

2020 STORE OPERATIONS BENCHMARK SURVEY

COVID-19 ACCELERATES
STORES' EMBRACE OF

Digitalization

Table of Contents

| | |
|--|----|
| Introduction | 3 |
| COVID-19 Shifts Store Associate Tasks and Technology Usage | 5 |
| How Stores are Leveraging Technology to Prepare for the Post-Pandemic Future of Retail <i>By Lindsey Allen, Zebra Technologies</i> | 7 |
| Store-Based Fulfillment Claims More of Associates' Workday..... | 9 |
| Safety and Hygiene Top Workforce Management Priority List..... | 10 |
| The Ongoing 'Digitalization' of the Physical Store..... | 12 |
| Methodology..... | 14 |
| About Zebra and <i>Retail TouchPoints</i> | 15 |

To say the global coronavirus pandemic has rocked the retail industry is quite literally the understatement of the year — and nothing has been rocked quite as hard as store operations.

“Non-essential” retailers were forced to shut their doors, then allowed to reopen under confusing and often contradictory mandates. “Essential” retailers had to go against every retailer’s basic instinct by restricting the number of people allowed inside at any given time. Consumers and retail employees — those not laid off or furloughed — had to deal with enhanced safety and hygiene requirements as well as new, “contactless” ways to connect customers with the products they wanted and needed.

The effects of these disruptions are dramatically highlighted in the 9th annual *Retail TouchPoints* Store Operations Benchmark Survey, as reflected in retailers’ top store operations challenges this year:

- Nearly two-thirds (**64%**) of respondents identified their **overall store operations budget** as a major challenge this year, up from just **40%** in 2019;
- **Implementing/monitoring new safety and hygiene protocols** was identified as a top store operations challenge by **54%** of respondents;
- **Employee training/engagement and hiring/retention** concerns leaped from responses in **the teens** in 2019 to **52%** and **48%**, respectively, in 2020; and
- **Aligning the store with digital channels** rose from **36%** to **47%** this year.

New response options added to this question for 2020 indicate the priority shifts taking place in brick-and-mortar stores:



Managing **expanded curbside pickup operations** was identified as a top challenge by **46%** of respondents.



Managing **employee layoffs/furloughs** was named by **34%**.



Managing **expanded BOPIS operations** was named by **24%**.

What are your top store operations challenges?



COVID-19 SHIFTS STORE ASSOCIATE TASKS AND TECHNOLOGY USAGE

In response to the new safety requirements and restrictions sparked by COVID-19, retailers have adapted their existing solutions and explored newer technologies, such as voice- and gesture-based tools. Responses to a new question this year, about the implementation of **contactless technologies**, reveal the variety of solution types retailers are deploying. Payment/POS leads the list at **71%**, followed by curbside pickup at **63%**.

There also are indications that the pandemic has encouraged retailers to deploy technologies that would have been considered cutting-edge as recently as last year. These include customer-facing voice-activated technology (**21%**), gesture-based digital signage/kiosks (**16%**) and fitting room technology (**12%**). While these deployment percentages are relatively low, they indicate that at least some retailers are seeking out technological solutions for what could become the “new normal” for in-store shopping.

Store associates have been on the front lines of retailers’ COVID-19 response plans, and the shifts in their tasks — and the technologies they use to accomplish them — can be seen by comparing responses year over year.

Use of mobile devices for accessing product information rose to **72%** this year, up from **59%** in 2019. Online ordering of out-of-stock products — a particular challenge given the pressure put on retail supply chains by COVID-19 — also jumped, from **38%** to **64%** in 2020. Mobile payment usage also increased, from **39%** in 2019 to **57%** this year.

In addition to specific usages related to contactless operations, COVID-19 appears to have boosted mobile usage overall. For functions including **task management, shift scheduling, education/training, clienteling/assisted selling** and **auditing visual merchandise displays**, response rates climbed a minimum of **10 percentage points** this year compared to 2019 (auditing visual merchandising/displays) to a **25-point jump** (task management).

Which contactless technologies have you implemented in stores? *(Check all that apply)*

Payment/POS: **71%**



Curbside pickup: **63%**



BOPIS: **25%**



Customer-facing voice-activated technology: **21%**



Returns: **20%**



Gesture-based digital signage/kiosks: **16%**



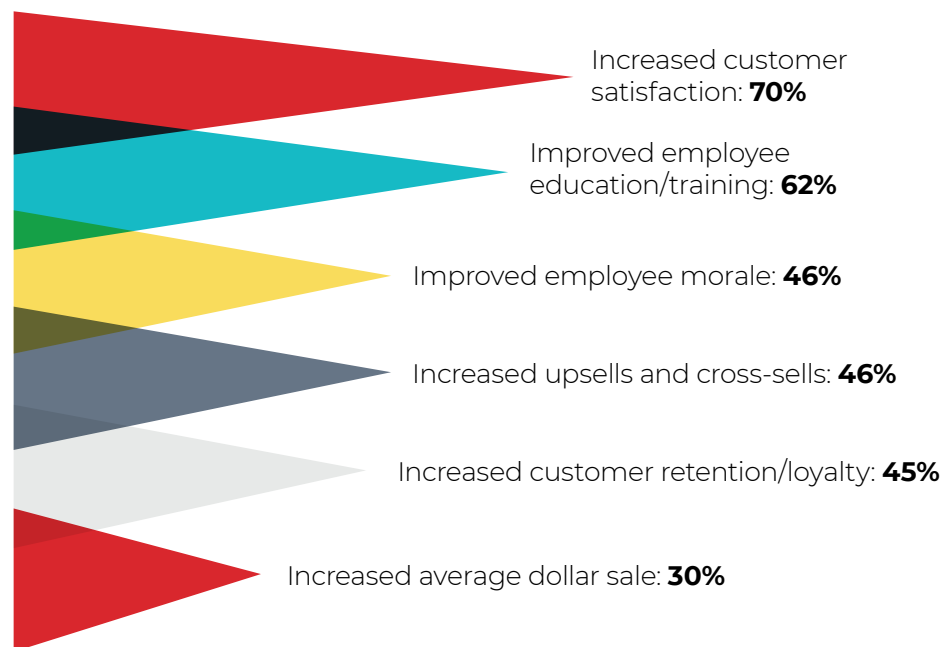
Fitting room technology: **12%**



The jump in the use of mobile for clienteling/assisted selling, from **30%** in 2019 to **41%** in 2020, could be attributed to the challenges of serving shoppers who are wary about touching products or store fixtures. It's likely COVID-19 will give a push to this use case on a long-term basis, expanding it from high-end specialty and luxury retailing to more accessible price points.

COVID-19 also has enhanced the perceived benefits retailers see from equipping associates with mobile tools. For each response to this question, 2020 saw a higher percentage of retailers identifying specific improvements stemming from mobile usage in-store. "Soft" benefits such as increased customer satisfaction (**70%** in 2020, **64%** in 2019) and improved employee morale (**46%** in 2020, **42%** in 2019) went up, as did others directly affecting retailers' bottom lines: Increased customer retention/loyalty climbed from **23%** to **45%**, while increased upsells and cross-sells rose from **34%** to **46%** this year.

How have you benefited from arming store employees with mobile technology? *(Check all that apply)*

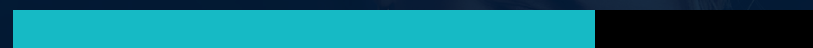


What functions are store employees performing using mobile devices? *(Check all that apply)*

Accessing inventory levels/product availability: **72%**



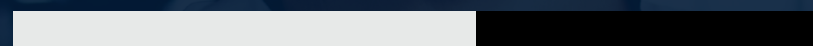
Accessing product information: **72%**



Online ordering of out-of-stock products: **64%**



Mobile payment: **57%**



Task management: **52%**



Shift scheduling/swapping: **46%**



Education/training: **45%**



Clienteling/assisted selling: **41%**



Auditing visual merchandising/displays: **26%**





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How Stores are Leveraging Technology to Prepare for the Post-Pandemic Future of Retail

Brick-and-mortar retail is in a state of evolution. Even before the COVID-19 pandemic, consumers and retailers alike questioned the role of physical stores in a world increasingly moving online. This year, the industry has experienced unprecedented acceleration, with retailers of all sizes pressured to implement new technologies both in-store and online, all while redesigning the shopping experience to be as contact-free as possible.

The ninth annual *Retail TouchPoints* Store Operations Benchmark Report, released this month, details the challenges and changes stores have experienced, as well as the strategies employed to evolve operations for the future.

CREATING A CONTACTLESS OMNICHANNEL EXPERIENCE

Unsurprisingly, the survey found that retail executives are focused on strategies to create a safer and more efficient post-pandemic shopping experience. Implementing touchless and enhanced mobile services is paramount. According to the Report, **71%** of retailers surveyed have rolled out contactless payment or point-of-sale technology in stores this year.

Investment in omnichannel fulfillment services has helped bridge the online and in-store customer journeys, creating an overall safer and more convenient shopping experience. Customers expect to get in and out of the store as quickly as possible, minimizing time spent browsing the aisles on their way to pick up an order. In-store technology helps bridge the gap between online and in-store sales, providing store associates with access to enhanced inventory visibility, product information and clienteling software.





In the past, buy online, pick up in-store (BOPIS) was a tool for retailers to get online shoppers into stores, and it was the technology most retailers were implementing, according to last year's Report. Post-pandemic, however, the emphasis is on buy online, pick up at curbside (BOPAC), with **63%** of retailers implementing it this year, compared to only **25%** for BOPIS.

EMPOWERING EMPLOYEES TO BETTER PROTECT CUSTOMERS

Even pre-pandemic, retailers have made the investment in equipping store employees with mobile technology such as dedicated apps, mobile POS, RFID for inventory accuracy and hands-free communication devices. **Seven out of 10** retail executives surveyed state that this mobile technology has increased customer satisfaction.

When it comes to workforce management, the top challenge (according to **56%** of retailers surveyed) for managing the store-level workforce revolves around enforcing safety and hygiene mandates. Mobile technology is an increasingly important tool for employee education, with **62%** of retailers believing it has improved the training process.

Though the past year has challenged retailers unlike ever before, it's clear that developments in retail technology have helped many to adapt their in-store and omnichannel experiences for a promising post-pandemic future.

STORE-BASED FULFILLMENT CLAIMS MORE OF ASSOCIATES' WORKDAY

As might be expected in a year when curbside pickup and the many variations of BOPIS became must-have survival strategies for many retailers, **more than three-quarters** of store associates now spend more of their day supporting store-based fulfillment: **41%** of respondents said COVID-19 has **significantly** increased the amount of time employees spend fulfilling online orders, and **35%** said it has increased **somewhat**. Only **8%** reported a decrease.

The pandemic has solidified what was already a strong movement toward store-based fulfillment options, as indicated by the high percentages of respondents that now offer ship to home for online purchases (**75%**), BOPIS (**74%**) and buy online, return to store (**68%**). Usage of unattended product pickup solutions such as lockers also more than doubled compared to 2019, when just **7%** of respondents offered this service. This year, **16%** have deployed this technology, and another **10%** plan to add it.

Which product ordering and delivery services do you offer in-store?

Use Now



Plan to add



Buy via mobile or web site, ship to home



Buy online, pick up in-store



Buy online, return to store



Buy in-store, return to another store



Unattended product pickup (i.e. lockers)



SAFETY AND HYGIENE TOP WORKFORCE MANAGEMENT PRIORITY LIST

In yet another sign of the industrywide impact of COVID-19, enforcing safety and hygiene mandates (a new response option for 2020) topped the list of challenges/priorities for managing the store-level workforce (**56%**). Other responses to this question remained similar to previous years, with the challenges of scheduling and matching staffing to demand both garnering **51%** of responses.

This year, a lower percentage of retailers (**45%**) expressed concern about decreasing turnover than in 2019, when **50%** did so. The unhappy fact may be that with the volume of layoffs, furloughs and store closings caused by COVID-19 lockdowns, retailers likely have a large number of former employees and new applicants to choose from as they begin restaffing their brick-and-mortar stores.

One thing COVID-19 has not had a significant impact on is employee training methods. Despite the need for social distancing, in-person sessions remained a top choice in this area, although the response percentage declined from **82%** in 2019 to **69%** in 2020. It's likely that with the rising need for store-level training related to touchless technologies and hygiene mandates, in-person sessions that allow for live demonstrations, enhanced cleaning techniques and other protocols are required.

As in other areas, mobile technology usage continued to climb in the training area, rising from **29%** in 2019 to **43%** this year. VR- or AR-assisted training also got a bump, from **8%** to **11%**, as retailers explored training methods that can be done remotely and still prove effective.

What are your top challenges/priorities for managing the store-level workforce?

Enforcing safety and hygiene mandates: **56%**



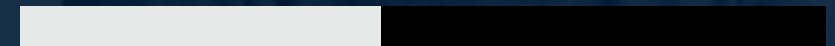
Scheduling: **51%**



Matching staffing to demand: **51%**



Decreasing turnover: **45%**



Forecasting labor costs: **33%**



Automating paper-based/manual processes: **24%**



Providing visibility across stores and regions: **18%**



What types of training/engagement programs do you provide to employees?

(Check all that apply)



THE ONGOING 'DIGITALIZATION' OF THE PHYSICAL STORE

While COVID-19 has spotlighted the unique and irreplaceable elements of an in-store shopping experience, it also has accelerated the integration between the physical experience and digital technologies. For example, use of mobile devices, both by consumers and store associates, provides real-time access to deep product knowledge, recommendations and reviews.

Additionally, among retailers that have achieved granular, real-time inventory visibility, both online and in-store devices can provide up-to-date information about the number and location of specific products within the retailer ecosystem. This type of data is essential to many popular retailing functions, including all the varieties of click-and-collect as well as curbside pickup and same-day delivery.

Unfortunately, measurement tools often lag technology and process changes. Retailers still use tried-and-true metrics to measure store performance, led by increases in tracking year-over-year store revenue (**78%**) and same-store sales (**67%**).

However, there are signs of change. As omnichannel retailers seek to import the best of online commerce into brick-and-mortar stores, they are bringing along some digital metrics. The most dramatic change is in the use of the online-to-store conversion rate metric. This garnered just **7%** of responses in 2019, but rose nearly **5X** this year, to **34%**. Additionally, there was a significant bump in the use of in-store conversion rates (a term used more frequently in ecommerce), which increased from **18%** in 2019 to **49%** in 2020.

What are your most effective ways to measure store performance?

Increase in year-over-year store revenue: **78%**



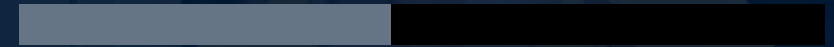
Same-store sales: **67%**



Foot traffic: **59%**



Customer satisfaction surveys: **56%**



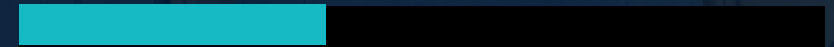
In-store conversion rates: **49%**



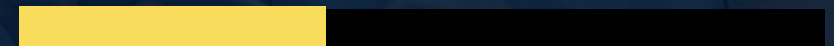
Reviews/comments on social channels: **40%**



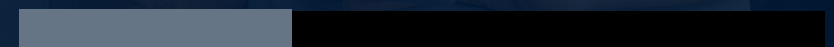
Employee satisfaction surveys: **38%**



Amount of breakage and/or loss: **38%**



Online-to-store conversion rates: **34%**



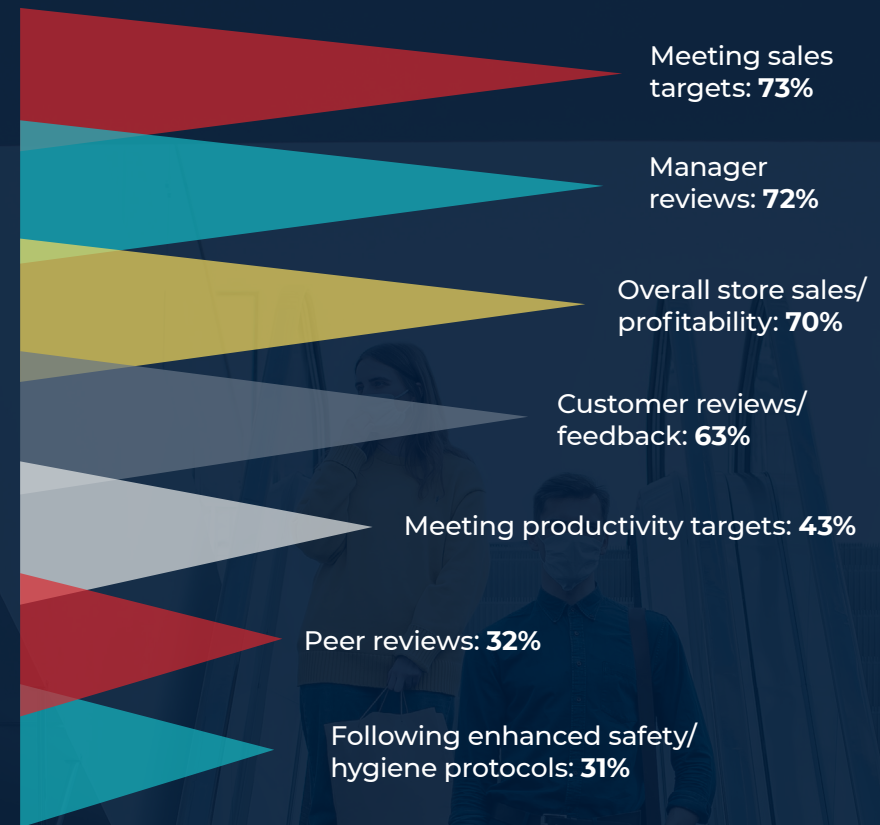
Reviews/comments on web site or via email: **28%**



The use of customer satisfaction surveys as a store performance measurement tool also saw a dramatic leap, from **15%** in 2019 to **56%** in 2020. During a year when same-store sales, usually a reliable barometer, have experienced either booms (for some essential retailers) or busts (for non-essential ones), retailers are turning to other ways to compare store results. Additionally, at a time when customers' brand loyalty is waning, either because shoppers' regular stores are closed or because online options are more appealing, retailers understandably want to keep an eagle eye on shopper satisfaction levels.

For measuring store employees' effectiveness, **nearly two-thirds (63%)** of retailers are using customer reviews/feedback as a criteria — the same percentage as in 2019. In contrast, the use of associates' ability to meet sales targets has increased dramatically, from **50%** in 2019 to **73%** in 2020. It's likely retailers are determined to make every day they are open count, and so are placing a greater emphasis on bottom-line criteria for assessing employee performance.

What criteria do you use to measure store employees' effectiveness? *(Check all that apply)*



METHODOLOGY

The *Retail TouchPoints 2020 Store Operations Survey* is based on responses from **104** retail executives, with **98** operating traditional brick-and-mortar stores and **three each** operating pop-ups and stores within stores. The online survey was conducted during August and September 2020.

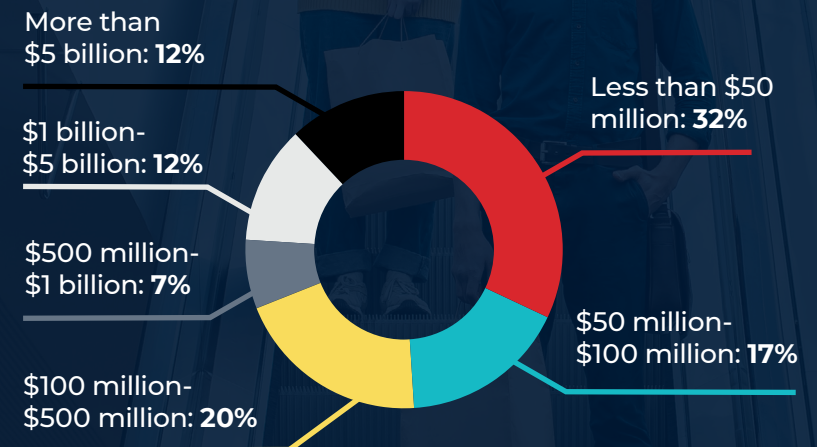
Nearly two-thirds (**64%**) of respondents were designated as essential retailers in at least some of the markets they operated in. Among these essential retailers, **60%** kept all their stores open during the pandemic; **30%** closed some stores; and the remaining **10%** closed all their stores.

Following are breakdowns of the retail verticals and annual revenues of the total respondent pool.

Retail Vertical



Annual Revenue





In today's age of endless choices, customers want what they want – and they want it now. With Zebra solutions for Retail, you can exceed customer expectations, maximize omnichannel capabilities, and boost efficiency, productivity and profitability. Partner with the market leader in strategic, innovative, retail-specific solutions and gain the kind of visibility that enables your retail operation to win now and in the future.

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