The future of work for retail?
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The tide officially turned in 2017: For the first time ever, shoppers predicted their online purchases to exceed what they would buy in store over the holidays.¹ The Internet isn’t just for browsing anymore.

Survey respondents planned to spend 51 percent of their budget online, compared with 42 percent in store. Last year it was split evenly between the two channels at 47 to 47 percent.² Retail is undergoing a massive transition with digital disruption that will likely impact the entire organization, not just online sales.

Digital is going to make its way into back-office operations. And it’s going to make its way into in-store experiences designed to not only engage customers, but also to wow them. With this kind of volatility index on the industry, many retailers are finding themselves in an uphill battle to win market share. It comes at a time when digital opportunities have opened the door to new retailers and business models that continue to splinter marketplaces.³ There’s an immense amount of competition.

The retail workforce is rapidly changing and evolving with operational excellence always being top of mind. LaborWise can help retailers with the productivity insights they need to stay agile during market disruption and volatility, while accommodating the continual needs of a seasonal workforce.
While some retailers are thriving with the rise of e-commerce, the climate hasn’t been as rosy for traditional department stores. Customers have more options both online and in store than they ever had before, so their experience can’t just be good—it must be unparalleled, or they’ll simply become disinterested. It should also be easier and more intuitive to interact with the company.

The possibilities are endless—and exciting. Digital is going to change the way people shop. It already has. And it will also undoubtedly change the future of work.

Retailers will need to dig deeper for an understanding of what’s driving the accelerated rate of change in the industry and to respond with the corresponding strategies that match those forces.

Transition to the future of work: New skillsets for retail workers are on the horizon

To capitalize, organizations need to take a proactive stance in understanding how work will be done in the future and how that shift impacts what the workforce should look like, how it should be organized, and how to maximize impact to drive the business forward.

For retail, different kinds of workers will be needed as the industry evolves. There will be more need for customer service and less for cashiers; more need for problem solving and return resolution; and finally, more need for innovation and technology skills. Once a new hire is made, employers will need to focus on retention and development.

It's not about wage war: Create an irresistible organization

The first thing companies can count on is that competition for the best talent is going to become fiercer for both back-office workers (buying, stocking/merchandising, engineering, technology) and storefront workers (sales, technology, customer satisfaction and experience) because the nature of the job is changing.

The storefront worker is the face of the company. And with customer experiences—some digitally driven—becoming a major differentiator, personality and customer service will become increasingly important. These workers are largely responsible for the level of a customer’s satisfaction.

How is the industry responding?
For the last two years, there have been reports about wage wars designed to attract the best people in the market, especially when it comes time to hire seasonal workers. Likely, it won't be enough.

It’s a high bar, but frontline employees will become even more critical to growth strategy as in-store customer experiences become more technologically-driven and demonstrations, tastings, and events become more extravagant to be able to compete with online sales.

Leading organizations need to expand their view of what makes an organization Simply Irresistible™ to employees so they can attract and keep the best of the best, from top managers to frontline employees.

Their physical workspace, the way employees digitally interact with the company, their training, how their performance is managed, and how companies incentivize it all plays a significant role.
Playing at the top of your game: Facilitating growth

The “want it now” phenomenon, combined with an ever-increasing proliferation of retail purchase channels and the commoditization of products and pricing, has resulted in elevated expectations on the part of many consumers.\(^5\)

The same high level of expectation that employees have of their organizations is second only to the expectations of customers.

How could expectations not be high, when a new digital age delivers products to people’s doors in hours versus days and a few clicks on a phone prompts a driver at their doorstep to get them where they need to go? Retailers are being forced to re-examine the in-store buying experience. How can stores make coming in so great that the very experience is better than the convenience of having the item show up on a doorstep without having to leave the house?

For retail stores to be competitive, the buying experience must be exceptional—from the quality and uniqueness of the products being sold, to the customer’s experience with the store employees.

If retailers are going to continue to grow and outperform the market, they should constantly adapt and pivot to take advantage of the opportunities around them. But it won’t be easy.

For retail, there’s a diminishing importance of standalone brick-and-mortar stores that’s expected to give way to experiential engagement, mobile, social network, and on-demand commerce channels.\(^6\)

Optimizing a workforce: Operating on a smarter level

With all this pressure to perform, companies need to find ways to operate on a smarter level. The reality is, there isn’t enough wiggle room in budgets given the climbing performance expectations to loosely manage a workforce.

HR can often feel caught between the forces of finance and store management. Organizations should have a clear understanding of their entire workforce needs. They need to have insight into the current state of staffing and be able to flexibly and effectively pivot based on the need to ramp up or down for seasonal needs, or based on any pending new strategies, to stay competitive.

For example, if the company finds it needs less storefronts because the business is shifting online, it will require less storefront employees and more technical staff. Store managers also need to have predictive insights into past consumer buying patterns as they change throughout the year, so they can staff appropriately.

Workforce management is one way to help reduce costs, streamline staffing, and make strategic staffing decisions—something that can be a massive, administrative lift, even when people have access to insights.
Make strategic decisions: Increase efficiency with analytics and dashboards

The digital organization is about organizing, operating, and behaving in a digital way. That means developing leaders who know how to act, think, and react differently. Give frontline staff managers the tools they need to be self-sufficient so they can successfully optimize the workforce they’re responsible for and train their people to be successful brand ambassadors and customer relation specialists.

Freeing up store-front managers’ time allows them to focus on things like making strategic decisions, taking inventory, and differentiating the store from the competition, and less time on managing payroll and labor.

To do that, store managers need the analytics that help them manage their own stores as effectively, strategically, and easily as possible. Dashboards can help lead the way.

Simple tasks like knowing when to use overtime or hire additional employees require the right metrics to make a sound decision. A productivity analysis helps identify inefficiencies and can recommend process improvements. If it’s an inefficiency or productivity issue, it may not be necessary to hire or spend more on overtime.

Utilization is another metric that should be considered when overtime usage is being evaluated. If every bit of available labor is fully utilized and the demand for more labor is steady, the organization may not be operating with the right headcount to meet customer needs or operational workloads. An evaluation of utilization should always precede hiring decisions but so should skill capacity and preference disparities. Looking only at who’s available is often just one part of the right set of metrics—often there are skillsets required to fill roles. Being able to look at capacity by skills and qualifications instead of the more basic availability is important.

Achieve better outcomes

With the right information, managers can make more effective business decisions. Making such an investment in analytics will be felt by all levels of the organization.

Retailers who digitize their workforce, enabling employee engagement and productivity, will likely create cost savings that can be redirected into customer experiences. Looking through the same paradigm won’t work—the business is changing at too rapid a rate.

The more companies can automate, the better. Managers don’t have time to manually pull together the data and analytics they need to make solid staffing decisions over time. And there’s so much to consider: the right amount of people in the store, where they are located within the store, what role they are playing at any one time. Staffing can become more predictive, especially with historical data feeding the system. Scheduling can get more precise.

Employees can sell products and create unique customer experiences that increase brand loyalty among customers. Most importantly, market-share winners can deliver these new experiences while potentially reducing operating costs. Are you prepared to come out on top?
Endnotes

1. Deloitte Center for Industry Insights. "2017 Holiday Survey. Retail in Transition." [https://www2.deloite.com/us/en/pages/consumer-business/articles/holiday-retail-sales-consumer-survey.html] This survey was developed by Deloitte and conducted online by an independent research company between September 6-18, 2017. A national sample of 5,085 consumers aligned with the US Census for age and income was polled which has a margin of error for the entire sample of plus or minus one to two percentage points.

2. Ibid.


5. Ibid.

6. Ibid.

7. Ibid.

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