

Astute Moves Retail Operations



A skilled chess player not only plans moves far in advance, but designs those moves to influence an opponent's decisions. Similarly, in brick-and-mortar retail locations the broader customer engagement strategy is built around a keen understanding of customer needs and desires. Retailers create an inviting environment, place the right products in the right location, and promote them effectively to influence shopper behavior.

However, even the most effective in-store strategies can be undermined by several factors: the ability to staff stores sufficiently with qualified, experienced employees; the influence of online and mobile shopping; and a variety of cost pressures. The war for talent is a major issue because quality retail workers are in high demand today and they are willing to make career moves for better opportunities, higher pay, and more attractive benefits. At the same time, store sales are suffering from growing consumer use of various online and mobile technologies for comparison shopping, pricing, and purchases. With so many channels available to them, customers are often more informed about products than store associates. And, with rising labor and health care costs, as well as eroding in-store sales, retailers are challenged to manage labor costs while still fielding a workforce that can create an effective customer experience. A new approach to operational excellence can help address these challenges, so it's a growing imperative today.



Operational excellence in the retail setting starts with understanding customer needs, desires, and preferences, then building a store strategy that appeals to those attributes.

Operational excellence drives continual improvements in customer experience and drives profitability.

How we can help

Deloitte's Retail Operations practice works with retail executives to develop and validate operational excellence strategies and then implement them across stores and channels. We help retailers map the customer experience from initial contact through post-purchase service. By tying what customers say to their actual behaviors in a store, we gain valuable insights into the behaviors — by both customers and store associates — that drive conversion. We then use those insights to refine plans for how store associates are deployed, when and how they interact with customers, and where and how technology can be used to reinforce their efforts.

Our retail operations services include:

- **Service excellence** — defining an effective customer service strategy and developing the resources and capabilities in-store to deliver on that strategy.
- **Store operations excellence** — assessing and refining the many aspects of store operations, from managing product arrivals through sales and customer service.
- **Technology optimization** — assessing a retailer's current use of technology across operations to identify opportunities for improvement and areas in which emerging technologies might play a role.

Potential bottom-line benefits

Our services often help clients:

- Improve labor costs
- Improve profitability
- Increase sales
- Improve customer satisfaction scores
- Improve associate engagement scores

Ways to get more value now

- **Go slow to go fast.** New approaches take time, but applying refined, consistent methodologies for process improvement and pilot testing them in controlled environments can lead to desired outcomes.
- **Training and education are critical.** Dedicated, well-trained store associates are pivotal for creating sustainable operational excellence. Don't skimp on this area.
- **What gets measured gets done.** Use a simple but rigorous measurement process that is easily understandable by everyone from executives to associates, then communicate constantly and consistently to encourage engagement.
- **Offer meaningful rewards.** Well-promoted rewards and incentives that recognize transformation efforts can boost enthusiasm at all levels of the organization and help sustain momentum as operational changes are instituted.

The big idea

Online and mobile shopping has forever changed retailing, but physical locations still, and will likely continue to, drive the majority of sales for retailers. A strong focus on operational excellence in those locations can lead to effective customer experience, customer satisfaction and engagement, and sales revenue.

Learn more

Operational excellence is increasingly important in the retail environment. To learn more about how Deloitte can help, visit www.deloitte.com/us/retailserviceops.

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