TECHNOLOGY TO BOOST RETAIL PRODUCTIVITY

Connecting data, devices and sales associates powers an improved customer experience.

EXECUTIVE SUMMARY

Technology is driving retail forward rapidly, and retailers that don't keep pace risk losing ground — not only to online competitors, but also to brick-and-mortar stores that are making their own investments in digital transformation. While many retailers have worked to implement customer-facing solutions and enterprise IT, some have overlooked tools that can boost the productivity of store associates. When sales associates are provided with technologies that connect them to inventory systems and other back-end applications, they are better able to serve shoppers and enhance the customer experience. This is especially important for retailers pursuing omnichannel strategies, as productive and helpful store employees are essential to creating a unified experience between channels.

Numerous IT solutions are needed to support innovation in retail, including back-end infrastructure, mobile devices and management tools, data analytics, security solutions, inventory management tools and mobile beacons. When these technologies are connected to one another, they can support a number of valuable use cases for retail and improve employee performance.

The Drive for Retail Innovation

To paraphrase Mark Twain, the rumors surrounding the death of brick-and-mortar retail have been greatly exaggerated.

In its "2018 Retail Market Study," IHL Group called the idea of a retail apocalypse "nonsense," noting that in-store sales increased by as much as 5.4 percent in the previous year — and that retailers expect to see another 4.8 percent bump in sales in 2018. It is true that online sales are growing two to three times as fast as in-store sales, and that mobile e-commerce is the fastest growing channel of all. However, according to the "2017 Retail Vision Study" by Zebra Technologies, more than 90 percent of sales still occur in brick-and-mortar stores, leading the authors of the IHL Group report to declare that in-store sales "still dominate."

Many traditional retailers have moved aggressively to capture a share of the growing desktop and mobile e-commerce markets. This has not only positioned them to compete for online sales but also has had the effect of turning them into omnichannel retailers, with multiple ways to put their brand in front of prospective customers. While this creates a number of benefits, omnichannel retail also presents unique hurdles. Most significantly, customers expect that they will be able to move seamlessly from one channel to another.

Retailers appear to understand this expectation already. According to the study from Zebra, 78 percent of retail companies rate the importance of integrating e-commerce and in-store experiences as "important or business critical." And 76 percent of retailers say they're already connecting customers' online activity with what they do in the store.

Still, these connections are too often superficial, and frequently they don't do enough to provide shoppers with streamlined, unified experiences that make their lives easier or provide them with additional value. Buy online, pick up in store (BOPIS) and buy online, return in store (BORIS) programs are prime examples of game-changing concepts that can be bungled in the execution. Both of these initiatives create opportunities for retailers to get online customers into their physical stores, where shoppers may discover new products, make impulse purchases or develop a stronger connection to the retail brand. However, BOPIS and BORIS transactions are frequently frustrating or confusing for shoppers. At some stores, customers will arrive to pick up items they ordered online, only to wait at the back of the store for an associate to fulfill the order. At others, when customers return products they purchased on the web, they're told by sales associates that the items can't be found in the store's inventory system. If omnichannel solutions fail to simplify shoppers' lives, many customers will quickly give up and go back to their old way of shopping.

The key to optimizing BOPIS, BORIS and other omnichannel initiatives is the one factor (other than the physical store) that online-only retailers can't hope to replicate: the store associate. In retail, labor is sometimes considered to be a cost center, but great employees can give stores a significant edge over their competitors. And arming staffers with the latest technologies can greatly improve their productivity and enhance the overall customer experience.

Productivity Boost

Advanced technologies allow sales staff to spend more time interacting with customers face to face, rather than forcing them to venture to the back of the store (and away from customers) to consult various systems. Putting more information at employees' fingertips not only improves the customer experience, but it can also lead to increased sales, improved loss prevention and other benefits. And when retailers use IT tools to improve staff productivity and operational efficiency, they can bring down operating costs and reinvest savings into innovations that improve the customer experience even further — creating a virtuous circle where strategic investments in staff and technology are met with a positive financial return.

Thanks to innovation that has been fueled by major changes in technology, retail has evolved significantly in recent decades. Many stores are already taking advantage of

The Return on Employee Investment

Often, retailers looking to slash expenses start with staff cuts. But this can be counterproductive over the long term, as investments in employees can actually yield measurable improvements in sales. According to *Harvard Business Review*, cutting positions and reducing the quality of retail jobs (for example, by increasing the percentage of part-timers) can negatively affect customer satisfaction and lead to a drop in sales growth. The publication even cites a study showing that, for every additional dollar of payroll, a store can expect to see a $4 to $28 increase in monthly sales.

According to HBR, investing in employees can create a virtuous cycle. Fielding a satisfied labor force can lead to improved operational execution, and ultimately higher sales and profits — providing the revenue needed to invest again in employees. The publication lists case studies including a grocery chain that pays its employees double the industry average (and sees 40 percent higher sales per labor hour), as well as a discount retailer that promotes 98 percent of managers from within (and sells nearly twice as much per employee as a top competitor).

online opportunities, data analytics and mobile solutions to deliver better value and experiences to their customers. But this evolution has also challenged some retailers, who struggle either to implement or optimize new IT solutions.

When the subject of technology comes up in retail, the discussion often turns to competition from online retailers. But it is important for retail leaders to understand that other brick–and–mortar stores are investing in their own digital transformation initiatives — and that those who are unable to keep pace will fall behind.

Throughout the history of retail, the brands that have emerged stronger from periods of great change are those that have been able to adapt to shifting circumstances and make forward–thinking investments to create the best possible customer experience. Today, this means not only investing in emerging digital transformation technologies, but also doing so strategically, in a way that separates merely flashy solutions from those that have the potential to create real value. And much of that value lies in IT solutions that empower store employees to serve customers better than ever before.

Technology to Power Your Retail Strategy

Leaders at many retail companies know they want to deploy innovative technologies that will improve productivity and efficiency but often don't know where to start. When it comes to IT initiatives, a bit of hesitation can actually be a good thing. Rather than rushing to deploy the latest technologies that are creating a buzz at trade shows, retailers should ensure that their solutions meet their business needs and help their employees be more productive. This is not to say that retailers should drag their feet when it comes to new IT investments — only that they should be strategic about such initiatives, and mindful about

70%

The percentage of retailers who plan to invest in the Internet of Things by 2021[1]

connecting disparate technologies in a way that optimizes benefits.

Technologies designed to boost employee productivity can have a significant impact on a retail store's operations, giving managers quick insight into whether an initiative is working as planned. For example, if the implementation of mobile point–of–sale (mPOS) devices increases sales, that's a concrete, measurable benefit that will show up in a matter of weeks. An effective digital transformation strategy may follow the model of "think big, act small, move fast." In other words, retailers should make bold plans, but should first deploy solutions that capture low–hanging fruit, and then move on to bigger projects.

Technologies that can help retailers improve employee performance include:

Mobile devices: Retailers are arming floor employees with tablets, smartphones and purpose–built mPOS devices to connect associates with back–end data from the local store and corporate data centers. While workers at many stores have long had the ability to look up inventory information from desktop computer stations, mobile devices and apps allow employees to stay with shoppers on the sales floor, thereby improving customer service. Tablets are predominant with many retailers, but smartphones are getting bigger and more powerful, and more stores are beginning to consider deploying them as employees' primary mobile devices.

Enterprise mobility management: When retailers deploy mobile devices, it's critical that they adequately manage and monitor their deployments. Enterprise mobility management (EMM) tools help organizations manage not only physical devices, but also mobile applications and content. Such solutions help retailers know where their devices are at all times and how they're being used and ensure that any sensitive data (such as

The Future of Retail IT

Most retailers have big plans to embrace digital transformation over the next few years. In the "2017 Retail Vision Study" by Zebra, the rate of adoption for a number of technologies is projected to grow by a factor of three between 2018 and 2021. For example, while just 25 percent of retailers receive an alert when a loyal customer walks through the door, 74 percent plan to have that capability in 2021. Similarly, 75 percent of retailers plan to use real–time alerts to deploy employees to locations in stores to assist shoppers in 2021, up from 27 percent of stores that currently do so.

According to the report, technologies that empower retail workers are expected to be especially prevalent by 2021. Eighty–seven percent of retailers plan to deploy mobile point–of–sale devices by that year, to allow employees to scan and accept credit or debit payments anywhere in the store. Eighty–six percent will equip workers with mobile devices to read barcodes for pricing and availability, while 85 percent will deploy tablets to help staffers engage with shoppers and provide more detailed product information.

Source: [1]Zebra Technologies, "Reinventing Retail: 2017 Retail Vision Study," May 2017

payment card information) is adequately safeguarded. Mobility management is also important for ensuring that devices are used only for work-specific applications. This is especially important in a sector that often employs younger workers, who may be tempted to use mobile devices to play games or send messages to their friends.

IT infrastructure: Supporting mobile solutions and other technologies requires robust networking, storage and processing systems. Some retailers are fielding store-based edge computing solutions, including micro data centers, to support systems without having to route data traffic to a centralized data center. Micro data centers are self-contained solutions that provide not only essential infrastructure, but also physical security, power, cooling and remote management capabilities.

Data analytics: Retailers are awash in data — everything from sales numbers to customer loyalty information to employee schedules. Stores that make better use of that data than their competitors can greatly improve productivity and efficiency. Predictive analytics are particularly important for inventory management and omnichannel fulfillment, as the intelligent use of data can ensure that products are in stock where and when customers expect to find them.

RFID: The falling cost of radio frequency identification (RFID) tags has led to a growing number of retailers using the technology to better track individual products. In many cases, in fact, vendors are tagging items with RFID themselves, meaning that retailers only need to implement a tracking system to make use of the technology. While loss prevention is a common use case for RFID tagging, the practice can also prevent frustrating situations where an item is shown to be in stock but cannot be located for a customer.

Beacon technology: More and more, stores are using mobile beacons to improve interactions with customers — for example, by pushing out special offers to shoppers who linger in front of a high-ticket item but need an extra incentive to convince them to make the purchase. Beacon technology can also help retailers keep track of where their employees are during their shifts, giving managers the visibility to ensure that staffers are located where they are needed most.

Managed services: Implementing new technologies is only half the battle. Keeping solutions up to date and performing well is an ongoing challenge, and one that becomes absolutely critical once tools are fully integrated into a company's business model. Many retailers want IT capabilities that will deliver the innovation they need, without having to support these capabilities with in-house IT staff. This is especially true for organizations with large numbers of far-flung stores, where it may not be practical to hire full-time technology employees. Managed service providers can deliver the capabilities that retailers need — including such essential elements as networking and Device as a Service — while allowing stores to focus on their core business.

External partners can be valuable not only for implementing, orchestrating and managing new technologies, but also for helping retailers keep an eye on the marketplace as new solutions become available. Retail isn't going to stop evolving, and it's important for retailers to have a trusted partner that can help them determine which new technologies are likely to affect their operations. In particular, studies show that Internet of Things (IoT) technologies are poised to have a tremendous impact on retailers' bottom lines in the coming years. Consulting firm McKinsey & Co. estimates that, by 2025, retail IoT use cases will have an impact of between $410 billion and $1.2 trillion.

How Retail IT Delivers Innovation

The point of embracing digital transformation in retail isn't simply to have better technology than the competition; the point is to boost sales, improve the customer experience and enhance employee productivity. When advanced technologies are interconnected to support one another, they can yield dramatic improvements in retail operations.

Empowering Workers with Mobile Apps

According to Mobile Business Insights, employee mobile apps help retailers "bridge the gap" between online and in-store shopping experiences by providing comparable convenience, personalization and access to information. Without these tools, customers often find themselves dissatisfied with their in-store experiences.

According to research from BuzzCity, 63 percent of store associates say they regularly resort to *making up explanations* about products to dodge product questions they can't answer. As a result, 40 percent of shoppers say they go online precisely because they want to avoid ill-informed staff. Even when customers order products online and pick them up in the store, up to 45 percent face issues, according to a study of the 2016 holiday shopping period by JDA, including bungled and canceled orders and inconsistent notifications.

Employee-facing mobile apps can help prevent these common problems. In addition to giving associates real-time access to product and inventory information, mobile apps can be used to gather employee feedback, train associates, send out alerts and incentivize behaviors such as upselling.

By making the appropriate investments in technology, and by tying these technologies together strategically, retailers can achieve the following benefits:

Mobile point of sale: When employees can take payment from anywhere in the store with mPOS solutions, they no longer need to hover around cash registers. This simple change can put workers in better position to assist customers and aid with line busting.

Retail mPOS solutions can even improve employee satisfaction and engagement. Studies show that nearly half of retail workers prefer using mPOS, and more than 60 percent say that mPOS has made their jobs easier. Mobile payment systems also give retailers a way to experiment with new forms of payment, such as Apple Pay, without having to revamp their stationary point–of sale solutions. While a handful of large retailers have been using mPOS for years, it's still a relatively uncommon practice, and can help differentiate stores from their competitors.

Inventory tracking: While inventory management systems may feel disconnected from shoppers, the truth is that they can have a profound impact on the customer experience. According to a [February 2017 consumer survey](#) by the International Council of Shopping Centers, 41 percent of shoppers are interested in interactive shelves that give product information and 36 percent are interested in in–store tablets that show a larger offering of products to purchase. Customer expectations in this area are growing quickly. By 2020, 62 percent of shoppers expect to be able to know if products or sizes are in stock without asking a salesperson, and 54 percent expect that they'll be able to input a shopping list on a store app and instantly receive a map to help them locate products.

Omnichannel fulfillment: Traditional retailers continue to increase investments in omnichannel fulfillment and are learning lessons along the way about how to do so without incurring losses. According to research from PwC in JDA software's "[CEO Viewpoint 2017: The Transformation of Retail](#)," 51 percent of retailers offered a BOPIS option to customers in 2017 or planned to do so within the next 12 months, up from 47 percent in 2016. But the portion of retailers offering or planning to offer same–
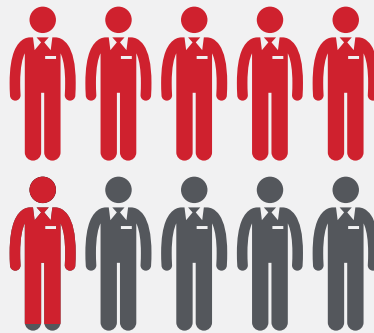
59% The portion of retailers who list "empowering store associates" among their top IT priorities[2]

68% The portion of lost sales that could be recaptured if sales associates had the ability to order an out–of–stock item and have it delivered to a customer's home[3]

day delivery actually *dropped* 10 percentage points, from 43 to 33 percent. Some retailers are also increasing customer charges for online orders or increasing the minimum order value to qualify for free shipping.

Connected customer: The prevalence of smartphones has led a number of retailers to create mobile apps that foster "connected customer" programs, allowing store managers to know when loyal customers walk through their doors and provide them with personalized service based on their shopping history. While this can be achieved through technology alone (for example, by pinging a shopper with custom offers), solutions that incorporate sales staff provide a more personal touch, and help lessen the perception on the part of customers that they are being watched by technology. When employees have ready access to information about a customer making a large purchase, they're better positioned to suggest accessories, warrantees or services that fit the shopper's buying history, potentially yielding higher sales.

Optimized store layout: For decades, retailers have been tinkering with store layouts — from putting high–profit products at the front to placing staple items at the back — in an attempt to maximize both sales numbers and the amount of time that shoppers spend in the store. Data from customer mobile devices and in–store mobile beacons can help uncover trends about foot traffic patterns and dwell time, helping retailers to optimize their layouts even further.

Loss prevention: Equipping floor employees with technology can sometimes have unintended benefits. While loss prevention is typically associated with technologies such as RFID tagging, simply giving mPOS devices to workers can also curb shoplifting. Solutions such as mPOS encourage sales associates to circulate around the store — including near the entrance — rather than standing behind a cash register. This can have an especially significant impact in certain types of stores, such as mall clothing stores, where cash registers tend to be located at the back of the physical space. Some retailers have slashed shoplifting by 60 percent or more practically overnight as a result of employee mobility initiatives.

Sources: [2]IHL Group, "[2018 Retail Market Study: Retail Transformation](#)," January 2018. ; [3]Cisco Systems, "[Transforming Retail Associate Productivity with a Customer–First Experience](#)," June 2017

Many of these use cases — and the technologies that enable them — rely on and support one another. The same RFID tags that support loss prevention also lead to improved inventory tracking; better inventory management practices help enable omnichannel fulfillment; omnichannel programs help get more shoppers into stores, creating more opportunities for connected customer programs; and connected customer programs are supported by employee mobile devices, which also assist with loss prevention.

This interconnectedness can complicate the decision-making process surrounding IT investments, but it also provides a multiplier effect — meaning that an investment designed primarily to boost one specific aspect of employee productivity may end up paying off with multiple benefits. A trusted partner can help retailers navigate the shifting IT landscape to design solutions that put workers in position to provide customers with the best possible shopping experience.

CDW: A Retail Partner that Gets IT

Boosting staff productivity and improving the customer experience with IT requires more than just enthusiasm and a financial commitment on the part of retailers. These initiatives also take time and expertise in emerging digital transformation technologies — two factors that IT shops within retail organizations often lack. CDW's dedicated retail team helps businesses address complex, shifting challenges by orchestrating customized retail solutions featuring products from the industry's leading technology partners.

Build the foundation for innovation: CDW's solution architects can help develop and deploy a robust, secure, PCI-compliant infrastructure, creating the backbone for innovation, efficiency and future-ready competitiveness.

Create exceptional customer experiences: With connected technologies, retailers can make offers more personalized and relevant, and reach shoppers at the moment of decision.

Turn data into insights: With the right analytics solutions, retailers can use data to enhance the customer experience and improve operational efficiency. IoT Envisioning Workshops from CDW can help retail IT leaders better understand how to use emerging technologies to create new value for their organizations.

Orchestrate IT services: Configuring, implementing and managing new technology deployments can be daunting. Working with a trusted partner such as CDW decreases aggravation and boosts the chances of a successful IT initiative.

The CDW Approach

ASSESS
Evaluate business objectives, technology environments and processes; identify opportunities for performance improvements and cost savings.

DESIGN
Recommend relevant technologies and services, document technical architecture, deployment plans, "measures of success," budgets and timelines.

MANAGE
Proactively monitor systems to ensure technology is running as intended and provide support when and how you need it.

DEPLOY
Assist with product fulfillment, configuration, broad-scale implementation, integration and training.

➡ *Learn more about how CDW solutions and services can help your retail operation boost productivity.*

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