

We've seen five years of disruption and innovation within the retail industry in the last five months."

Chris Brook-Carter, CEO
of the retailTrust.¹

The Role of the Store is **EVO VINS**



The store's four walls have expanded and now extend to the curb and beyond, blurring the lines between physical and digital experiences. And yet, while the pandemic led to the escalation of some facets in the retail industry, it didn't invent anything new. Curbside pickup, for example, is just a variant of buy online, pickup in store (BOPIS) or click and collect. Ultimately, the industry continues to evolve, and the pandemic just helped accelerate the inflection point.

Pre-COVID-19, there was already a big difference between retailers on the industry's bleeding edge and the laggards. These leaders already had <u>retail omnichannel</u> solutions in place and could quickly pivot to enable options like curbside pickup. What we see now is that the health care pandemic spurred the laggards to play catchup. As a result, retailers have discovered agilities they never had before, and the level of disruption caused immediate action.

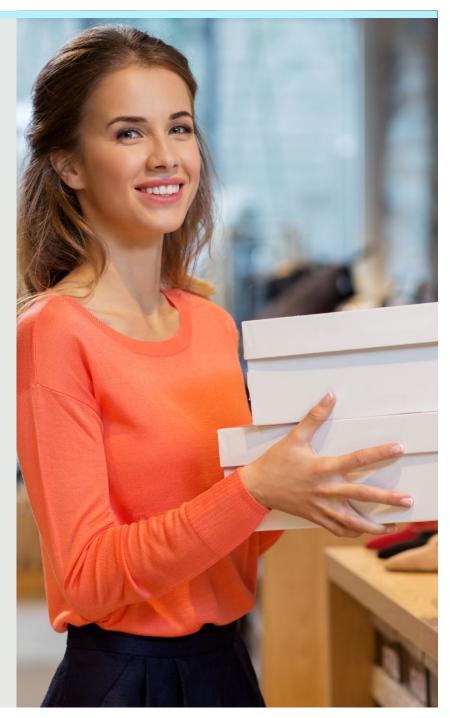
We also saw a transference of demand from the laggards, whose stores were closed, to the leaders who quickly addressed these customer expectations. It wasn't about introducing new components or solutions — it was about using the resources they already had. The new focus on the store and areas such as safety for customers and associates are also unique to the pandemic.



 https://blogs.oracle.com/retail/examining-retail%e2%80%99sfuture-in-the-uk-with-retailtrust



More than ever before, the store associate plays a vital role — many roles in some cases. Their performance can determine whether a customer develops a lifelong loyalty to a retailer or whether they turn their back on the store for good. This makes it critical for store associates to be trained, educated, and empowered to be brand ambassadors that deliver exceptional experiences that customers crave.



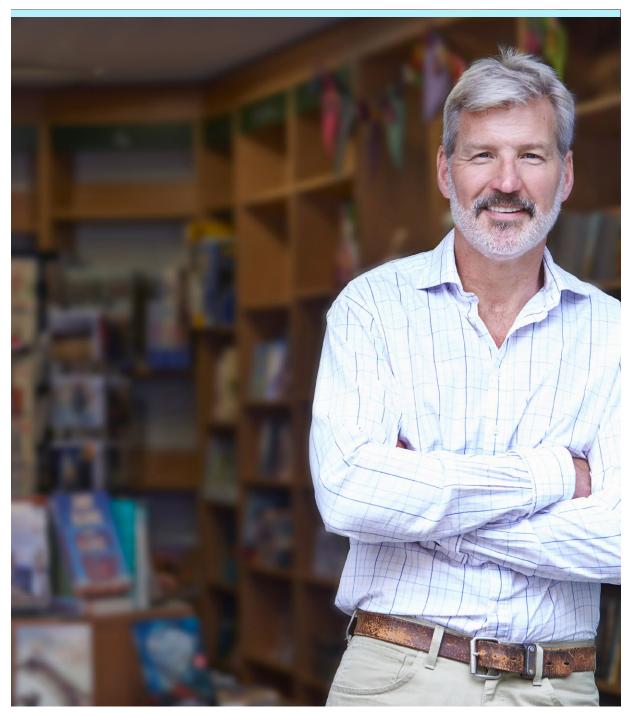
650/0

of global consumers said they weren't willing to wait for an item to be back in stock before trying another brand

The Intent of the Shopping Journey

One of the first steps for retailers to set themselves up for success is to understand the intent of the journey — what is driving each customer to the store, and what experience they would like to have when they get there. Equally important is what customers want to avoid, and it's a mistake to think that every customer has the same desired experience. Recent research from Oracle showed that 47% of global respondents said out-of-stock merchandise topped their list for a bad shopping experience.

While some customers want the convenience of getting in and out quickly with their product, others are on a journey to discover something new. The experience must be designed to fit both, and retailers must react quickly to adjust the environment. What's more, new journeys can pop into the forefront overnight, and retailers must be agile to respond.



It is helpful for the store associate to understand the intent of the customer's journey and approach accordingly. The original concept of BOPIS intended to drive traffic to the store. If the associate misses out on a chance to get customers on a journey to discover and purchase other products, that's revenue lost. On the contrary, during the pandemic, a customer may be leveraging BOPIS as a quick fulfillment option. If the employee tries to push the customers who want to get in and get out to additional purchases, that often creates unnecessary friction.

The Many Hats of the New Store Associate

We haven't created more resources with the merging of all of these experiences, but we have handed more hats to the store associate extending to in-store merchandiser, subject matter expert, and brand ambassador. These hats include duties such as checkout, stock room, inventory management, pick up scheduling, digital and store order management, customer service, customer engagement, customer orders, cash management, returns logistics, safety/hygiene patrol, and loss prevention.

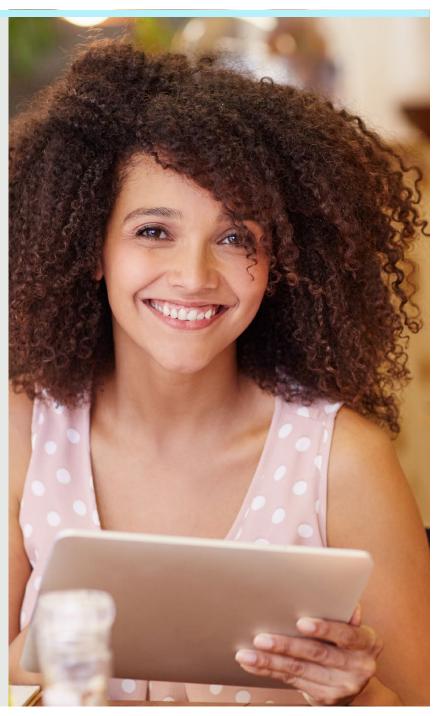
Retailers can spend all kinds of money developing their brand and their experience, but if the store associate can't put on all these new hats and isn't able to deliver on customer expectations, then loyalty is at risk.

Store associates are tasked with becoming human Swiss Army knives and gaining expertise in areas they've never had before. Are retailers investing in the training and education of these associates? Are they giving them directives on how things should be happening in the store? Or are we racing down a path of tribal knowledge and broken telephone in how store associates are trying to represent their brands?

The Critical Role of the Store Associate

The store associate plays a critical role in the delivery of the retailer's brand.

- Before the pandemic, research found that opening a new store location increases traffic to the retailer's website by 37% in the next quarter. Excellent delivery of the store experience will continue to drive ecommerce sales.
- Store productivity must improve by 20 to 30% to compensate for the channel shift away from physical stores. This means it will be critical for associates to focus on "plus one" sales and return conversions.



For some retailers, things are leading to significantly increased specialization in the stores. Some associates will handle folding clothes, while others manage omnichannel transactions. We know from generational research that millennials and Gen Z want a clear path to a better job. This increased specialization plays into the war on talent — creating a path from being the in-store merchandiser to management in the head office.

Creating a brand experience doesn't just happen organically — it must be developed and understood, and properly communicated to store associates.

There's a lot that can go wrong with the delivery of that brand experience, so providing the education, developing the skills, and making sure that the retailer has a clear view on what that experience is and is communicating that to the store associates is key. Retailers must also take into consideration that people have different learning preferences and cover off on all bases.

Empowering Associates to Become A-Players

So how can retailers empower their associates to become A-players and successful brand ambassadors? It's all about reducing the technology clutter and getting the right tools into associates' hands. We can't expect associates to be Swiss Army knives without making the investments to ensure they're able to do all these things efficiently, effectively, and aligned with the brand experience.

Retailers are still facing the challenge of reducing costs and building efficiencies into their processes. It can be daunting to try and balance that with developing the resources necessary to empower store associates. Retailers need to be sure that they're attracting the right resources to provide associates with confidence and job satisfaction

Retailers may need to improve store associate wages by as much as 20% to attract talent, despite trying to drive out cost nearly everywhere else.







as they build their skills inventory, which leads to better customer interactions and a more positive customer experience in the store. Happy associates make for happy customers.

A whole set of customers have come about that wants what they want, when they want, how they want, and where they want it. But designing a process around a highly interactive exchange won't meet the expectation of customers who want to get in and get out. The store associate is the most important element in delivering the brand and should no longer be the least-informed. For most customers, the associate may be the only part of the brand they see.

Pivot to Performance; The Interaction Framework

Empowering the new store associate is not about hiring and forgetting. There must be processes in place, such as KPIs, that ensure employees are on track. If you're not doing anything to follow up and monitor that things are being executed as expected, you risk the brand experience not being delivered. It also makes for a better environment for the associates when they understand the retailer's motivation and are fully onboarded to processes. This can also lead to more insightful and beneficial career path discussions, further enhancing job satisfaction and better performance.

Rewards are another key element in creating job satisfaction. While they can be things like compensation, gift cards for future purchases, or discounts, it shouldn't just be about money.

The store associate can be motivated by more. It could be as simple as monitoring outstanding performance and acknowledging the associate with a distinct title. Or, it could even mean an audience with the head buyer to get insight into next season's products. Retailers could consider applying the customer loyalty rewards concept to their employees by giving them points for excellent sales and outstanding customer service. These sorts of rewards recognize skills and behaviors within the retailer and encourage even better performance.

The Interaction Framework

The store associate must be motivated and trained to represent the brand accurately. To put it in the context of a framework, retailers can think in terms of four steps:

- Educate: Develop the brand ambassador in every role, from clienteling to shipping. Build the right skills so retailers can fill any role quickly as operational demands and customer needs shift, allowing them to do more with less. Provide training ondemand and build confidence through knowledge.
- Manage: Use the right resources for all in-store tasks, such as in-store scheduling to align with forecasts, skills, education, working time directives, and employee contracts. Use Al-powered forecasts to address seasonal demands and utilize an associate's skills inventory efficiently.
- Monitor: Create store associate-targeted visualizations of system monitoring to create awareness that "corporate is watching." Dashboards for KPIs will provide managers with information on performance with configurable alerts and notifications for loss prevention, personal performance, and customer loyalty.
- Reward: Treat associates as customers. Recognize employee attributes for key profile elements beyond hire date/tenure, position, etc. Issue points for all types of desired behaviors. And implement a rewards program to keep employees motivated.

The Human Element vs. the Ecommerce Experience

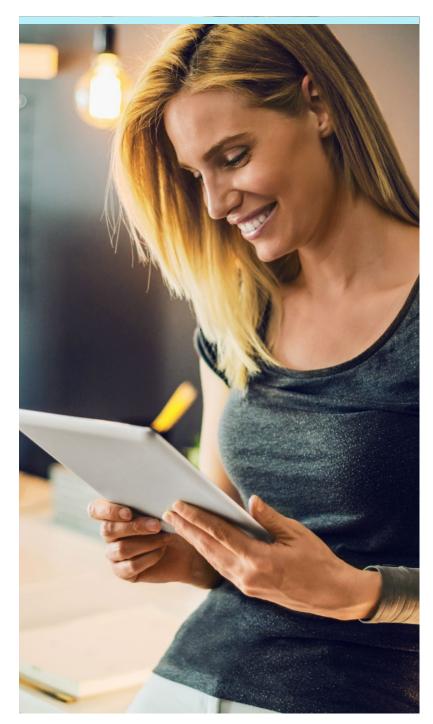


One opinion is that the only reason retailers have the digital experience is to drive traffic to the store. There are now huge opportunities to deliver a physical manifesting of those experiences in the store. If the store associate delivers a stellar brand experience, it can lead to the best possible business outcome. Who better to provide a recommendation than a store associate that knows their stuff? The human element is far more powerful than an icon on the side of the screen.

On the other hand, while white-glove customer service done properly provides an unrivaled experience that customers can only get in-store, it usually comes with a higher price tag. It is more typically seen in fashion or dealing with a luxury brand. Ultimately, the pandemic has proved that in-store experience might not be the most desired or available, as we see the incredible performances of marketplaces like Amazon. Having a strong commerce strategy by itself is still very important. The store's digitization — the ability to do personalization, unique offers, and just-in-time — all had its test bed in ecommerce. It's all about how the store experience will mirror the transformation we've seen in commerce over the last ten years.

The reopening of stores has unleashed pent up demand for in-store shopping. Customers drive to the store and spend beyond normal limits because they've become famished for the store experience.

Retailers need to make smart decisions and invest in their associates to capitalize on that hunger.





The Role of Technology

Technology platforms play a role in delivering unified training and performance monitoring. Oracle Retail solutions are designed to work together and provide the associate with the tools they need for success.

Oracle Retail Xstore Point-of-Service empowers retail staff to provide memorable service levels and build strong customer loyalty. Oracle Retail Xstore Point-of-Service provides store associates with seamless inventory visibility, pairing with workflows to provide visibility that allows users to access chain-wide inventory across all channels to fulfill customer needs by delivery, pickup, or shipment. It is easy to learn and allows employees to become productive quickly, resulting in a lower daily operating cost in every store. Whether utilized on the sales floor or in the back office, the Oracle Retail Xstore Point-of-Service user interface is intuitive, mobile-enabled, and efficient.

<u>Oracle Retail Customer Engagement Cloud Services</u> drive incremental revenue and profitability for today's retail enterprise. The suite delivers a 360-degree view of all the customer's interactions with the brand, including their purchases, preferences, and behaviors. It is a platform to connect all customer and associate-facing systems in real-time, creating a solid foundation to speak with one voice to customers and empower associates to be excellent brand ambassadors.

About Oracle Retail:

Oracle provides retailers with a complete, open, and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their businesses. Twenty of the top 20 retailers worldwide — including fashion, hardlines, grocery, and specialty retailers — use Oracle solutions to drive performance, deliver critical insights, and fuel growth across traditional, mobile, and commerce channels. For more information, visit http://www.oracle.com/goto/retail.

