



The Connected Retailer

Whitepaper | March 2019



INTRODUCTION

The future of retail: from the employee to the customer

As more and more consumers are heading online to shop, the retail sector is becoming an increasingly competitive space. The rise of online and technological improvements is driving shoppers to demand more from retailers.

They are not alone. Retail workers are also expecting more of their employers. They want the best tools available to help them do their job more efficiently.

With pressure from both sides of the shop floor, the retail industry will increasingly look very different. With this in mind, we polled both consumers and retail workers to paint a picture of how the sector could look in 25 years' time.

We surveyed 1,000 UK consumers to find out what's missing for them in today's shopping experience and what they'd like to see in the future when they walk through the doors. We also asked 500 retail workers what today's shop assistant wants and needs. What could make their job more efficient? What tools do they envisage using now and in more than five years' time?

In this whitepaper, we take a look at the changing retail landscape from the perspective of the high street employee and the consumer:

- the pitfalls of the current retail experience
- what this experience may look like in the future
- how retailers can meet the growing demands from every direction



Retail Barriers

Understaffing and out-dated tech

Our survey reveals that 53% of UK retail workers feel unable to provide high levels of customer service because of understaffing. Too few staff on shift at any one time means they all have to work on the tills rather than interact with customers on the shop floor. This makes it difficult for shoppers to find out extra product information or enquire about stock availability. The result? Longer queues and unhappy customers.

This is coupled with 44% of respondents citing outdated technology and a lack of training as other major frustrations of working in the retail sector. These are likely to prevent them from doing their job efficiently, negatively impacting sales and the customer experience.

Aside from significant industry challenges, with an average of 14 shops closing every day, the threat to job stability is also playing on the minds of retail workers. Our survey revealed that 22% are concerned about job security thanks to an unstable economy, industry pressures and the spectre of 'the rise of the robot'.

Online shopping has long been seen as detrimental to high street stores. Apart from the effect on footfall and bottom line data, the impact on staff is also tangible. 15% say they get frustrated by customers coming into the store for advice and then completing their purchase online. They're doing the work but not getting the reward.



This competition is driving **35% of workers to say that matching in-store and online pricing would improve their job satisfaction.** Meeting or beating a competitor's price would see customers reaching for their purse not heading for the door.

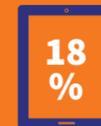
Additional ways to enhance job satisfaction among retail workers include:



stores managing their workforce more efficiently



more accurate forecasting to enable better planning of resources and stock



having access to customers' purchase history when they walk into the store

For retailers, these are vital insights into the employee experience. They show how they can improve job satisfaction by equipping their employees with the right tools. Beneficial not just for them but also their customers.

As it stands, a large number of retail workers, and consequently retailers, are being held back by their existing digital set-up. Investment in new technology, to either replace or update limiting legacy systems is needed to address widespread concerns and frustrations.

Deploying cutting-edge in-store technology, including point of sale (PoS) upgrades, will allow retailers to overcome customer service challenges. It will empower employees, allowing them to easily place orders and check stock from the shop floor.

The use of Artificial Intelligence (AI) in new technology will also facilitate better planning to tackle the issue of understaffing.

Historical data on peaks and troughs in the number of customers in a store on any given day or time can be fed into this technology to predict how many staff members are required on shift.

Accurate scheduling ensures sufficient staff are available and nobody feels overworked. They'll deliver better service and be more productive. This can be taken one step further, by assessing which employees work best together and putting them on the same shift. Or, by learning what time of day team members are more productive and planning their schedule to match this data.

Visibility of the supply chain

Retailers generally have two pools of stock: one for online and one for offline shoppers. Good visibility of the entire supply chain is crucial to ensure customers' 24/7 shopping demands are met.

Inaccurate stock forecasting can leave stores unprepared for spikes in demand for certain products. This could be thanks to unpredictable weather patterns or events such as the 2018 World Cup. Slipping up here can leave retailers out of pocket and employees having to deal with unimpressed customers.



Reflecting this, **93% of retail workers believe having access to more real-time information about warehouse and in-store stock levels would improve job satisfaction.** And as we know, empowered employees means satisfied customers.

This lack of visibility and inadequate stock forecasting is a common theme throughout the study. As with workforce management, retailers can adopt transformative AI technology to gain access to more granular insights, simplifying the calculation of forecast and demand.

Retailers can then tackle the issue of spikes in demand by using historic data to predict which items will be popular at certain times of the year. Whatever the stock challenge, Christmas craziness, summer heatwaves or sudden cold snaps, they'll be prepared.

Deploying technology which provides them with end-to-end visibility of their supply chain means they can keep up with demand and are aware of their stock inventory. This makes it possible to have a real-time view of stock and to replenish efficiently.

Failing to do so may cause retailers to miss out on those immediate sales and could also deter shoppers from visiting their store in the future.

“Retailers must invest in bricks-and-mortar stores”

Retail staff also revealed their dissatisfaction with a lack of investment in bricks-and-mortar stores. Outdated systems were identified as one of the areas needing an injection of cash.

It is possible to view the frustration expressed at poor footfall as directly correlating with this issue. With many stores lacking modern technology and staff members feeling unable to provide good levels of customer service as a result, it is unsurprising they aren't attracting passing trade.

It can also be argued there are two prongs to the investment stores require. There is not only a need for new PoS technology and apps which allow retail workers to view stock levels, but retailers must also invest in the look and feel of their stores to make visiting them an enjoyable experience for consumers.

Stores should focus on being experience-led in order to attract footfall, promoting the idea that once in the store consumers can touch, feel, taste and try on items.

An experience online retailers can only dream of replicating. This will help turn browsers into shoppers, boosting the ROI from new technology.

Consumer frustrations

Poor stock availability is driving consumers online

One in every five pounds spent in the UK goes to online retailers, compared with just one in every ten pounds in 2013. Shopping habits have changed. In fact, almost half of consumers in our survey (46%) say they now do the majority of their shopping online. **But what are the main drivers of this move?**



According to **41% of those we asked, the biggest frustration of shopping in-store is poor stock availability.** The result? Wasted shopping trips and an inclination to avoid visiting the high street in future.



To overcome this obstacle, **28% of consumers think retailers should provide stock information via a mobile app.** A quick check before leaving the house will allow them to plan their trip more efficiently or even postpone it for another day.

Easy and affordable parking is also a deterrent to almost a third of shoppers. The hassle and time involved in finding a convenient space can make a busy day even busier. Retailers must make trips to the high street worthwhile by ensuring adequate stock and a seamless experience to outweigh the factors that are out of their hands.



Looking to the future, **29% of consumers think that being disappointed by stock levels when they visit a store will become a thing of the past.** Instead, they're confident that apps will allow consumers to browse goods available in-store that day so they're ready to be tried on, tested or picked up when they arrive.

And almost a quarter of shoppers think stores will be able to ensure stock levels match the demand created through social media trends. This will become increasingly important in the future as Gen Z acquire more disposable income.

Failing on personalisation promises

The unreliability of stores' stock availability is not only leading to wasted shopping trips but also causes consumers to miss out on deals.



59% of the sample cited seeing a special offer or having a voucher only to find that the product was out of stock when they got there. With online offers more likely to be readily available, high street retailers must do more to deliver on their promises of deals and discounts.

The **inability of high street stores to match online deals is also a major cause of frustration for 24%** of shoppers.

24%



However, looking to the store of the future, **29% of consumers believe high street shops will eventually have the same prices and offers as their online counterparts.** For this to work, it's vital for retailers to arm employees with the technical tools and knowledge they need to be able to match prices in-store.

By 2025, shoppers expect new technology to overhaul the shopping experience with more than half of the sample expecting stores to be completely cash-free.

The majority of them feel that apps providing real-time stock information, product recommendations, in-depth product information for staff and customer buying profiles would enhance their visit.

While it is clear both retail workers and consumers are frustrated about the price disparities between online and offline shopping, it is important to remember that in-store shopping is part of a wider experience.

Although prices may be slightly more than those offered by online counterparts, the high street can offer a more bespoke and experiential service. With increased investment, retailers can strive to create an environment that inspires in-store rather than online spend.

Long delivery times to be a thing of the past

While consumers can be disgruntled by the lack of offers and availability found on the high street, they are also experiencing the downsides of online shopping.



38% of respondents having experienced the disappointment of delayed deliveries. This gives the high street a window of opportunity to win back custom.

According to a third of the sample, shorter delivery timescales and more specified time-slots for click and collect would enhance their shopping experience. One third expect this to be the case in the future.



Despite the growing demand for faster, more convenient delivery, only **41% of consumers are willing to pay for next day delivery.** They expect free or low-cost delivery to be an integral part of the online service, but is that good business for online retailers? Are these internet purchases as good value as they first appear once delivery costs are taken into account?

Additionally, with many online retailers such as ASOS and Amazon offering a set price for a year's delivery, online product prices could begin to rise to compensate for delivery costs.



To add to dissatisfaction over delivery times, **32% of the sample expressed frustration at receiving items that did not appear as they did online.** Poor product quality, inferior fabric, wrong size and wrong fit can all provoke headaches about returns and refunds..

This, combined with delivery timeframes and costs, are clear pain points for online shoppers. High street retailers should, therefore, capitalise on this, showcasing how they can be the availability and convenience pioneers.

Stores should ensure they have sufficient stock in order to encourage consumers to buy products there and then. Instant gratification, zero delivery fees, personal service with a human smile.

Additionally, with new technology providing greater visibility of the supply chain and stock inventory, stores have the capability to become mini-distribution centres. More stock means more fulfilled orders delivered or collected within hours.

“instant gratification, zero delivery fees, personal service”

Conclusion

When comparing the results from retail workers with those of consumers, it is clear to see there are a number of shared frustrations, ranging from poor stock availability to the inability to match online pricing.

Both groups also demand increased investment in in-store technology to provide an entertaining, immersive and productive shopping experience.

Despite nearly half of consumers claiming to do all of their shopping online, it is clear that they are becoming frustrated at some of the accompanying limitations: waiting for delivery, uncertainty about quality and fit. These pitfalls of the online shopping experience are areas high street retailers must capitalise on.

By investing in new technology, retailers will be arming their employees with the right tools to monitor stock levels, forecast peaks in demand and ensure they have adequate staffing levels at all times. Tech that will revolutionise customer service, meet demand and exceed expectations.

The customer experience must come to the forefront of retailers' strategies. They must focus on creating a more personalised, added-value experience to get consumers back into their stores. Once there, browsing, interacting and enjoying their time, shoppers will be more likely to part with their cash.

Technology will be instrumental in creating this bricks and mortar idyll. Retailers must unlock budget and invest to increase their chances of succeeding in today's competitive retail industry.

By 2025, perhaps even sooner, technology will make trips to the high street a faster, smoother, more fruitful and interactive experience.

“customer experience must come to the forefront of retailers' strategies.”

Working with major retailers and brands,
collaboratively we overcome the challenges
of the digital revolution...



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