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REPORTS

In partnership with

 **Manhattan**
Associates.

Technology and the role of the store associate

An evolving retailer-customer relationship

EXECUTIVE SUMMARY

STORE ASSISTANTS IN THE DIGITAL AGE



Walk into your average high street store and the chances are that, at first glance, things don't look hugely different from a decade ago. There's a till in the corner of the shop, the signage is clean and attractive, and staff are on hand to help with your purchase. But look a little closer and the differences begin to emerge. It's not just the technology around the staff that has changed, their roles have also evolved. For instance, they are often fulfilling online orders from their stock – a task

traditionally completed at warehouse. Technology is transforming the in-store experience and with it the role of the store associate. No longer do staff members have a purely transactional or advisory role. They are personal shoppers, stock locators, enterprise sales people – there to assist the customer at each and every stage of their purchase journey.

Craig Sears-Black, managing director at Manhattan Associates, notes: "The role has evolved and the expectation of the value store associates bring has changed.

“Yes, associates can serve more people more quickly, and yes they can probably answer a wider range of queries, but in terms of the importance of their role as facilitators of sales it’s arguably no more or less important than it was in the pre-digital age. Shoppers respond to staff on a human level. Technology can enhance the experience, but it can’t replicate a smile or a friendly exchange of words.”

For retailers looking to develop their in-store capabilities, the question is to what extent technology can supplement the human qualities of store associates to help them have more meaningful engagement – but how much is too much?

It’s also a case of backing the right tech at the right time. As the chief information officer of a grocery retailer says: “You’ll maybe make 10 bets and you’ll probably get two of them right.”

This report, produced in partnership with Manhattan Associates and based on extensive interviews with a cross-section of retailers, seeks to demonstrate how the retailer-customer relationship is evolving and to analyse the role of technology within that.

It looks at the latest technologies, explains their applications and assesses the investment case behind them. It also explores the need to have effective back-end systems in place that help realise the front-end capabilities. And running through the report is a focus on the role of the store associate in this transition and their ability to harness technology to provide an exceptional level of customer service.

“Shoppers respond to staff on a human level. Technology can enhance the experience, but it can’t replicate a smile or a friendly exchange of words”

Craig Sears-Black, Manhattan Associates

CHAPTER ONE THE RETAILER-CUSTOMER RELATIONSHIP

- There is no strict definition of the role of the store associate. Their role will vary from retailer to retailer.
- Store associates must buy into the idea of a ‘channel-neutral’ environment. This has to be driven by the head office down and break down silos around online and in-store sales targets.
- Training of employees in digital skills is vital to the successful application of new technologies.

CHAPTER TWO TECHNOLOGY AND THE CUSTOMER EXPERIENCE

- There is a huge amount of choice in new technologies; the skill is in deciding what will give the most back to both the retailer and the customer.
- Technology is increasingly being employed for transactional purposes as well as for operational purposes.
- No longer can retailers paper over the cracks.

CHAPTER THREE LINKING THE FRONT AND BACK ENDS

- Back-end systems must measure up to the front-end systems they support.
- Retailers face a battle to recruit talented people with digital skills.
- The flexibility and scalability of technology solutions need to evolve in line with changing shopping habits.

RETAIL WEEK CONNECT: CONNECTING RETAIL WITH CREATIVE INTELLIGENCE

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CHAPTER ONE

THE RETAILER-CUSTOMER RELATIONSHIP

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Technology has opened up a world of possibilities for retailers looking for new ways to engage with their customers. Yet the fundamentals of good customer service have not been rendered obsolete by the birth of iPads, wi-fi and virtual mirrors.

At the heart of a great in-store experience is giving the customer what they want, when they want it, in a way that is appropriate to the individual shopper.

For some retailers, the nature of their offer means that store associates will inevitably play a more central role in the path to purchase. "For us, our colleagues in the shop are an essential part of the experience," says the chief information officer of a specialist retailer. "People come to us not just to buy our products but for advice and guidance."

For others, the key is to recognise when a more hands-off approach is required. "Customers want choice – some people want to go into a store and not talk to anybody, some people value that personal interaction. So I don't think you can say one way or the other – you need to give customers a choice," says the digital lead at a grocery retailer.

MEETING EXPECTATIONS

The digital director of a large fashion retailer cites the old Burger King tagline 'Have it your way' as a relevant mantra in the current retail environment. "That's really what we're talking about; customers walk in and expect the personal experience that they want to have, and to be served in the way they want to be served – and if you fail to meet those expectations, there's so much competition that they'll just go somewhere else."

One thing technology has undoubtedly done is to remove the boundaries between the physical and digital worlds. Stores and the store staff ultimately need to be seen as the glue between the online and offline worlds.

"I think initially it was almost like a competition between the store sales and the online sales – they

were seen as competing – but there's been a real transformation in that perception. Store staff now are true champions of online sales," says the customer insights director of a department store chain.

Alex Hamilton, head of research at *Retail Week*, adds: "Retail is simply about selling goods. Technology that enables store associates to do this better should be welcomed."

Technology has also had the effect of democratising information with the result that customers are now able to acquire detailed knowledge of a product before they set foot in a store. In many cases this has resulted in the customer demanding less of a traditional sales experience and more of a creative service experience.

"Especially with a big product, [customers] will usually have done quite a lot of research online – they come in well informed, so now they want a really engaging experience rather than lots of knowledge. If that breaks down then the colleague is absolutely essential to that recovery," says the head of retail HR at a general merchandise retailer.

The same retailer notes that in its digital-format stores the role of the customer associate has evolved from fulfilling a transactional function to "helping [customers] navigate the digital experience".

Sears-Black says: "In order to succeed in the world of modern retailing, retailers must invest in technologies to empower the store associate. With 54% of UK shoppers saying store associates are either 'very' or 'somewhat important' to a good shopping experience, it is clear consumers value the human interaction of a smiley store assistant."

NEW SKILLS NEEDED

This has necessitated a change in the skills required of prospective employees. "As part of our recruitment process you really have to be able to demonstrate that you, as a minimum, can shop online, navigate a website, can data-mine information from

Which of the following do you consider to be the most important aspect of the service provided by a store assistant?

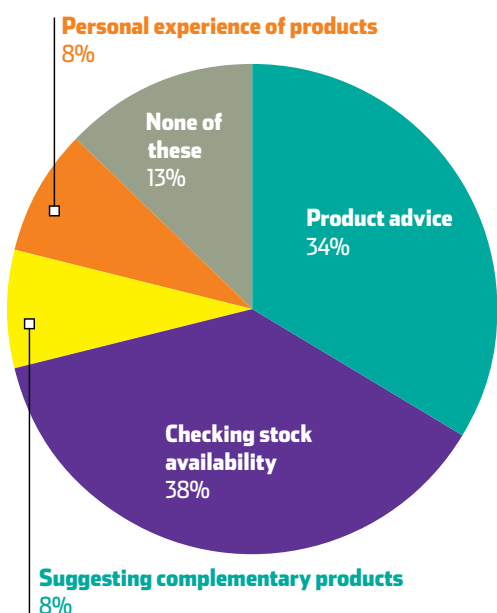


Chart 1

During a shopping trip, how important would you say the store assistant typically is when ensuring you have a good shopping experience?

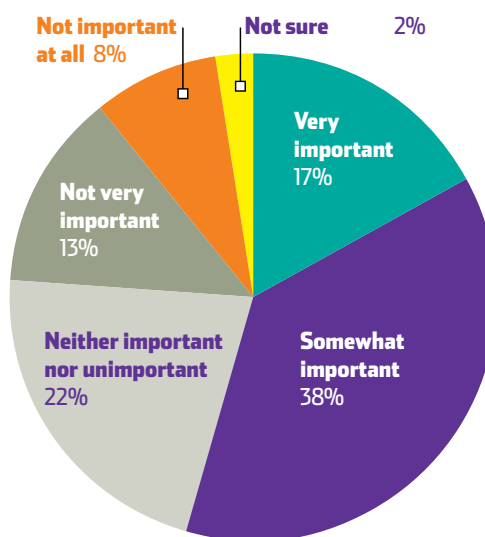


Chart 2

the web,” says the same head of retail HR. “Five or six years ago we didn’t even ask anybody if they had any digital skills at all, and now it’s a prerequisite.”

With the digitalisation of the in-store environment has come the creation of new roles. “We’ve actually got an ecommerce manager in every one of our stores; that’s a role that we put in 12 to 18 months ago,” says the chief information officer of a grocery retailer.

“Roles are very much changing and the balance in the focus of that role is changing over time as the way customers want to engage with us changes and technology changes.”

As technology is increasingly employed in store, the onus is not just on employees to prove their grasp of digital skills, but also on retailers to help them develop those skills.

Speaking to *Retail Week* in September about Walgreens Boots Alliance’s roll-out of in-store technology, global chief information officer Anthony Roberts stressed that colleague engagement is absolutely crucial to its successful application. “The most important thing to focus on when we’re encouraging colleagues to work with any new technology is building their confidence to use it,” he said. “We work to demystify the technology and focus on the benefits it can bring to both them and the customers.”

Roberts explained that Walgreens Boots Alliance’s aim is not only to make associates understand how the technology works, but also to focus on the behaviours they should display while using it. “At the end of the day, it is about the customers. They need to be wowed through technology, not with the technology.”

What is clear for the ecommerce director of a footwear retailer is that time and time again, the evidence

shows interaction with a human being – whether it’s face-to-face in store, or on a live webchat – delivers better conversion rates than when someone has no contact with a member of staff.

Technology can be part of that human experience, but it is not the entire experience itself.

“By leveraging the technologies available, retailers can provide store associates with information that spans the entire store network in order to provide the best possible experience,” says Sears-Black.

MANHATTAN ACTION POINTS

- Empower the store associate with online wish lists and inventory availability on a mobile device that can also complete the purchase to personalise the in-store experience.
- Make transactions frictionless by giving a single view of the customer orders to the store associate with the ability to complete and modify online transactions.
- Use network-wide inventory sourcing to lower the cost of sale and present a wider range of products to the customer.

CHAPTER TWO

TECHNOLOGY AND THE CUSTOMER EXPERIENCE

- **There is a huge amount of choice in new technologies; the skill is in deciding what will give the most back to both the retailer and the customer**
- **Technology is increasingly being employed for transactional purposes as well as for operational purposes**
- **No longer can retailers paper over the cracks**

The pace of change in modern retail is frightening and the number of technologies available to retailers is similarly mind-boggling. Contactless pay, iBeacons, kiosks, tablets, digital receipts, clienteling, store inventory and fulfilment solutions, PoS – the choice appears endless. The challenge for retailers is to sift through the various technologies and decide which will add the greatest value to the customer experience.

“There’s a lot of choice out there and probably one of the hardest parts is actually what to say ‘no’ to rather than what to say ‘yes’ to,” says the head of e-commerce for a men’s fashion retailer. “There are some technologies and things that are probably over-hyped, and then there are some that are patently obvious that they’re going to be ground-breaking and you need to jump on the bandwagon pretty quickly. Mobile is a great example of that.”

The retailers interviewed were in agreement that there is a checklist of things to do before deciding whether a technology is right for a business. Research – both market and consumer – and benchmarking are key, as is attending trade events and conferences in order to get as broad a picture as possible of the range of technologies on the market and their applications.

The technology should also meet a specific need. “We are very clear here that we don’t spend hours looking for solutions that are looking for a problem, we make sure we are very targeted,” comments the chief information officer of a specialist retailer.

IPADS AND TABLETS

One of the toughest tasks for those making investment decisions is determining whether a new technology is here to stay or will quickly be superseded by something better. “If I go back 10 to 15 years, a product might take maybe five years to go from something that had just been announced to being mainstream,” says the chief information officer of a grocery retailer. “Today that could be down to six months, and so that pace of going from new to mature to, potentially, becoming

a bit obsolete is just getting much, much shorter.” So what are the technologies that are proving most attractive to retailers? In terms of penetration, the roll-out of iPads or tablets appears high on retailers’ to-do lists. To date, tablets have mainly been used by store associates for operational purposes – checking stock, for example, or capturing data at the till.

“Stock clarity is a key part of the customer experience proposition. In conversations with retailers, it’s often cited as the main benefit derived from technological innovations,” adds Hamilton.

However, more and more retailers are in the process of rolling out transactional iPads. Superdry has introduced transactional iPads as it seeks to link up the online and in-store experiences. Staff use the iPads to help customers buy items that are out of stock or from the retailer’s extended online range, which can be delivered to customers’ homes or any of its nationwide stores.

The e-commerce manager at a fashion retailer explains the benefits of iPads to her business. “If a customer sees something online and they’re having difficulty describing it, the store staff have got access to that information and they can work through that to make that process easier.”

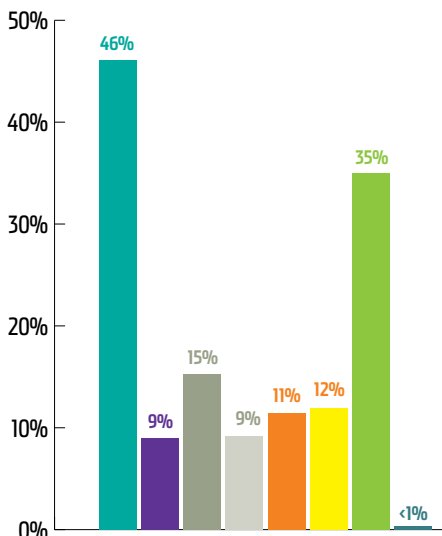
Another fashion retailer notes that giving customers access to every product in its range in store via a tablet “is a great service and a big plus to us”.

iPads and tablets, however, are not for everyone. “There’s been a lot of talk and a lot of noise over the past few years about iPads on shopfloors,” says the head of store operations at a footwear retailer. “We’ve always resisted iPads on shopfloors because we didn’t see what that would do and how that would aid the customer journey, we didn’t feel it was right for us.”

KIOSKS AND APPLE PAY

Self-service kiosks are a popular alternative to, or complement for, iPads, giving customers the opportunity to search a retailer’s complete range while not having to engage directly with a store associate should they so wish.

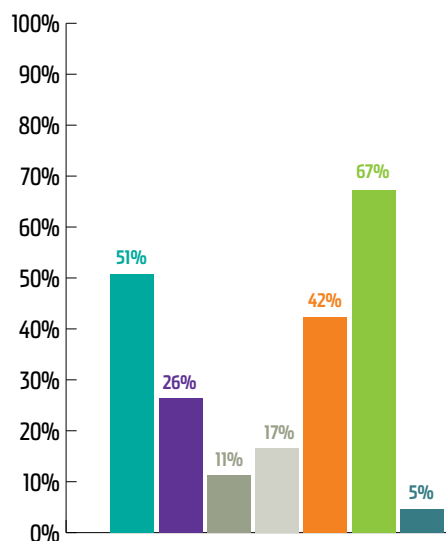
What do you think would ever encourage you to provide data about yourself to a store assistant?



- To receive a discount
- To be assisted by a personal shopper
- To complete a purchase
- To learn more about a product or service
- To receive updates on products or services
- Convenience – not having to provide data again in future
- Nothing / N/A
- Other

Chart 3

When shopping online or in store, which of the following are most important to you?



- Fast delivery
- A consistent experience across stores, online, mobile, call centre
- Personalised service – interaction tailored to you based on your personal preference
- Human interaction
- Flexible returns policy
- Price
- None of the above / N/A

Chart 4

The data shows that price still holds a lot of sway over consumers, both in store and online

In-store kiosks or terminals can also complement the more traditional service offered by store associates. “One of the really big things for our store staff is that if they run out of stock in a certain size or colour in store, it’s better to keep [the customer] with us and take them over to an order-in-store terminal so that they’re then continuing their purchase,” says the customer insights director of a department store chain that has terminals in each of its shops.

“We obviously get that sale over one of our competitors and they will also be likely to come in the next day to collect the order, which will give us another [selling] opportunity.”

“Using technology to upsell is a vital sales opportunity in an industry where margins are becoming increasingly tight. Retailers need to think cleverly about how technology can enable these moments,” comments Hamilton.

For fashion retailers operating online, technology is being applied to the challenging issue of sizing. “Being an online retailer, we want the customer to get the right fit first time and so we look at ways of allowing the customer to know that the size is right before they order it,” says the principal software engineer at a pure-play

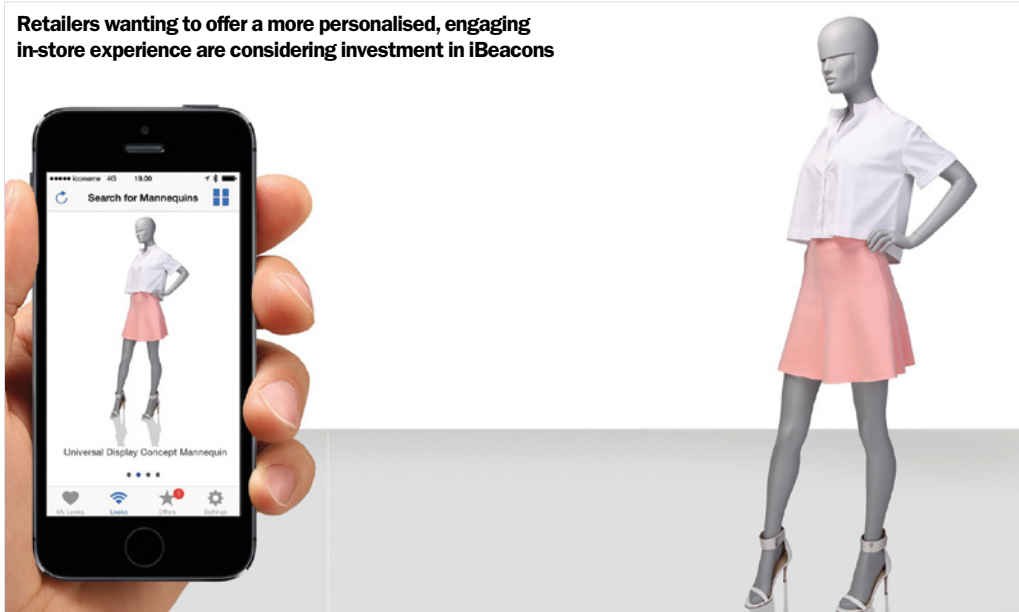
fashion retailer. “We would do things like comparative sizing – you’ve bought this before, therefore compared to that particular garment this one will fit in such and such a way – and at the moment we are piloting virtual sizing.”

Technology is being applied to add greater speed to the footwear buying process in store by removing the need to visit the stockroom to check for sizes. “We’re equipping all of our staff with iPod touches that they wear on a lanyard around their neck; they can scan the barcode on the bottom of the shoe and immediately see whether or not we’ve got it in stock,” says the head of store operations at a footwear retailer.

Social media is also changing the relationship between store associates and their customers. Retailers are taking note of trends such as that for ‘chelfies’ – which are selfies taken in changing rooms and then posted on social media channels for feedback – and using them to increase their own exposure.

Chanel, for example, has installed iPads in all of the changing rooms in its Regent Street store so that shoppers can take chelfies more easily. River Island, meanwhile, offers chelfie-taking ‘magic mirrors’ for

Retailers wanting to offer a more personalised, engaging in-store experience are considering investment in iBeacons



its London customers. Technology is also transforming the customer service experience online. “In terms of the website, we have been very active in things like live help,” says the ecommerce director of a footwear retailer. “Our webchat service includes video and we’re having video interactions with customers in very big numbers on our website.”

MEASURING ROI

Innovative technologies such as magic mirrors and web chat services do not come cheap. Every investment needs a return in order to justify the outlay. Where customer service technologies are concerned, measuring the return on investment can present a number of challenges.

“It’s impossible to tell whether the tablets have increased or decreased store behaviour [but] they certainly have changed the behaviour of our colleagues, which is good,” says the chief information officer of a specialist retailer that has equipped staff with tablets.

In the opinion of the digital director of a fashion retailer, “about 80% of the stuff available is bells and whistles, they don’t really have a great utility, they don’t drive revenue for us or drive particular improvements for the customers”.

It’s for this reason that the majority of retailers choose to pilot in-store technologies before committing to a full roll-out. “Generally we will run things as a trial on a small sub-section before we roll it out to our full estate, just to make sure that we can validate that the business case is sound,” says the customer insights director of a department store chain.

Often an increase in conversion rates or incremental sales growth in stores employing new technologies will be sufficient evidence to proceed with an investment, even if the positive output cannot be directly attributed to the technology itself.

In some cases, however, regardless of the investment case, a given technology just doesn’t make sense for a retailer at a certain point in time. iBeacons, for example, “just aren’t a priority” for the chief executive

of one specialist retailer that is juggling a lot of other customer data projects.

Conversely, for retailers looking at developing a more personalised in-store offer such as targeted promotions, iBeacons are high on the list of investment priorities. “We’re looking at things like beacon technology,” comments the head of ecommerce at a fashion retailer. “I personally think that people’s mobiles are a really great engagement tool; it’s a personal device, you always have it on you and it is a way that we can engage with our customers.”

Often it’s not a case of a technology being written off as ‘good’ or ‘bad’, but simply that consumers aren’t quite ready to take the leap.

“There’s certainly been things in the past like digital shelf-edge labels that have never taken off but that we’re probably looking at again now,” says the digital lead at a grocer.

Sometimes, however, a given technology simply doesn’t add value for a particular business, and it’s then that the retailer needs to move swiftly to cut its losses. “Magic mirrors didn’t work,” says the digital director of a fashion retailer. “People weren’t interested in it.”

MANHATTAN ACTION POINTS

- Bring together systems and tools for everyone in the business to better serve customers.
- Empower the store associate to ship any item through any possible fulfilment option.
- Provide information in store that is easy to use and educate associates on how to enable selling through using this information.

CHAPTER THREE

LINKING THE FRONT AND BACK ENDS

- **Back-end systems must measure up to the front-end systems they support**
- **Retailers face a battle to recruit talented people with digital skills**
- **The flexibility and scalability of technology solutions need to evolve in line with changing shopping habits**

In a multichannel world, stores don't operate in a vacuum. If technologies are to genuinely enhance the in-store customer experience, the back-end systems must measure up to the front-end technologies they support.

"The key is to create a single, easy-to-control stock pool that can fulfil orders across the business by providing retail, ecommerce and supply chain teams with instant visibility and real-time availability for all stock, regardless of where it's held.

"The result is de-centralised distribution, more profitable fulfilment and margins, cross-channel orders and collections, supply-chain-wide visibility on returns and speedier delivery," explains Sears-Black.

When questioned on whether their priority with regards to investment remains focused on improving back-end systems in order to facilitate front-end capa-

bilities, the retailers surveyed offered a mixture of responses. "We have spent the last few years sorting out our back end so we can now be more agile on our front end," says the chief information officer of a specialist retailer, adding that the investment in the back end has allowed it to undergo its front-end transformation.

Yet not everyone agrees with this ordering of priorities. "I wouldn't say that your focus is on the back end," says the digital lead at a grocery retailer.

"You do need to consider the back end, but ultimately it's about what the front-end experience delivers. If you need to make changes in the back end in order to facilitate a front-end change then so be it, [but] I would say the focus is on the front end, with the back end as facilitator."

GETTING IT RIGHT

Other retailers believe you can't separate the two. "You can have the world's best back-end system, but if your in-store operation can't support click-and-collect then you'll still end up with 20-minute queues for the customer; or you can have the most beautiful-looking website, but if you can't process an order quickly enough it'll still take seven days to get to the customer," says the digital director of a fashion retailer.

One thing on which retailers are in general agreement is that the transition to a multichannel operating model has resulted in significant structural changes within organisations over the past decade.

The most obvious characteristic of the new order is the removal of structures that previously segregated digital and bricks-and-mortar retail. "In 20 years' time, I'd be surprised if you have digital functions," says the multichannel director of a fashion retailer. "What you'll definitely have is a customer function and I expect digital will fall into that."

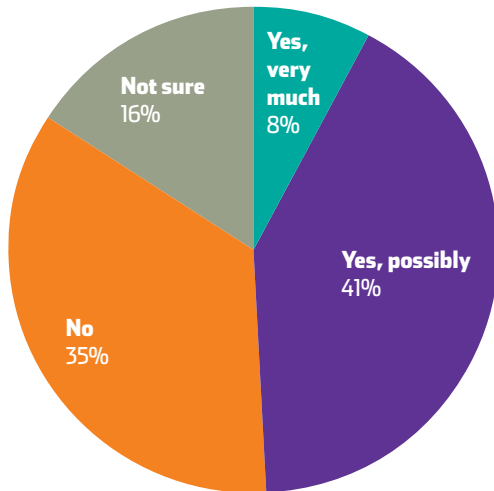
THE TALENT CHALLENGE

The metamorphosis of retailers into software developers has placed them in the market for the top digital talent. Competition in this space is fierce and many



Consumers cite touching and seeing items before they buy as the main reason they shop in store

Do you think you would interact more with the store assistant if they tailored the experience to you?



“Being an online retailer, we want the customer to get the right fit first time, so we look at ways of allowing them to know that the size is right before they order it”

Principal software engineer, fashion retailer

Chart 5

retailers surveyed identified attracting talent as a major challenge. “As a traditional bricks-and-mortar store we’re probably not as sexy as your Googles and your Facebooks, so we’re probably not at the top of people’s minds when they think digital,” says the digital lead at a supermarket retailer.

It’s for this reason that many retailers prefer to upskill their existing employees rather than recruit newcomers. “I am asking people within my department if they would like to reskill because I think that would be a great opportunity for them, and they would stay longer and be more loyal,” comments the chief information officer of a specialist retailer.

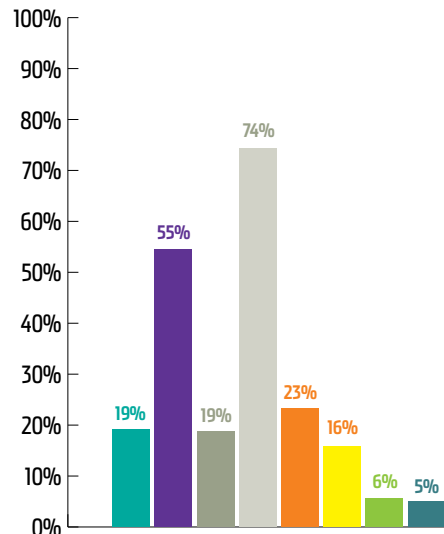
“It’s no secret that retail has a digital skills talent issue. Attracting and keeping talent is increasingly difficult for ecommerce, marketing and digital managers,” notes Hamilton.

SECURITY AND TRUST

A major barrier to consumers embracing new technologies, both in store and online, is concern over the security of their personal information.

One department store retailer lists security as “our number one priority”. The software engineer of a pure-play fashion retailer, meanwhile, says security “is something that we want to invest considerably more in as we continue to grow”. It’s yet another consideration for retailers that wish to use technology to transform

Why would you ever shop in store, rather than online?



- Social experience
- Immediacy of purchase
- Inspiration
- Touch/see the items before I buy
- It’s more personal
- It’s more fun
- Other reasons
- I wouldn’t

Chart 6

the customer experience proposition. Yes, technology has to delight consumers, and yes it has to maximise margins, but it also has to be failsafe in protecting consumers’ information. Trust is everything in retail. Once lost, it is hugely difficult to win back.

The research shows the store associate is important to the shopper if they can provide meaningful engagement. If that is missing, they are less likely to interact and give over personal data, but where they can see the benefit, they will.

MANHATTAN ACTION POINTS

- Ensure that all systems are scalable and flexible to be able to have the agility to add new fulfilment options and new channels seamlessly.
- Optimise fulfilment by using smart algorithms to calculate fulfilment options to reduce delivery times for the customer, protect profit margins and increase the available product range.

CHAPTER FOUR CONCLUSION

The evidence from retailers is that technology is transforming the store experience and reframing the role of the store associate.

But technology alone does not equate to a better shopping experience. Some customers will embrace it, others will be apathetic towards it – the secret is to use it in a way that best serves the individual and augments the service of store associates without undermining the basics of customer service.

Retailers need to think long and hard about which technologies are most appropriate to their business.

Many will simply not fit the retailer's culture; others will not deliver a return on investment; a few will add significant value to the customer experience.

For some retailers, fancy front-end gizmos will play second fiddle to the more mundane, but equally important, business of building robust back-end structures.

By understanding their business, knowing their options and making sound investment decisions, retailers can turbo-charge their store associates to better meet the needs of their customers.

MANHATTAN CONSUMER STUDY

Research carried out by Manhattan Associates shines a revealing light on the importance of the store assistant to the overall shopping experience.

More than half of respondents say that the store assistant is either somewhat or very important when ensuring they have a good shopping experience, with fewer than 10% saying it is not important at all (Chart 2, page 5).

More than 70% of respondents say that they know more than the store assistant either some or all of the time when shopping, reflective perhaps of the detailed knowledge customers are able to now glean via online research. Around 50%, meanwhile, say they would interact more with the shop assistant if the experience was tailored to them as an individual (Chart 5, page 10), suggesting that there are benefits to be gained from retailers incorporating more personalisation technology into stores.

Checking stock availability is identified as the most important aspect of service provided by the store assistant (Chart 1, page 5), the implication being that staff equipped with tablets holding such information have a key role to play on the shopfloor of the future.

The ability to see and try items before they buy is the main motivating factor for people choosing to shop in store rather than online (Chart 6, page 10), while price is the most important factor when shopping either online or in store, ahead of other incentives such as fast delivery and a flexible returns policy (Chart 4, page 7). Price incentives are also the key driver for customers providing data about themselves to store assistants, over and above learning more about a product or service or receiving updates from the retailer (Chart 3, page 7).

Finally, human interaction is the number-one service shoppers would sacrifice in order to get a reasonable discount on a product or service, implying that, in spite of the importance of store assistants to the retail experience, many customers are happy to retain their independence when shopping.

70%
SAY THEY KNOW MORE
THAN THE STORE ASSISTANT
EITHER SOME OR ALL OF
THE TIME

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