

Transforming Retail Associate Productivity with a Customer-First Experience



Item	Price
All Products	
Hot Trend Top	\$32.00
Aviation Jacket	\$104.00
Abby Blouse	\$73.00
All-in-One Rompers	\$24.00
Aviation Jacket	\$62.00
Aviation Dress	\$62.00
Abby Blouse	\$73.00
2 Become 1 Cropped Top	\$20.50
Total	\$466.02

As personalizing the customer experience becomes ever more critical to your retail business, it is equally important to transform the workforce experience. Studies show that 76 percent of shoppers see good customer service as the truest test of how much a company values them,¹ and that 89 percent have stopped doing business with at least one brand due to a poor customer experience.²

As a result, today's trend toward digital transformation, or DX, is driving a host of new capabilities related to associate productivity. Many are based on the mobile technologies that are already such an intimate part of the purchase path, allowing associates to engage while avoiding the rising costs of building larger teams. Improving the workforce experience directly and positively impacts turnover, productivity, employee satisfaction, OpEx, and sales.

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Only one in five retailers wants to increase the number of store associates, and yet four out of five want to improve the in-store experience.³ To meet this challenge, stores need ways to transform the stereotypical underpaid, poorly trained associate into a valuable and motivated employee. They must also secure new capabilities within an infrastructure that complies with Payment Card Industry (PCI) requirements and minimizes risk for data loss and theft.

Gartner identifies three key ways digital transformation makes this possible:

- The emergence of new mobile, social, and cloud technologies that facilitate digitally based employee and shopper experiences
- Environments that enable a more collaborative business approach that lets managers attract, develop, and retain the best talent
- Advanced analytics capabilities that make it possible to measure workforce and manager performance to reward, encourage, and retain the best employees⁴

Creating the Digital Workplace

Investing in digital transformation takes you beyond upgrading the customer experience to change the organization itself: operations, culture, and revenue models. DX defines how businesses use digital technologies to quantifiably improve performance to:

- Enhance customer experience
- Increase associate productivity
- Secure the store and manage risk
- Optimize business operations

Within these four capabilities, today's executives are increasingly aware of the need to attract and empower good talent: Retail employment has grown by half a million jobs in the last four years, and is expected to increase by another million through 2022.¹⁰ Nearly one-third of these executives also ranks the workforce as a top priority, highlighting the need to create and advance development of the "digital workplace."¹¹

93%

93% of consumers say that companies fail to exceed their service expectations.⁵

80th

"Store associates not easily accessible" scored in the 80th percentile among things customers dislike most about the store shopping experience.⁶

68%

68% of lost sales could have been recaptured if the associate was able to order the item and have it delivered to the shopper's home.⁷

55%

55% of lost sales would have completed if the associate had found another location with that item in stock.⁸

50%

More than 50% of consumers believe that the amount of sales help they receive in stores today has declined.⁹

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“We are in the business of people serving people, and the service that we do from a technology standpoint...is to allow our frontline employees to really do things that delight our guests.”

– Joshua Sloser, VP of Innovation, Hilton Worldwide

Paradoxically, a second report shows that less than five percent of large organizations are actually following through on such initiatives.¹² In many ways, this probably reflects the fact that many organizations simply do not know how to begin building not just a digital, but a “phygital” workplace—a social, mobile, data-driven work environment that lets retailers fundamentally change how they engage with customers. The omnichannel phygital business is also creating new tasks for in-store associates, such as processing online returns in the store. Yet, by not acting to digitize the workforce, retailers fail to take advantage of a \$187 billion chance to reduce staffing and operating costs, the single largest opportunity digital transformation has to offer.¹³ Cisco research shows that retailers are placing 37 percent of their investment priorities in customer experience but only six percent in employee productivity.¹⁴

To address this opportunity, previously unavailable technologies, such as cloud, mobile, social, and the Internet of Things (the use of sensors and other devices as part of your digitization initiative) are available in the store to facilitate this new work model, processes, and practices.

Priority One: Beating Associate Turnover Rates

Retail is generally recognized as having one of the highest rates of turnover in any industry. The Hay Group reports a median turnover rate of 67 percent for part-time retail employees.¹⁵ There’s a reason for this: Zeynep Ton of MIT’s Sloan School of Management argues that one-fifth of American retail workers have bad jobs, with low wages, poor benefits, schedules that change without notice, and few opportunities for advancement.¹⁶

But high turnover is just as bad for the store as it is for employees. A study by the Center for American Progress found that it costs, on average, \$3,328 or 16 percent of one year’s salary to find, hire, and train a replacement for

one minimum-wage employee. However, actual costs can be much higher, including lost funds for the hiring process, onboarding and training costs, the cost of errors and lower productivity during the training period, and the impact on the company culture and other employees’ productivity.¹⁷

But it doesn’t have to be that way. Several reports, such as a Harvard Business Review study featuring Costco, Trader Joe’s, QuikTrip, and Mercadona, show that engaged store associates are more productive and customer focused, with higher shopper satisfaction and, yes—increased sales.¹⁸ In fact, another study showed that from 1997 to 2014, employee experience leaders outperformed the broader stock market, generating an annualized return nearly double the S&P 500 index.¹⁹ Gartner quotes a 2015 Aon Hewitt study which shows that “a five percent increase in employee engagement is linked to a three percent increase in revenue growth in the subsequent year.”²⁰

Despite these and many similar studies, however, many retailers have not yet been able to convert these findings into performance. It is, after all, a major cultural shift for retailers to entrust a larger share of their business success to employees. For an industry that was considered one of the most conservative in technology investment before 2008, this is indeed a profound change.

Creating New Models for Associate Productivity

Today’s associate pool is changing, and traditional ways of working do not add the value they once did. Retail has always included a disproportionate number of younger workers—defined as millennials.

Millennial workers are now much more digitally savvy. They expect to work in a flexible and responsive way in their environment, and to be given a great deal of scope

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in their work. They want to be online at all times, work with each other in a communal way, and access information for themselves and for customers when they need it, where they need it. Pew data also shows that millennials are more likely than other groups to use their phones to look at educational content, or to find and apply for a job.²¹

But it goes further than that. The retail workforce now increasingly includes older or reentry workers. Initial concerns that older workers might be less productive have been dramatically disproven.²² These experienced associates bring a level of knowledge and self-assurance to their roles that can greatly improve the retail experience. But they too are more digitally savvy than ever before. In fact, the concept of the “millennial employee” is giving way to the “Gen C worker”—an associate of any age who is connected, capable, and confident with today’s technologies.

The challenge for retailers is to meet Gen C workers on their own ground, investing in technologies that empower employees, address common business problems, and give management confidence that employees are optimizing these capabilities to support the store.

Connecting Associates to Product Information

Even today, many retailers hesitate to deploy a wireless network in the store because they are afraid employees will “play games all day;” in other words, behave irresponsibly on the network. It is important to work through this basic concern—and fortunately, it is now completely possible to do so.

Today, no fewer than 73 percent of customers believe they are more informed than sales associates.²³ Why? Because they can jump online at any time—including while in the store, using their cell network if you do not provide free wireless—and look up product information, promotions, discounts, and comparative pricing. By not allowing your employees access to the same data your customers have, you lessen their efficiency, lower your reputation, and diminish the chance of a sale.

Immediate mobile access via your provided mobile device gives front-line associates tools to support more effective customer interactions. As well, it increases workers’ abilities to provide immediate value to customers: access inventory information, transfer products, or order a quick delivery. By providing store associates with a 360-degree view of the product, inventory, and promotions, you increase their ability to close the sale.



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Wi-Fi in the store also makes more powerful personalized tools available. For example, you can install in-aisle kiosks that give customers or employees immediate access to virtual experts via video-based, live interactions. A quick conversation with this expert, usually part of a customer contact center, helps to answer questions, resolve problems, and drive the purchase process forward. Forrester estimates that the conversion rate of an interaction between a subject matter expert and a potential customer using audio only (such as a telephone call) is 50 percent, but that the conversion rate with audio and video is greater than 90 percent. The same research shows that cross-sales increase from 1.4 to 2.5 products per customer when video capabilities are added.²⁴

Connecting Associates to Each Other

In this way, wireless networking in the store becomes the basis of a more collaborative worker model, enabling customer and employee communications to let associates do their jobs better, and, in turn, help managers to attract, develop, and retain the best talent. In a recent survey, 82 percent of store associates agreed that improving in-store communication between staff and managers positively impacts the consumer shopping experience.²⁵

You can also adopt networked solutions that create a digital workplace based on “team workspaces,” essentially in-store communities that eliminate boundaries between individual workers, between stores, and between stores and headquarters. In secure virtual “rooms,” cross-outlet and cross-supplier coordination becomes an agile yet sophisticated capability enabled by closer communication between your workers.

As just one example, in this secure area associates may complete file-sharing tasks such as merchandising, operations, or inventory management. Directives are directly downloaded and photos taken with a mobile device, then uploaded to a secure file-sharing and collaboration space. Such a process takes email, paper, and fax completely out of the merchandising equation, allowing associates to spend more time selling and less time off the floor.

Connecting Associates with Training

Research shows that the more an organization invests in developing employee talent, the more likely it is to retain them. According to the American Society for Training and Development (ASTD) report, “Bridging the Skills Gap,” 41

percent of employees in companies that invest little or nothing in training said they are likely to leave within one year. By contrast, that number dropped to 12 percent for employers who invested significantly in training and development.²⁶

Digital transformation allows you to use your network to improve associate productivity and level of engagement with cost-effective, always-available training. Onboarding new employees becomes both more thorough and less costly through interactive or recorded sessions tailored to the practices, duties, and tools they will experience on the job. More advanced trainings also help to identify employees who are ripe to move toward promotion, giving them access to new skills that hone their talents.

Employees can also be quickly informed of headquarters news, pending sales, discount offers, recalls, new processes, and other critical issues that directly affect their jobs. They can also receive public recognition and be introduced to new leadership, internal opportunities, and other employment opportunities.

Managing Staff Better Based on Real-Time Analytics

From millennials to digitally savvy seniors, today’s always-online customer is increasingly choosing experience over cost, and content (product information, video, promotional, and interactive) over traditional sales contacts. Furthermore, they are often willing to pay more for it. According to Oracle, 86 percent of customers will spend more for a better experience.²⁷ They are also more likely to come back again—and a 10 percent increase in customer retention results in a 30 percent increase in value to the company.²⁸

Closely monitoring customer experience and employee engagement provides the data needed to solve one of retail’s most significant challenges: managing staffing from day to day. Determining how many people to bring in and when, and where to place them in the store, is a major cost point for store locations. This problem is often complicated by outside factors such as required formulae from headquarters; for example, the number of employees in the store, per square foot.

However, a powerful aspect of digital transformation is that new technologies give you access to previously unavailable, more granular sources of customer and employee traffic data. Based on a network of device-derived heat maps, sensors,

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traffic counters, cameras, and other tools, retailers can draw on real-time metrics for a more detailed understanding of how to make best use of staff within the store.

Senior managers also can use such analytics to guide and motivate the workforce to improve productivity and efficiency. Your analysis helps associates understand who's in the store, what they are doing, where they are, and why, helping them assist shoppers faster.

Finally, access to advanced analytics alleviates concerns about giving associates too much online access. Analytic capabilities make it possible for you to measure performance, revenue per employee, and other metrics to incent and encourage your best workers. By monitoring and tracking performance and using online tools and apps to set realistic goals, you can have confidence that you are rewarding and promoting employees with a robust skillset, good work ethic, and strong company loyalty.

As well, advancements in automated scheduling and labor planning tools let managers improve motivation and store performance. Performance metrics can encourage increased collaboration among management, employees, and customers—for example, using mobile collaboration and gamification to better connect motivating actions with customer outcomes.²⁹



Enabling the Customer-First Associate

Today's increasingly demanding customers want knowledgeable associates, a frictionless service experience, and personal attention as needed—83 percent of consumers want some sort of support on their purchase journey, even online.³⁰ With continuous access to new levels of customer, associate, business, and inventory data, you can:

- Identify innovative ways of serving the customer while improving how associates work
- Tap into detailed behavioral information, from business intelligence to social media
- Expand from selling goods into services and capabilities
- Develop updated business models that leverage new digital capabilities
- Rapidly create new product categories

Retailers who meet these goals build loyalty by giving shoppers control over what they buy and when, where, and how they buy it. Stores can then use the data they have acquired to maximize worker capabilities through better collaboration, access to information, and service options. Associates are freed to spend more time advising the customer and less on paperwork and administrative tasks, optimizing the in-store experience.

Implementing Productivity as Part of Your Digital Transformation

Enabling optimal worker productivity is a complex process, involving multiple corporate disciplines. As you move forward in your digital transformation, you must be willing to explore broad changes in processes and culture as well as technology—in fact, it is essential to success. Improving productivity is a top investment goal for retailers: By 2019, IDC predicts that artificial intelligence will extend productivity by 30 percent and KPIs by 10 to 20 percent. In the same timeframe, robotics and digital technologies can increase in-store, warehouse, and distribution productivity by up to three times.³¹

But such changes do not have to be expensive, nor do they need to be implemented all at once. Because each organization is unique, it is important to create a “culture of productivity” specific to your goals and worker mix. With more than 30 years in the retail industry, Cisco partners with you to

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help bridge the gap between technology investment and value realization that is appropriate for you:

1. Provide associates with the access they need to offer optimal service, increase satisfaction, and reduce turnover, while meeting their technology expectations.
2. Help retailers deliver on brand promise through unique services, differentiated offers, and valued advice for the best customer experience.
3. Deliver these capabilities on a secure yet agile infrastructure that prepares your store for future innovations in response to market change.

In the store and across the omnichannel organization, today's technologies allow you to significantly change how your

workers work and your shoppers buy. Digital transformation offers an unprecedented opportunity for retailers to maximize workers' productivity, satisfaction, and ability to support the customer experience.

For More Information

To learn more, please contact your Cisco representative and visit our website at cisco.com/go/retail.

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