5 Best Practices to Attract and Retain Excellent Retail Store Associates

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Initiatives: Retail Digital Transformation and Innovation

Retail associates must be equipped and empowered for flexibility to improve productivity gains. This research will help CIOs make advancements in workforce-related digital technologies to help achieve these gains and create a more compelling in-store work environment.

Overview

Key Challenges

- Historically, many retailers have failed to invest in store associates, creating an unproductive cycle of high turnover which has negatively impacted operational execution and profits.

- COVID-19 has placed a renewed spotlight on the critical need for high-quality and digitally enabled store associates, putting mounting pressure on retailers to break their habitual underinvestment in this area.

- The pressing need to accelerate investments into digital technology in a variety of areas creates a challenge to understand and identify where to focus digital workplace investments for maximum impact.

Recommendations

CIOs focused on retail digital transformation and innovation should:

- Use recognition to boost morale and retention among store associates.

- Implement flexible scheduling practices to create transparency and reduce absenteeism.

- Explore emerging technologies that increase associates’ digital dexterity and improve the customer experience.

- Use real-time communication tools to enable collaboration and knowledge sharing among associates to build a support structure across store teams.
Introduction

Retail store associates’ employee experience has been the focus of talk for many years; however, for many retailers, actually taking action and making investments in them has not been a top priority. Historically, most retailers have cut labor budgets in an attempt to save on costs, creating a cycle that leads to poor associate experience, high turnover, poor execution and mediocre customer experiences. This creates a vicious cycle of underinvestment, which leads to more of the same.

The COVID-19 pandemic has revealed how incredibly reliant both retailers and consumers are on the work that store associates do, and how important they are in servicing customers safely and effectively. The abilities to flexibly perform work duties and deliver excellent customer experience (CX) are now, more than ever, critical competitive differentiators.

However, in many instances, associates do not have the technology or information necessary to quickly pivot in order to operate successfully “on the fly.” Not only does this contribute to a poor CX, it also creates a less attractive work environment for high-quality associates who expect to have the tools and information necessary to do their jobs well.

In order to break this cycle, retailers must build and scale a digital workplace to attract, retain and develop a talented and skilled in-store workforce. The organization, by design, must create an environment to support a digitally dextrous and resilient in-store workforce, one that will continuously create a competitive advantage. This approach has been shown to grow sales and to increase profit, which then allows for a larger labor budget, resulting in even more investment into associates. This is a virtuous cycle of investment, which allows retailers to power through disruptive environments, boost commitment and reduce associate turnover.

This research outlines five best practices for investing in associates and scaling the digital workplace to attract and retain high-quality associates for competitive advantage (see Figure 1).
Figure 1. Investing in Associates: Five Best Practices to Attract and Retain Excellent Store Talent

Investing in Associates: Five Best Practices to Attract and Retain Excellent Store Talent

- Say Thank You
  - Rewards
  - Recognition
  - D&I
- Value Their Time
  - Smart/Flexible Scheduling
  - Open Shift Marketplaces
  - Gifting Time
- Digital Dexterity
  - Conversational Commerce
  - Live Commerce
  - Smart Robots
- Support Structure
  - RT Messaging
  - RT Feedback
  - RT Collaboration
- Build Courage
  - Microlearning
  - RT Task Management
  - “Whole-Person” Mindset

Source: Gartner 737978_C

Analysis

Use Recognition to Boost Morale and Retention Among Store Associates

Today’s store associates want their voices to be heard. They also want their contributions to be recognized and their achievements rewarded. This ideally requires a combination of direct monetary investment, recognition and rewards or perks provided via technology. Digital badges, for example, provide the ability to virtually recognize people for their achievements and milestones, completing a certification or brushing up skills. Rewards platforms allow associates exclusive access to perks and benefits they may otherwise not have, such as discounted wellness memberships. These benefits help create new behaviors and culture through incentives and healthy competition which, in turn, increase employee engagement and boost associates’ morale and motivation. Additional use cases include instant recognition, referral and sales incentives, and anniversary recognition.

For example, the beauty retailer Sephora provides its associates with access to Fond, a perk network. Since many Sephora stores are located in metropolitan areas with high living costs, the company wanted to provide a way for associates to have access to a variety of lifestyle services and activities at a discount. Employees can choose from categories like fitness, travel and entertainment. Seventy-four percent of Sephora associates using the program report feeling more appreciated, while 45% say they are more likely to stay with the company. 1

In March 2020, Lowe’s Home Improvement significantly stepped up their monetary investment into their store associates. As the pandemic began to unfold in the U.S., Lowe’s made the decision to fast-track a nationwide rollout of curbside pickup to support customers in the pandemic. They had recently completed an e-commerce replatform and rolled out around 80,000 store associate devices, so from a
technology standpoint they were well-positioned to support demand increase from DIY consumers. However, most importantly, the retailer also made the decision to double down on taking care of people and say “thank you.” Lowe’s knew that taking care of associates and customers during this time was their top priority. The company committed millions to store staff during the pandemic, and extended hourly pay increases, profit-sharing bonuses and telemedicine to frontline associates.

Over the past two quarters, Lowe’s sales performance has been on the rise and their customer satisfaction scores have risen several hundred basis points. Even more critical, however, is that the company’s leadership understood that if bonuses and incentives were cut, it would be even harder to find people willing to go the extra mile. Lowe’s was courageous in a time of uncertainty and invested in associates, rather than falling into the vicious cycle trap.

Saying “thank you” is also about the recognition and awareness of someone’s ability to positively contribute to the team. Right now, many companies are revising and/or ramping up diversity and inclusion initiatives. In addition to being about diversity in gender, age and race, saying “thank you” is also about diversity of thought. To effectively scale your digital workplace, you must incorporate ways for store associates to provide feedback to create a more inclusive work environment. For example, enabling associates to engage in diversity- and bias-related training and provide anonymous feedback to leadership about the progress (or lack thereof) they are making.

Implement Flexible Scheduling Practices to Build Workforce Resilience and Reduce Absenteeism

An organization that respects people’s time encourages its associates to learn and work more quickly. People become more focused and pay more attention to their work when they have some level of control over how, when and where they work. This also includes giving workers the sense of being able to choose how they allocate their time. In the retail digital workplace, valuing associates’ time includes providing the following capabilities:

- **Visibility** — Allow associates to quickly and easily access schedules for upcoming weeks to proactively spot and mitigate any upcoming issues.

- **Preferences** — Enable associates to indicate their preferred shift days and times, or days they are unable to work, and regularly update based on changing needs.

- **Flexibility** — Enable associates to bid on one another’s open shifts or work across retailer locations via open-shift marketplaces where associates can swap shifts among stores and even brands or regional areas.

- **Transparency** — Allow associates to rate the quality of their schedules on a weekly basis. This can incrementally improve the number of high-quality schedules for both associates and the retailer, as it informs scheduling optimization algorithms over time.
Each of these capabilities helps to reduce absenteeism and turnover and improve shift coverage, while also demonstrating that the retailer values the associates’ time.

A few years ago, for example, Walmart was using automated scheduling in such a way that it was not providing consistency for workers, resulting in a poor work-life balance. Then, in 2018, Walmart began to take a different, more human-centric approach to scheduling. Instead of using fully automated schedules with random assignments, they began to allow workers to choose their stable, core hours to work. The core associate-provided hours were then used to inform the scheduling algorithm, which helped to create more stability. Around the same time, they also rolled out a mobile shift-swapping app, allowing associates to pick up extra hours and giving them more control and options for flexible work. Thus, Walmart created a time-valuing approach that simultaneously offered stability and flexibility to associates. The new approach led to an 11% reduction in absenteeism and a 14% reduction in staff turnover.

More human-centric automated scheduling practices can then be combined with initiatives that support certain behaviors and organizational cultures. For example, Best Buy allows associates to “gift” unused PTO time to other employees who may need it for health, family or other reasons. On another tack, Ulta Beauty in the U.S. and Woolworths in Australia both enable open-shift marketplaces, which allow associates to work in multiple locations depending on availability and need. With this approach, associates can pick up shifts at other stores near where they live or go to school.

This provides additional flexibility and cross-training opportunities, while also building resilience for the organization from a labor perspective. Both examples help reduce the number of open shifts, as well as reducing overstaffing and overtime paid across stores. Not only can this equate to hundreds of thousands or even millions of dollars being saved over the course of a year, this type of work flexibility is also particularly appealing to millennial and Gen Z workers, who now make up the majority of the retail workforce.

Explore Emerging Technologies to Increase Associate Digital Dexterity and Improve Customer Experience

Getting serious about digital dexterity is absolutely paramount. It is the core of your digital workplace and will power how you will scale your efforts and enable innovation and transformation. Digital dexterity, depicted in Figure 2, is a combination of behaviors, mindsets and beliefs that ultimately help to accelerate digital transformation. Enabling associates to be flexible is a key component here, as is the ability to shift tasks between people and machines. Without the ability to flexibly scale work between people and technology, retailers run the risk of negatively impacting both associate and customer experiences.
For example, in May 2020, the jewelry retailer Kendra Scott took just nine days to implement curbside pickup for Mother’s Day weekend in the U.S. While this is an impressive timeline, over the actual Mother’s Day weekend, they received 17,000 calls to 30 of their stores. Assuming a store was “open” for curbside pickup for 10 hours that day, that makes 56 calls per hour, almost one per minute, and approximately 567 calls per store. This left associates having to run a newly minted curbside service and act as a call center hub. While this is an extreme example, it highlights the need to be able to scale technology, for example, through conversational commerce or chat. This is particularly the case for brands driven by experience. Leveraging automation in this scenario could have allowed the retailer to shift incoming call volume to chat on an as-needed basis, provide a continuous experience for customers and increase organizational and associate digital dexterity.

In contrast, Chinese department store chain InTime scaled up live commerce capabilities during the lockdown to sell to customers (see Hype Cycle for Retail Technologies, 2020). Initially, the live commerce was conducted by associates from their homes to sell and share product expertise. One of these home-based livestreams had over 220,000 attendees, while another generated more revenue than a store typically makes in an entire week. Since reopening their stores after the lockdown, InTime has integrated live commerce to take place in dedicated areas within stores and now conducts around 200 livestreaming commerce sessions per day from their stores. This is another example of increasing associates’ digital dexterity by enabling them to become an integral part of the unified commerce
experience. In addition, associates were instrumental in the creation of a new revenue stream for the company.

Retailers are also using a combination of Internet of Things technologies in store, including smart shelves, smart robots and RFID, to scale and increase associate digital dexterity through the creation of high-functioning human-machine teams. These hybrid teams can help engage human associates as they help people to focus on more customer-facing, higher-margin activities and focus less on rote types of work such as inventory audit. For example, in early 2019, Giant Eagle began using an autonomous shelf-scanning robot from Simbe Robotics in stores. The robot can check up to 30,000 products per hour, conducting inventory audit, product placement, and price and promotional accuracy checks. It detects up to 10 times more out-of-stock items than humans can, and can free up to 70% of labor used to conduct audits in the shelved area of the grocery store.  

The robots also help to mitigate labor shortages by allowing retailers to shift tasks between human and nonhuman associates, in addition to improvements in associate productivity and safety (see Market Guide for Smart Robots in Retail).

Use Real-Time Communication Tools to Enable Collaboration and Knowledge Sharing Among Associates to Create a Support Structure for Store Teams

A large part of creating a support structure for associates is providing them with the ability to communicate quickly and transparently. In many cases, due to the connectedness of people's lives as a result of mobile messaging and social media, today's in-store workforce expects a connected experience at work. In-store associates need to be able to connect with one another to collaborate and share knowledge in real time. Additionally, leadership needs a platform to facilitate mobile-enabled two-way communication with associates via voice, video messaging or chat.

The COVID-19 pandemic shed light on just how critical real-time communication is for associates, as many retailers had to improvise to communicate with workers and continue to service customers safely and effectively. Real-time, mobile store communication was one of the most inquired about workforce management topics among retailers over summer 2020, but only around a quarter of retailers had something in place beyond a phone tree or email when the pandemic hit.

An interesting example of a support structure was created by Ulta Beauty. Ulta had in-store communications in place when a 7.1 magnitude earthquake struck Anchorage, Alaska, U.S., in 2018. It left thousands without power and communication access.

Once the earthquake hit, it was an hour and a half before some boroughs around the city posted any public information, and it was four days before some area officials held a press conference. Ulta staff turned to their store communication application for support and to lend assistance. Less-impacted associates offered help via digital messaging, extending their homes to any co-workers who had to evacuate or who were left without power or running water.

While this is not a typical use case, it illustrates how associates had support from their employer and each other when they didn't have it from elsewhere. This is an example of how technology can support
the type of environment that drives a winning culture, even in the face of unpredictable events. While crisis situations may raise awareness of the crucial need for associate communications, the reality is they need support, feedback and ability to communicate quickly and easily with each other every day on tasks such as scheduling, customer support, holidays and local events. All of these are regular occurrences that require real-time data, communication and collaboration.

Enable Mobile Microlearning to Quickly Scale Knowledge, Resilience and Build Courage Among Associates

While the pandemic emphasized the courage, stamina and resilience of frontline store associates, retailers must now invest in maintaining consistency through a flexible and agile workplace for a flexible and agile workforce.

This is because customers want consistent experiences that are as familiar as possible while still being safe. This balance requires significant flexibility and strength from in-store associates. However, this must be accomplished in a way that is manageable from an associate perspective — i.e., safely, effectively and without disrupting workflows. Associates must feel they can be successful while being flexible, and this is not always easy, so retailers will have to boost their courage.

To do so, retailers must create an ongoing learning environment that becomes part of the fabric of how associates work. One of the ways retailers can support this from a digital workplace perspective is with microlearning applications. These are very straightforward and short bits of information provided to associates. Delivered to mobile devices, wearables, voice assistants or some combination, they allow associates to build up knowledge over time while being able to quickly and easily understand their daily priorities.

Building resilience and courage also means giving associates the ability to work on the fly and in context for their store, their region and role. Provide them with a multiexperience platform that can enable more effective communication, task execution and learning. For example, task management capabilities with real-time data help prioritize tasks and give associates real-time inventory visibility (see Market Guide for Retail Workforce Management Applications).

From a strategic perspective, building up strength and courage of associates requires investment in the whole person. In other words, investing in their life beyond the store, applying the whole person mindset and approach to attract and retain the best people. For example:

- **Financial wellness** — A large U.S. grocery retailer provides associates with financial training prior to extending perks like flex and advance pay.

- **Supporting healthy lifestyles** — Whole Foods reimburses part of associates’ expenses on fitness classes or equipment each year.

- **College education reimbursement** — Starbucks pays for 100% tuition coverage for a first-time bachelor’s degree through Arizona State University’s online program. 6
Promotion from within — At Mercadona Spain, all store managers are promoted from within, many executives start out in stores and turnover is less than 10%.  

Conclusion
As a CIO, it is your responsibility to understand the broader business goals of the organization and contextualize digital workplace objectives in a way that directly correlates with those goals. Work with the business to translate digital workplace objectives in a way that enables stakeholders to understand the benefits. Quantify what success looks like to help further the case for ongoing investment. For example, through the creation of revenue streams, as illustrated in the InTime example, or the reduction of unfulfilled shifts and turnover with flexible scheduling as in the Walmart example. Figure 3 provides an example to follow and adapt for your organization.

Figure 3. Aligning Digital Workplace and Business Goals

Aligning Digital Workplace and Business Goals

<table>
<thead>
<tr>
<th>Business Goal</th>
<th>DWP Goal</th>
<th>Success Criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve associate satisfaction/voice of employee by x points</td>
<td>Align scheduling of shifts with employee preference (where possible)</td>
<td>Match associate to preferred shifts x percent of time</td>
</tr>
</tbody>
</table>

Source: Gartner
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A great employee experience is a must for a great customer experience. The next era of competitive differentiation requires environments where associates are enabled to be both digitally dexterous and invested in the success of the organization. This means retailers must invest in associates to build and scale both flexible and agile workplaces and workforces.

Evidence

1 Fond Perks, Fond.

2 Lowe's Reports Blowout Quarter With 30% Surge in Revenue, CNBC.

3 Lowe's Same-Store Sales Surge 11.2% as Coronavirus Restrictions Spark Home Improvement Spending, CNBC.

4 Alibaba's InTime Department Store Chain Turns to Live-Streaming, CNBC.
5 Tally Trials Begin in Giant Eagle Stores, as Simbe Aims Inventory Robot at Global Grocers, The Robot Report.

6 Starbucks College Achievement Plan, Starbucks.


Recommended by the Author

Hype Cycle for Retail Technologies, 2020

Market Guide for Smart Robots in Retail

Market Guide for Retail Workforce Management Applications

Take a Human-Centric Approach to Empower the Workforce With AI

14 Ways for Retailers to Use IT to Optimize Business Cost

The New Retail Scenarios: Digital Acceleration and Consumer Behavior Change the Mission