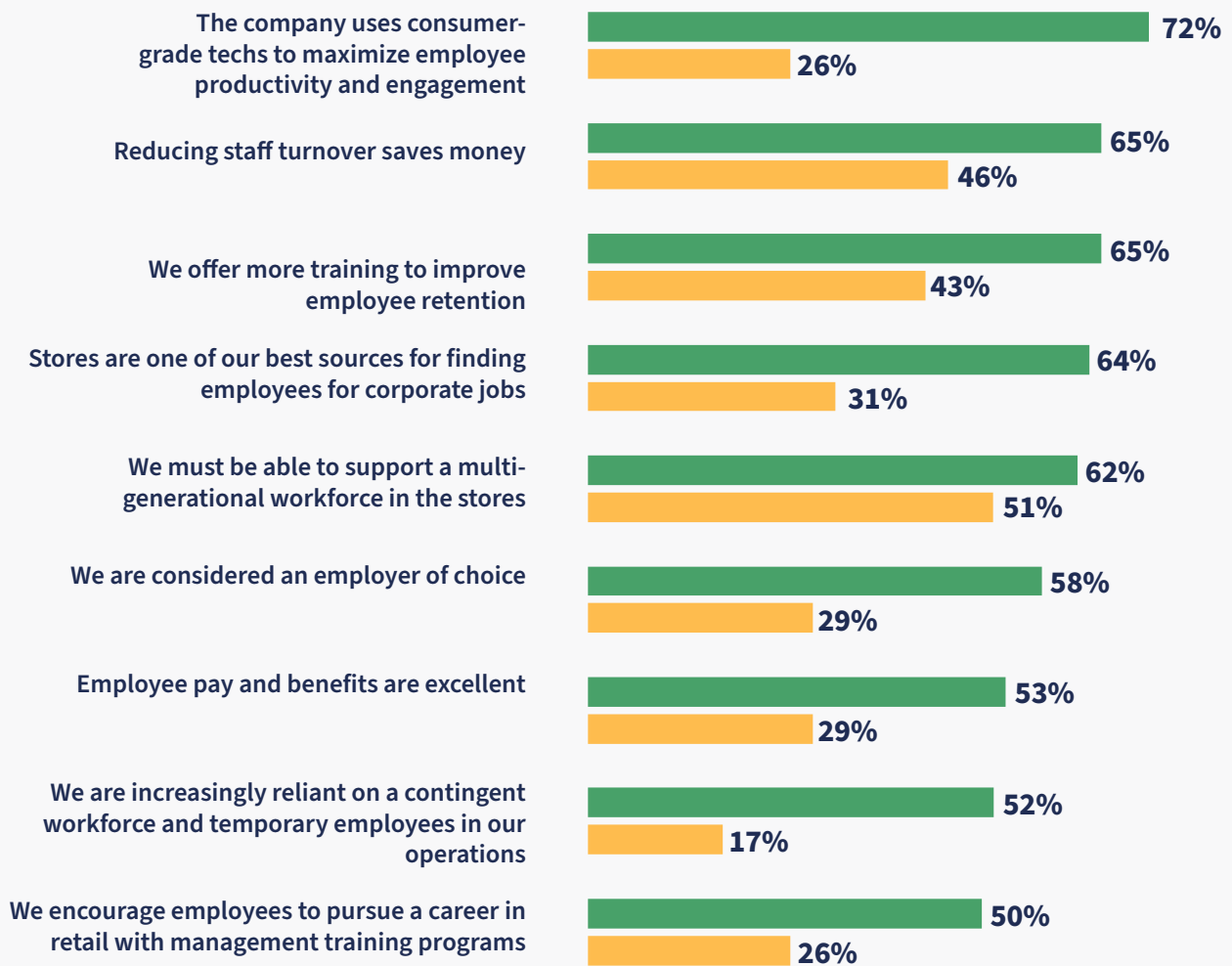
● Strongly Agree
 ● Agree
 ● Somewhat Disagree
 ● Strongly Disagree



THE WORLD AS WINNERS SEE IT

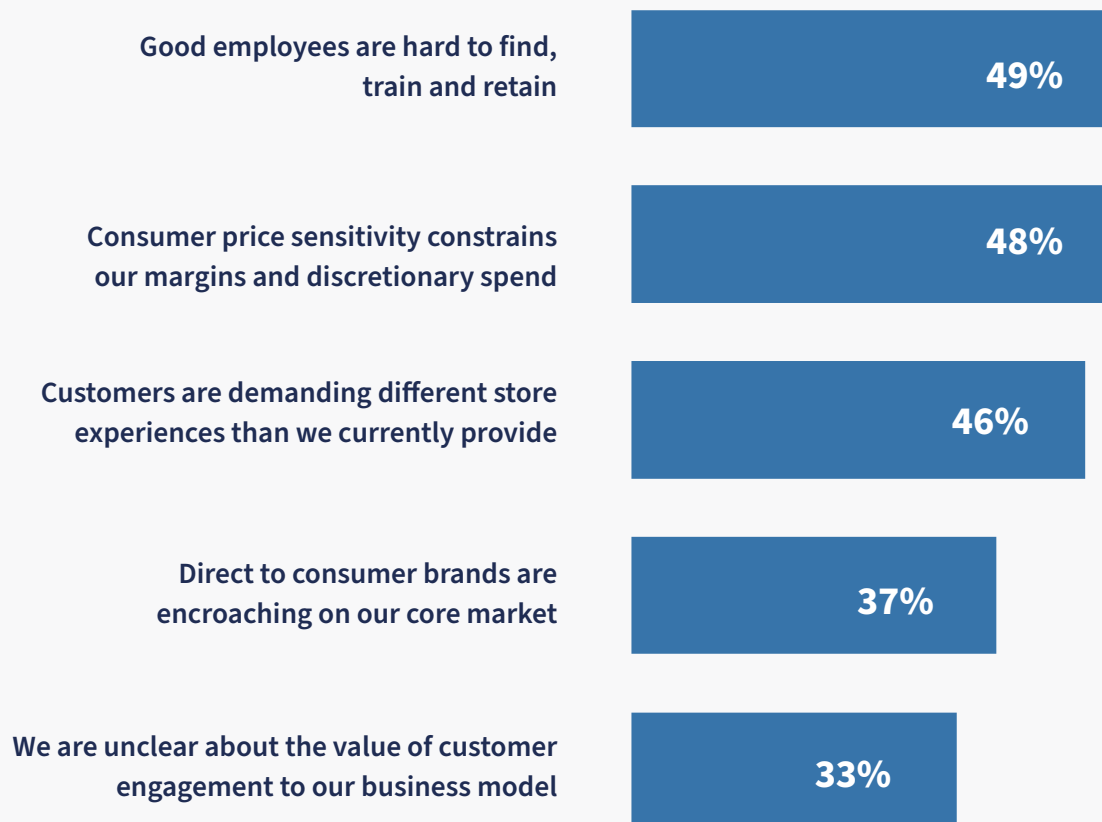
“Strongly Agree”

● Winners ● Others



RETAILERS ARE GETTING HIT FROM EVERY DIRECTION

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



Neither consumers nor retailers have abandoned the selfservice model – consumers just want a self-service experience that uses the same technologies that they use in their everyday lives.

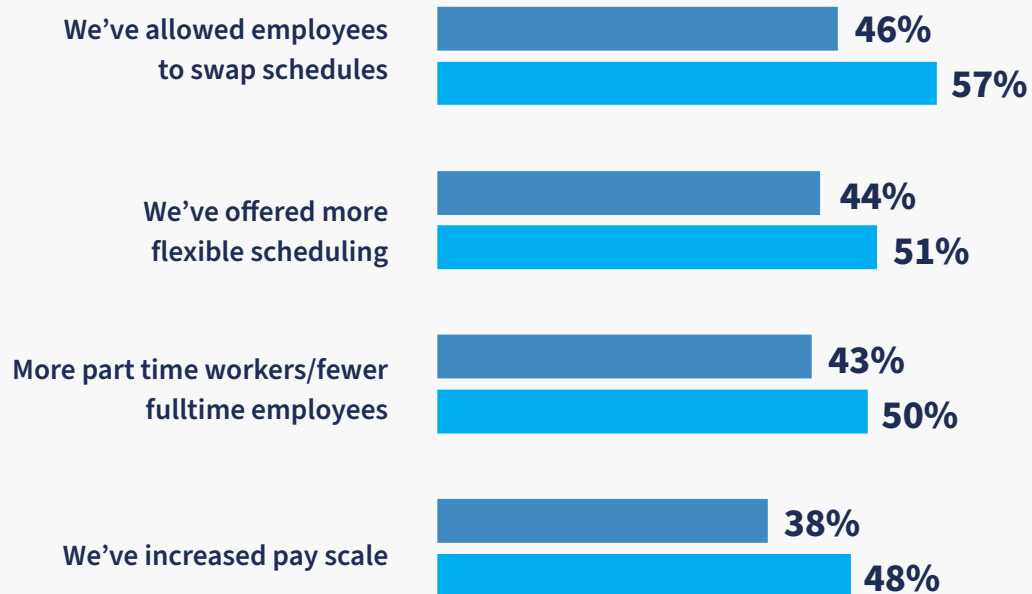
TOP THREE (3) Operational Challenges that are of greatest concern to your company in managing the sales workforce




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



AIM HIGHER



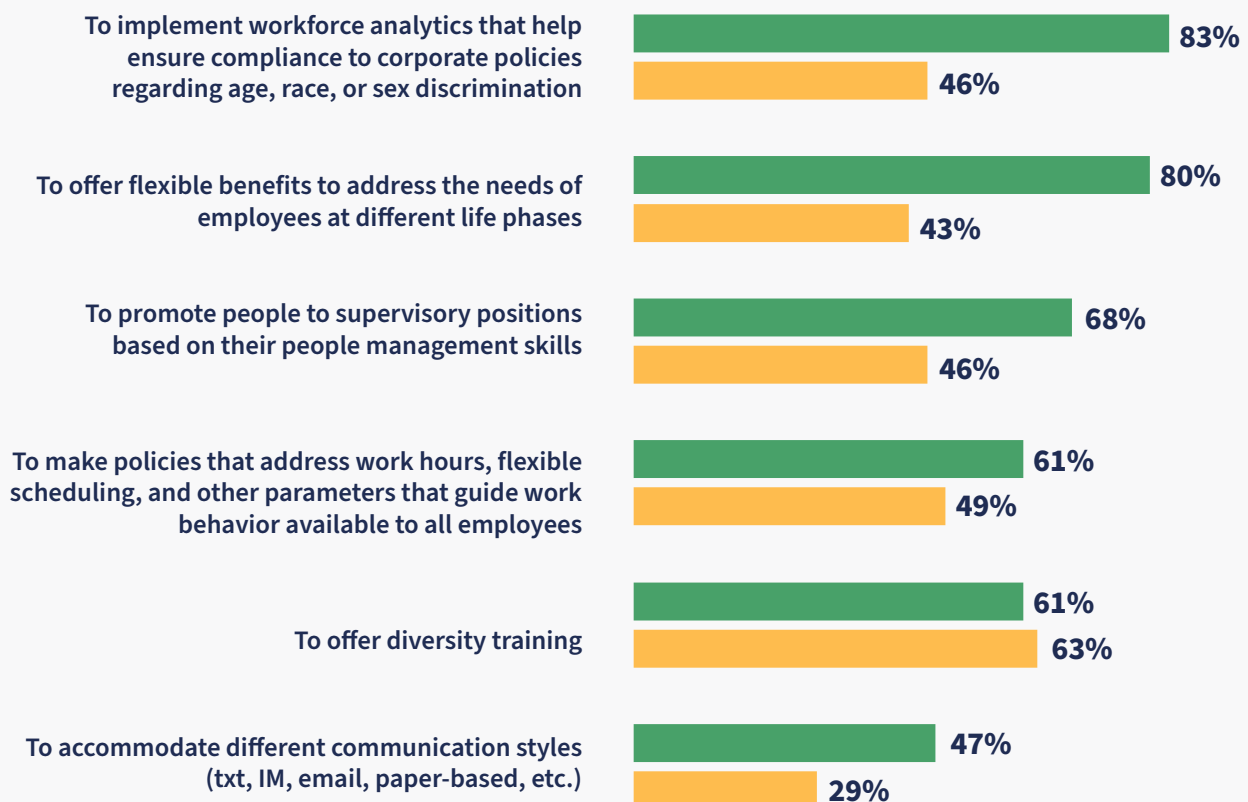
Consumers don't need employees to help them find the products they are looking for as in days past; they are solving such issues at the speed of their smartphones.

Beyond technology-driven changes in consumer shopping behaviors, social norms, structures, and mores 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'

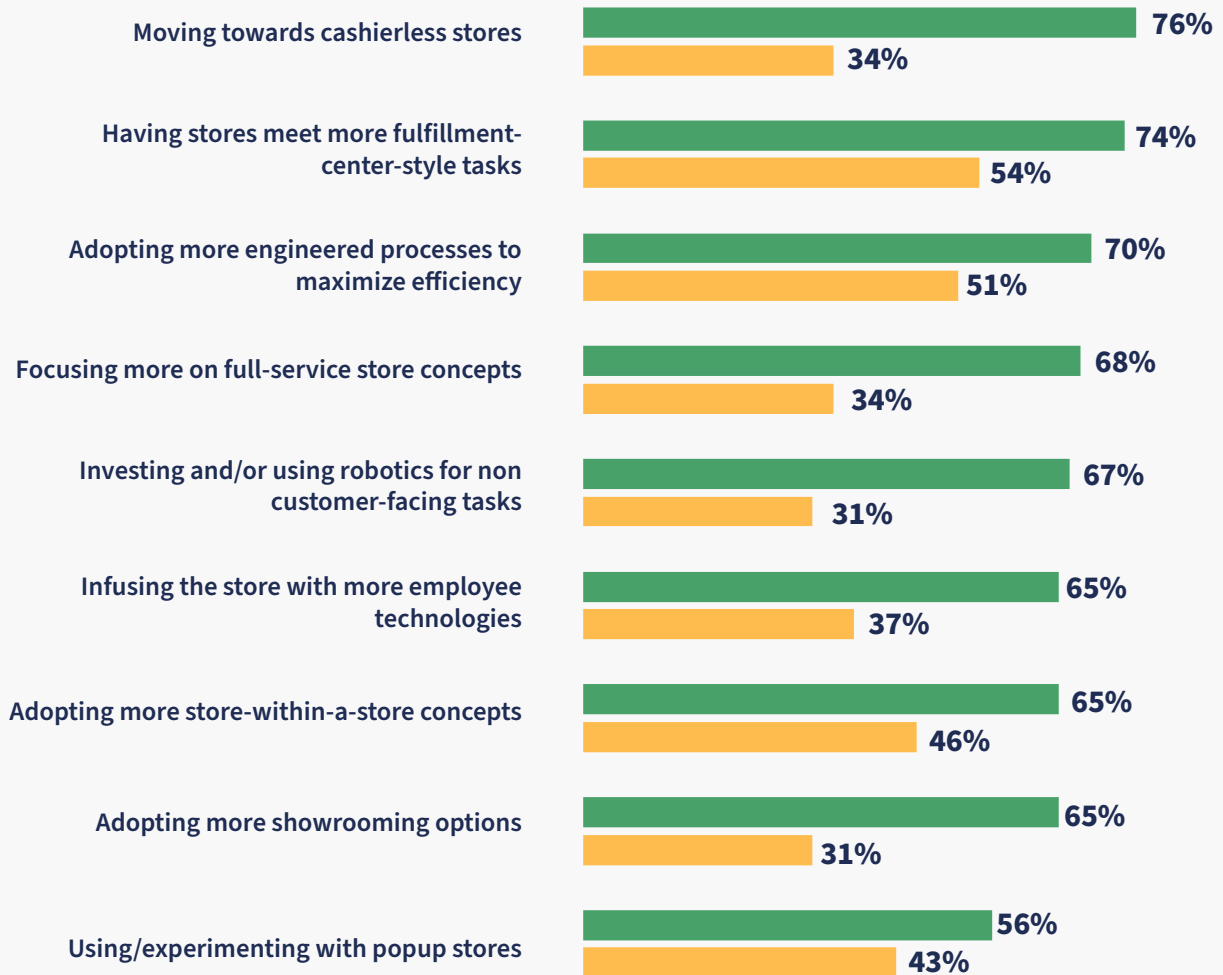
● Winners ● Others



THE STORE ENVIRONMENT IS CHANGING TOO!

'High Value'

● Winners ● Others



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

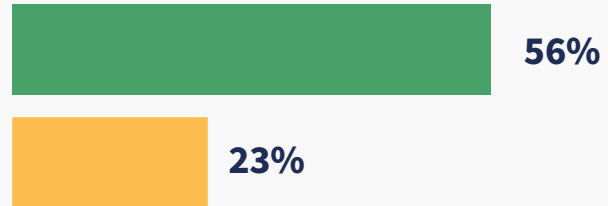


It Takes Strong Leadership ... plus Guidance From Shoppers

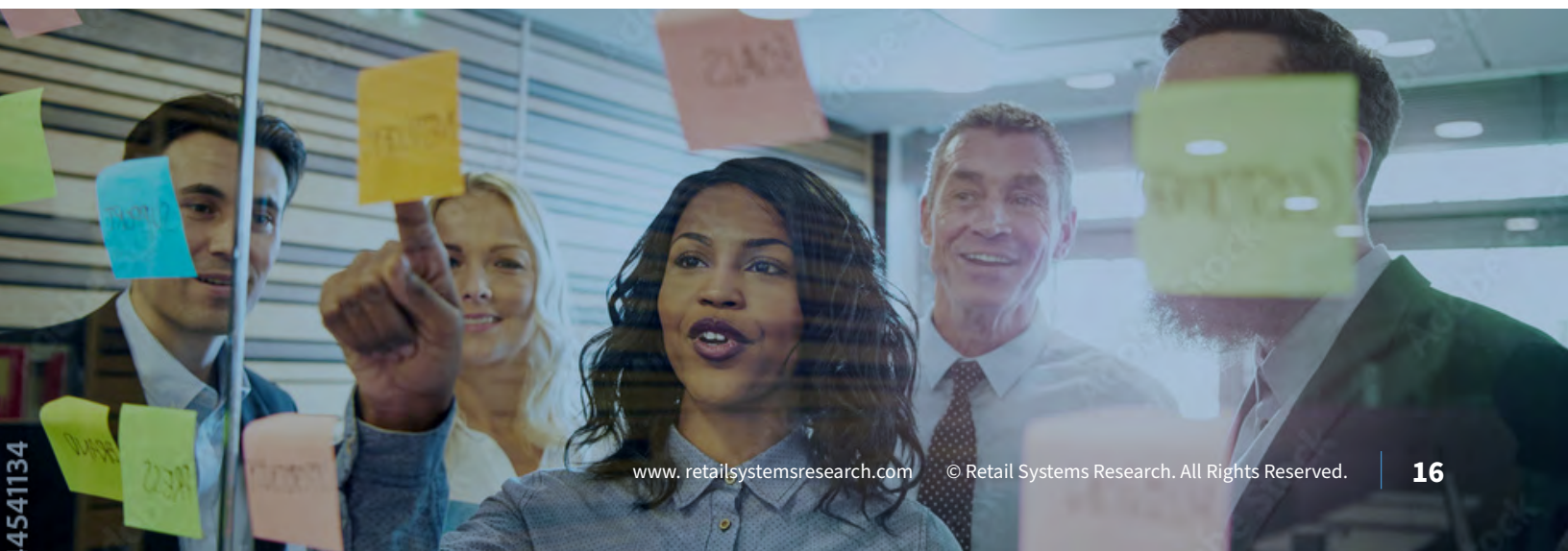
Top Ways To Overcome Inhibitors

● Winners ● Others

Implement customer services metrics such as NPS (“Net promoter score”), CSAT (“Customer Satisfaction Score”) or CES (“Customer effort Score”)



More top-level commitment to excellent customer service

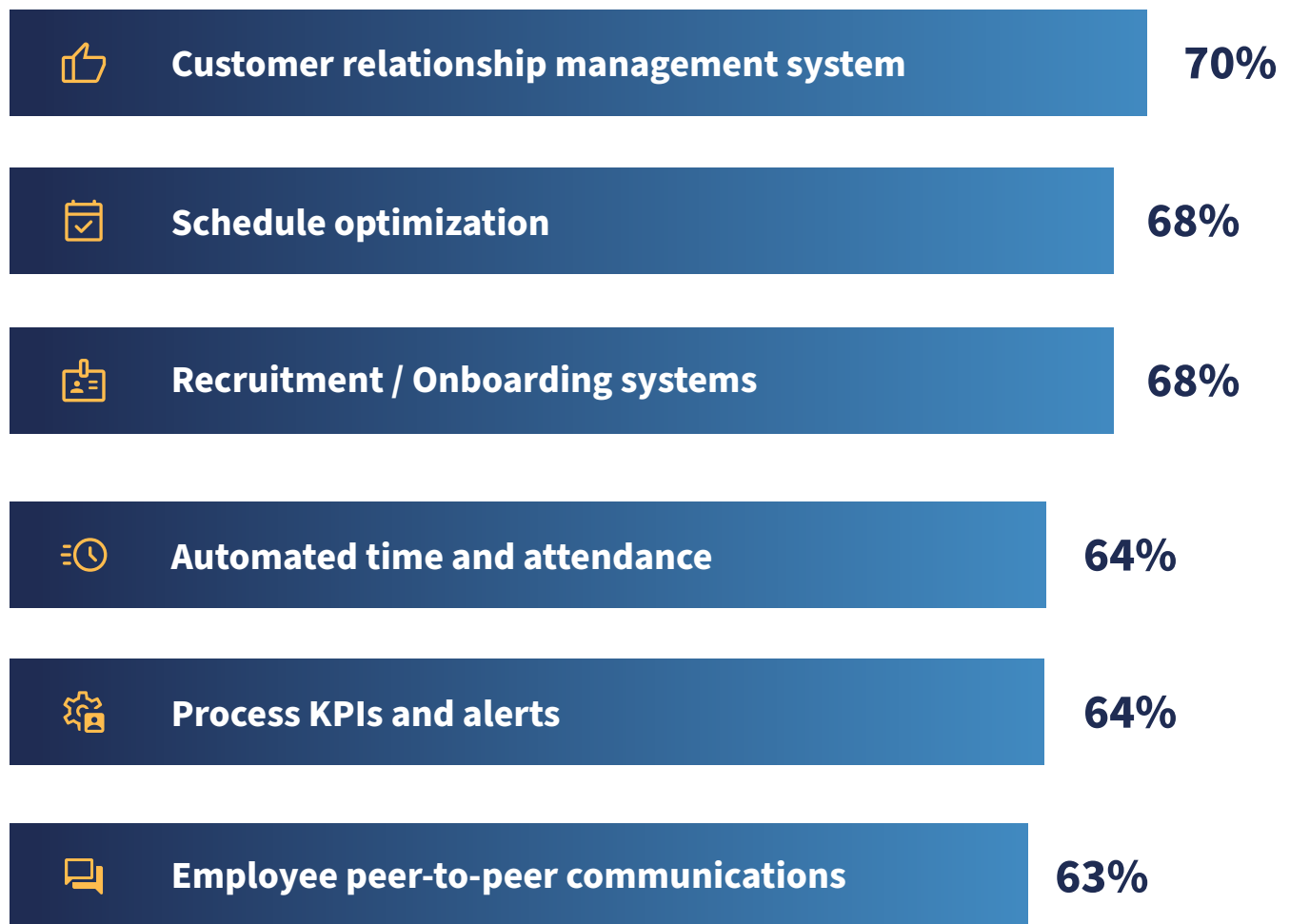


Technology Enablers

THE FUTURE LOOKS BRIGHT

Retailers See Enormous Possibilities For What Technology Will Enable Their Workforce

'HIGH VALUE' EMPLOYEE-FACING TECHNOLOGIES

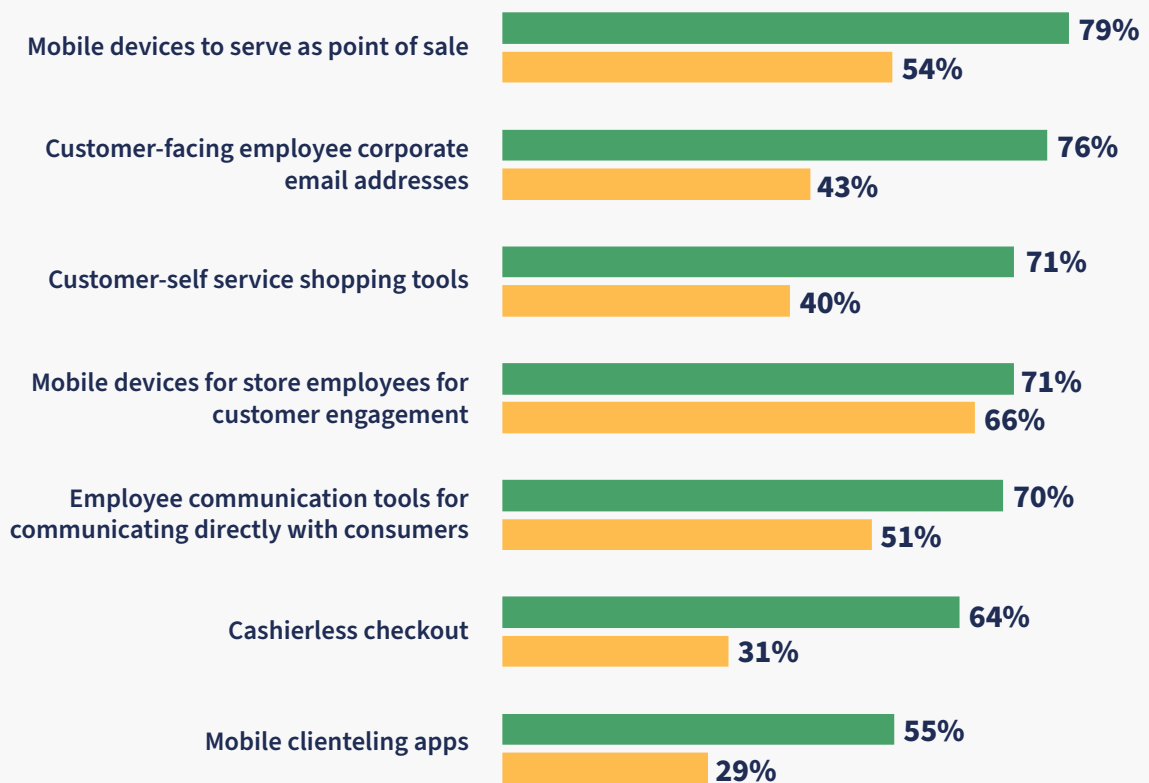




ENTHUSIASM GAP

“High Value” Customer Facing Technologies

● Winners ● Others



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

● Winners ● Others



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

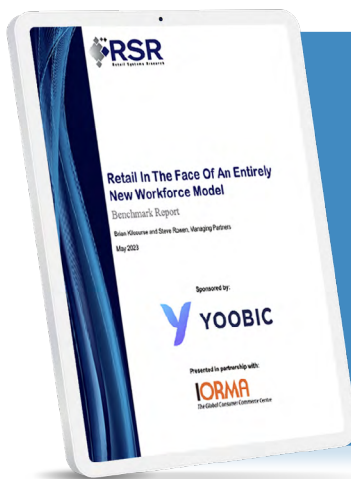
- In today's world, people interact and collaborate with each other via consumer-grade mobile technologies.

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)

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