EXECUTIVE
GUIDE

to the Future In-Store
Retail Experience

Four recommendations and **an industry analysis** based on
perspectives from 100 of today's leading retail executives

EXECUTIVE SUMMARY

At the beginning of 2020, retailers were in the process of transforming their in-store environments to delight their customers and provide more value-added experiences. But the events of 2020—particularly COVID-19—disrupted those ambitions, forcing retail leaders to not only adapt in the near term but also alter their long-term strategies for an uncertain future.

As Mark Cohen, director of retail studies at Columbia University, said in the spring of 2020, "The entire retail cycle is now broken."[1] Many consumers began using online shopping in earnest for the first time when the pandemic struck. According to *Chain Store Age*, 73% of consumers tried new shopping behavior in 2020 and 77% intend to continue using new shopping methods.[2]

Now that the future of retail is finally coming into focus, retail leaders must analyze their strategies and adapt. Retailers face challenges on numerous fronts, as they attempt to win back consumers' confidence and prepare for a new era of in-store and online shopping.

This report explores the thoughts and opinions of retail executives, revealing their insights and future strategies for the industry. Here, we use those insights to provide actionable advice on how you can adapt your in-store strategy for the next retail economy.

[1] https://abcnews.go.com/Business/major-retailers-face-bankruptcy-uncertain-futures-due-covid/story?id=70515307

[2] https://chainstoreage.com/consumers-continue-covid-19-shopping-habits-post-pandemic

KEY INSIGHTS

Most respondents indicate the performance of their physical stores in 2020 either **fell short of expectations** (34%) or **greatly fell short of expectations** (18%).

In terms of how their strategies for in-store experiences evolved once COVID-19 struck, most retailers (59%) **implemented wired or wireless in-store networking systems as a solution.** Half invested in new protective equipment or safety tools as well.

Most retailers **implemented social distancing indicators and new in-store signage** (56%) and **ship-from-store capabilities** (53%) in 2020, and plan to include those techniques as part of their long-term strategies.

Looking forward, most retailers will implement **new digital signage, rich media, and/or interactive kiosks** (53%) as part of their strategy to encourage their digital customers to shop in-store. Nearly half (46%) will offer guest Wi-Fi and internet services as well.

Most retailers will prepare their operational leadership (e.g., team leaders and store managers) to **carry out new strategic approaches by providing them with handheld tools** such as tablets and mobile POS devices (71%); most will offer new digital training courses (58%) as well.

To prepare their teams for increases in buy online, pick up in-store (BOPIS) purchases during the pandemic, most retailers included **new information in their existing employee training solutions** (75%). Nearly half distributed printed information (48%) as well.

Most retailers rate **"internal systems issues" as the #1 or #2 most challenging difficulty their employees faced** during the pandemic—by 49% and 25%, respectively. Half rated **"employee frustration or confusion"** as their #1 or #2 most challenging difficulty—by 28% and 22%, respectively.

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ABOUT THE RESPONDENTS

The WBR Insights research team surveyed 100 retail leaders across verticals in Canada and the United States to generate the results of this study.

Verticals that are represented in this study include Apparel (16%), Department Stores (14%), Specialty Retail (14%), and Entertainment, Food, and Travel (14%), among others.

The organizations that the respondents represent are almost evenly split in size, measured by how many retail stores each organization has in operation. At 51%, most of the respondents operate 1,001 retail stores or more, with a quarter of the respondents

representing an organization that operates over 2,501 retail stores.

Most of the respondents are directors (60%). The remaining respondents are vice presidents (23%), C-suite executives (12%), or department heads (5%).

The respondents are also almost evenly split in what role they represent in the organization, with 18% of the respondents occupying a role in merchandising, 17% representing the marketing, customer experience (CX), and IT roles, 16% occupying a role in operations, and 15% occupying a role in data and analytics.

What type of retailer is your company?

- **16%** Apparel
- **14%** Department Stores
- **14%** Specialty Retail
- **14%** Entertainment, Food and Travel
- **13%** Hardware, Electronics, and Appliances
- **12%** Sporting Goods
- **12%** Luxury Goods
- **5%** Telecommunications

How many retail stores do you have in operation?

<500	500 – 1,000	1,001 – 2,500	2,501+
28%	21%	26%	25%
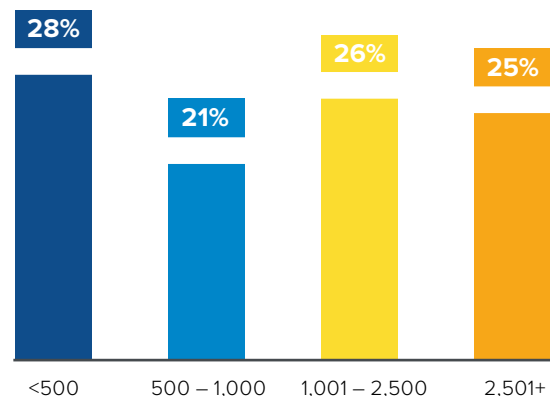
What is your seniority?

- ● **12%** C-Suite
- ● **23%** Vice President
- ● **5%** Department Head
- ● **60%** Director

What is your role?

- ● **17%** Marketing
- ● **16%** Operations
- ● **18%** Merchandising
- ● **17%** Customer Experience
- ● **17%** IT
- ● **15%** Data & Analytics

RETAILERS STRUGGLED
## with Internal Systems and Employee Frustration During COVID-19

Retailers faced a challenging year in 2020. Many retail organizations were already contending with a consumer market that was gradually shifting toward online retail and home delivery, and the pandemic only accelerated this trend as shoppers were forced to stay home for safety.

In-store sales were impacted most significantly. At the beginning of the pandemic, several stores had to close their doors, if only temporarily. Once they reopened, they did so under the veil of government-mandated restrictions and a base of customers who were wary of the risks of getting sick.

Most retailers (52%) say the performance of their physical stores either fell short of expectations (34%) or greatly fell short of expectations (18%) in 2020. These responses are consistent with industry reports that note the significant decrease in in-store retail sales.

However, a significant number of retailers successfully adapted to pandemic conditions to provide customers with a successful in-store experience. Their stores successfully met expectations (24%) in 2020.

To what extent did the performance of your physical stores in 2020 exceed or fail to meet your projections from 2019, before the COVID-19 pandemic began?

Greatly exceeded expectations
1%

Exceeded expectations
23%

Met expectations
24%

Fell short of expectations
34%

Greatly fell short of expectations
18%
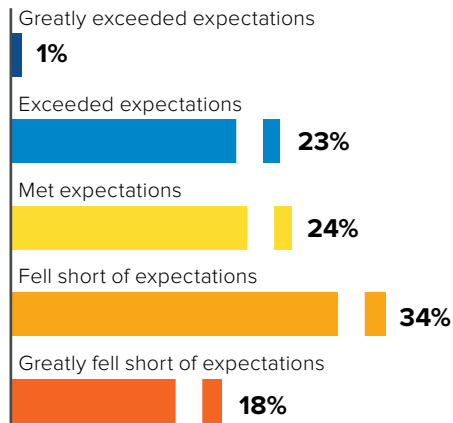
It's also significant that almost a quarter of the respondents to this study (24%) say their stores exceeded or greatly exceeded expectations in 2020. Some retailers successfully innovated during social distancing restrictions, adopting strategies like curbside pickup, and even using their stores as edge warehouses to deliver products directly to customers at their homes.

There are several reasons physical retail stores struggled during the pandemic, but researchers asked the respondents to rank four particularly common challenges on a scale of one to four. Almost half of the respondents (49%) say issues with internal systems were the biggest challenge their employees faced during the pandemic. Similarly, 36% of retailers say unfamiliarity or disruptions from new systems integrations were the biggest challenges for their employees in 2020.

In the past few years, retailers have been working to reinvent the in-store shopping experience to make it more attractive to customers, and they have increasingly done so through the deployment of new technologies. Some of these systems rely on customer data to personalize in-store experiences, build a bridge between the online and physical shopping channels, and even launch in-store events.

But COVID-19 re-wrote the rules of retail in a way that either put a strain on these systems or proved their value. Retail organizations that successfully innovated were able to leverage their systems to deliver safe and exemplary customer experiences in-store. Others were unable to fulfill customer demands for in-store shopping, but likely learned some important lessons about the future of in-store retail.

Although "customer frustration" wasn't a top challenge for these respondents, over one-third (37%) cited it as their third most significant challenge during the pandemic. In written responses, the respondents describe how the pandemic affected customer behavior and what it might mean for their organizations moving forward.

Most respondents recognize that the most significant shift in customer behavior is a decrease in visits to retail stores. "In-store customer behavior has changed significantly and most of it due to the precautionary rules that we had to put in place because of the pandemic," says a director of operations at an apparel retailer. "Customer foot-fall has also been low since the start of the pandemic."

Other respondents note that customers are spending less or choosing less expensive items over others. They also recognize that this is due to consumer financial constraints brought on by the pandemic.

"Per our analysis, customers have become more conservative in the way they make purchases because of the associated financial crunch," says a director of data and analytics at a specialty retailer.

Of course, customers are also shifting to online channels to do their shopping, and this trend may continue even after the pandemic has subsided. This has created a new realm of potential customer touchpoints for retailers, revealing both new challenges and new opportunities.

"Customer engagement has had a vast range of variations and we have found it difficult to define new touchpoints in a customer's journey," says a C-level executive at an apparel retailer.

Similarly, a C-level executive at a luxury goods retailer says, "They exhibit more inconsistency in purchases and engagement as they are spending more time on online channels."

Retailers will need a combination of strategies to take advantage of these trends. Not only must they use one-of-a-kind experiences to encourage customers to visit stores, but they must also meet consumers' steady demands for safe, convenient online shopping.

Which of the following challenges did your employees face during the pandemic? Please rank these challenges from "1" to "4", "1" being "most challenging."

- Internal systems issues
- Employee frustration or confusion
- Customer frustration
- Unfamiliarity or disruptions from new systems integration

	1	2	3	4	N/A
Internal systems issues	49%	25%	10%	6%	10%
Employee frustration or confusion	28%	22%	20%	21%	9%
Customer frustration	13%	17%	37%	19%	14%
Unfamiliarity or disruptions from new systems integration	10%	36%	33%	8%	13%
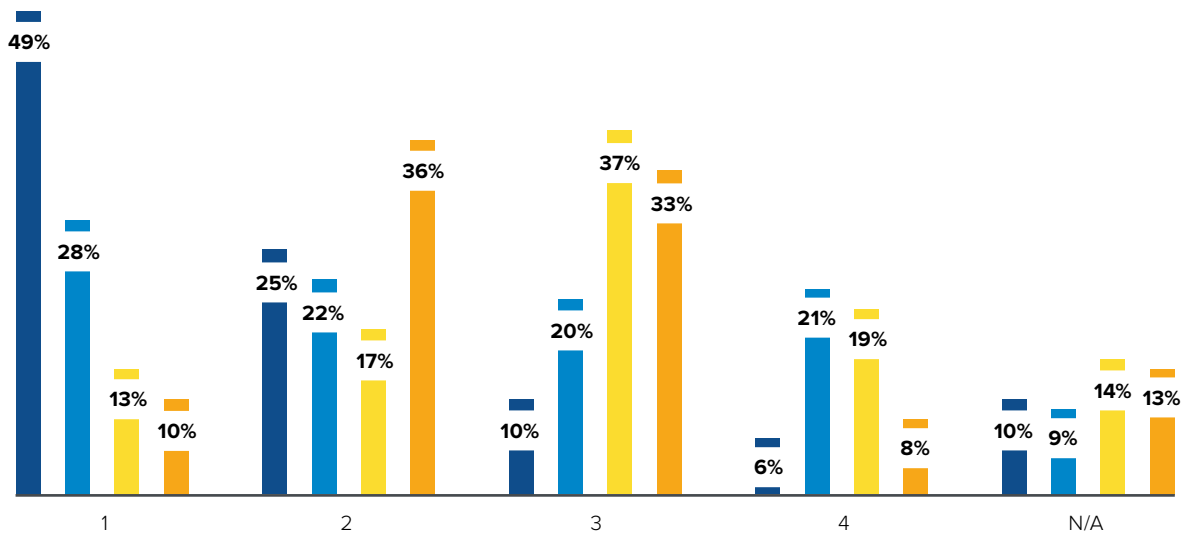
Safety Precautions and New Technologies to Prepare for COVID-19

How did you prepare your teams for increases in buy online, pickup in-store (BOPIS) purchase during 2020?

75%	48%	13%
We included new information in our employee training solutions	We distributed printed information	We used video broadcasts
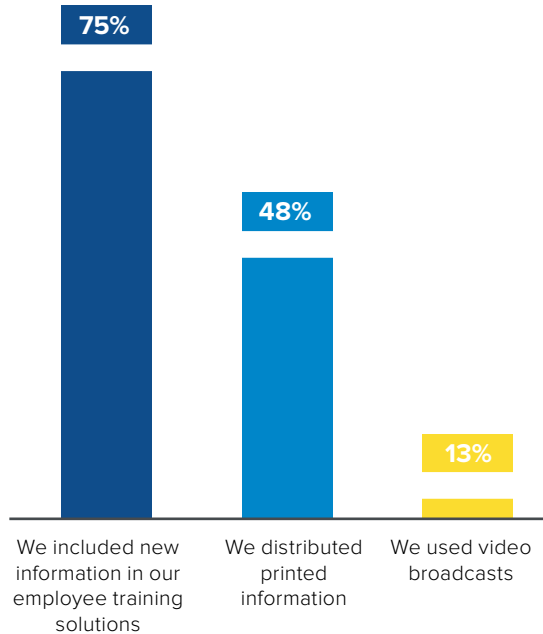
To take steps into the future, retailers must look at the lessons they learned during the pandemic and decide how they can apply them to their strategies for 2021 and beyond. 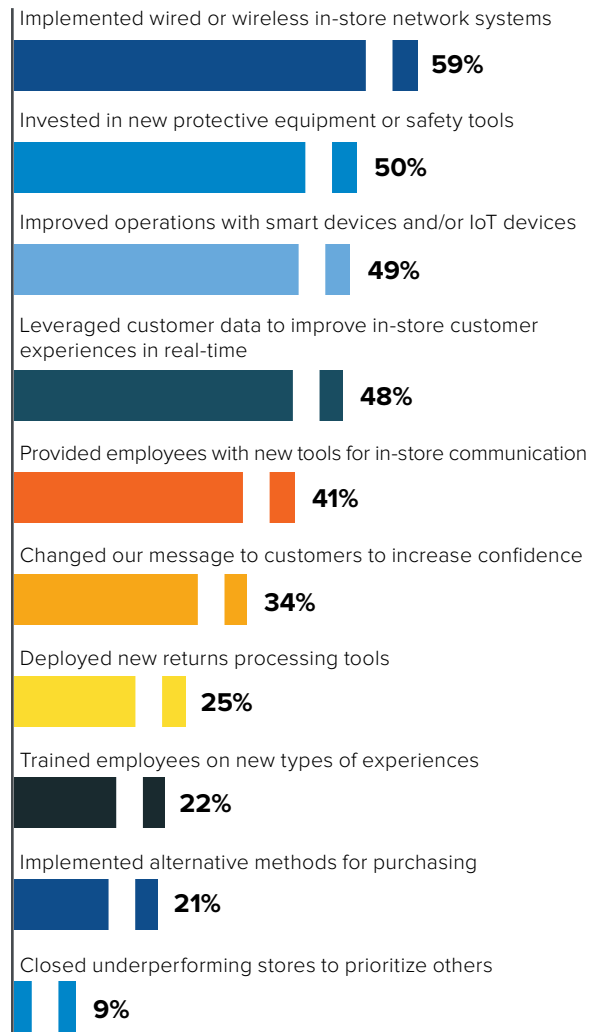Although a slight majority of the respondents feel that their stores fell below expectations in 2020, most retailers pivoted their in-store strategies to attempt to meet the challenges of COVID-19.

Preparing employees for a change like buy-online, pickup-in-store (BOPIS) is a challenge under any circumstances, but retailers took significant steps in 2020 to get their employees ready for this new way of operating. Most of the respondents (75%) included new information in their employee training solutions, and almost half of the respondents (48%) distributed printed information to employees to help them prepare.

One takeaway from this data is that most retailers recognize that traditional forms of employee training are no longer viable. Training techniques must be both scalable and flexible to ensure employees have the best information at the right moment, especially when day-to-day operations in retail stores, warehouses, and offices must change in a matter of hours.

How did your strategy for in-store experiences evolve once the COVID-19 pandemic struck?

Implemented wired or wireless in-store network systems — **59%**

Invested in new protective equipment or safety tools — **50%**

Improved operations with smart devices and/or IoT devices — **49%**

Leveraged customer data to improve in-store customer experiences in real-time — **48%**

Provided employees with new tools for in-store communication — **41%**

Changed our message to customers to increase confidence — **34%**

Deployed new returns processing tools — **25%**

Trained employees on new types of experiences — **22%**

Implemented alternative methods for purchasing — **21%**

Closed underperforming stores to prioritize others — **9%**

Retailers also chose to evolve the in-store experience through targeted investments and strategies when the pandemic struck. At 59%, most of the respondents implemented wired or wireless in-store network systems to support employees, customers, and newly deployed in-store technologies. These systems are crucial for providing customers with the simple convenience of connecting to the internet, but in-store technologies like interactive kiosks, IoT devices, security systems, and communication solutions also depend on them.

Meanwhile, 50% of the respondents invested in new protective equipment or safety tools. These investments could be as simple as hand

sanitizer dispensers or as complex as hazard-detecting robots. And although they may not be as necessary when normalcy returns to in-store shopping, these represent significant investments for retailers. Consumers will, no doubt, expect certain safety precautions to continue to protect them in-store, if not indefinitely.

Retailers also improved their operations with smart devices (49%) and leveraged customer data to improve in-store customer experiences in real-time (48%) in 2020. These initiatives align with trends that were already a part of the industry before COVID-19. This suggests at least some retailers are pushing ahead with the transformation of the in-store experience, so these types of investments will likely increase in the future.

RETAILERS WILL RETAIN
Some Pandemic Strategies and Investments for the Foreseeable Future

Some retailers' in-store strategies will subside once a degree of normalcy returns to the industry, but many of the solutions and strategies implemented during the pandemic represent a significant transformation of retailers' futures.

The nature of in-store shopping was already evolving before the pandemic struck. Retailers that had already initiated a transformation of the in-store experience likely saw that transformation accelerate in 2020, if only as a necessity. After getting a crash course in their new strategy, these retailers are better positioned to meet the needs and demands of future shoppers.

For example, 56% of retailers used social distancing indicators and signage during the pandemic and intend to keep them as part of their long-term strategy. Another 22% of the respondents didn't use these features but intend to use them in the future.
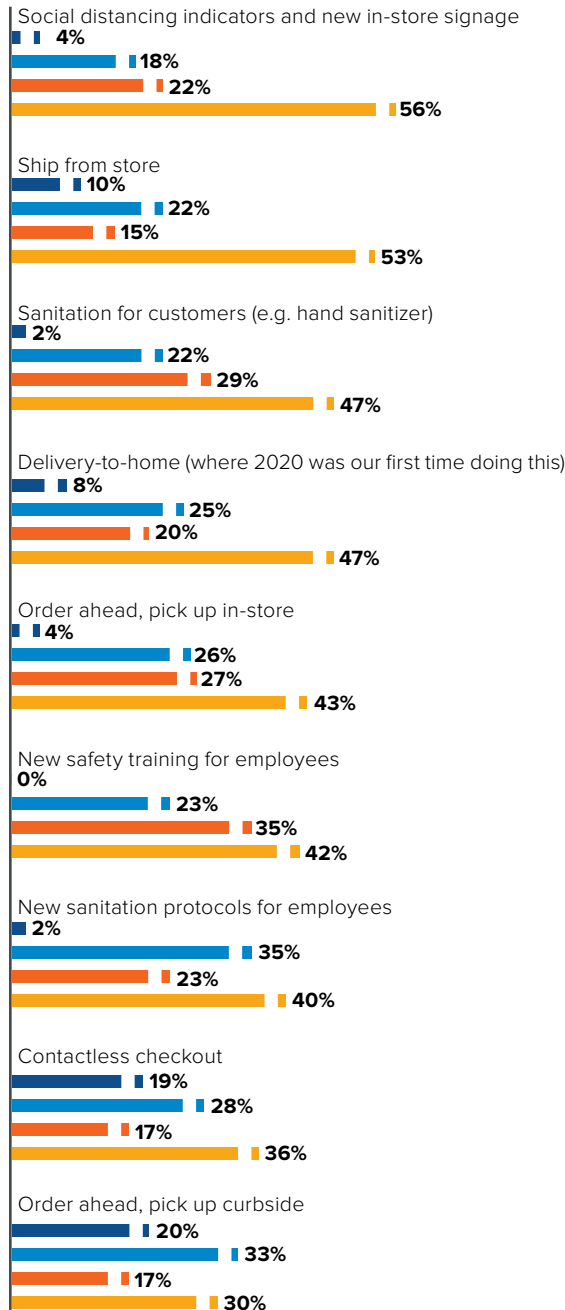
Even if the pandemic is brought under control, customers may still appreciate that retailers are taking steps to keep them safe. Making these types of features permanent or semi-permanent could help to alleviate customer concerns about safety and add another layer of protection to staff.

Retailers are also looking to maintain some of their customer service initiatives from 2020. For example, 53% of retailers shipped products from their stores and intend to continue doing so. Another 15% didn't engage in this practice but will include it in their long-term strategy.

This was a popular option for customers during the pandemic. However, many consumers will likely maintain at least some of their online shopping habits, so strategically located stores could play a role in reducing shipping times while also keeping stores profitable.

Which of the following solutions did you implement in 2020, and which will remain part of your in-store strategy long-term?

- ● We did not implement this in 2020, and it will not be part of our long-term strategy
- ● We implemented this in 2020, but it will not be part of our long-term strategy
- ● We did not implement this in 2020, but it will be part of our long-term strategy
- ● We implemented this in 2020, and it will be part our long-term strategy

Social distancing indicators and new in-store signage
- 4%
- 18%
- 22%
- 56%

Ship from store
- 10%
- 22%
- 15%
- 53%

Sanitation for customers (e.g. hand sanitizer)
- 2%
- 22%
- 29%
- 47%

Delivery-to-home (where 2020 was our first time doing this)
- 8%
- 25%
- 20%
- 47%

Order ahead, pick up in-store
- 4%
- 26%
- 27%
- 43%

New safety training for employees
- 0%
- 23%
- 35%
- 42%

New sanitation protocols for employees
- 2%
- 35%
- 23%
- 40%

Contactless checkout
- 19%
- 28%
- 17%
- 36%

Order ahead, pick up curbside
- 20%
- 33%
- 17%
- 30%

Other popular in-store programs that customers will enjoy in the future include complimentary sanitation efforts (e.g., hand sanitizer), home delivery, in-store pickup, and new safety and sanitation protocols for employees. The least popular strategies indicated by the respondents were contactless checkout and curbside pickup, but 53% and 47% of the respondents will use these as part of their long-term strategies, respectively.

Which strategies will your organization implement to encourage your digital customers to shop in-store?

New digital signage, rich media, and/or interactive kiosks — 53%

Guest Wi-Fi and internet services — 46%

In-store discounts for digital customers — 40%

Ancillary products or add-ons only available in store — 39%

Novelty experiences with AR, VR, and/or other innovative technologies — 38%

In-store apps and mobile checkout tools — 35%

Transforming stores into community hubs with additional services or benefits — 28%

Real-time visibility into store inventory — 28%

Loyalty programs — 13%

But retailers must also encourage customers who have grown accustomed to shopping online to shop in-store when the time is right. At 53%, most of the respondents will use digital signage, rich media, or interactive kiosks to encourage customers to come through the doors.
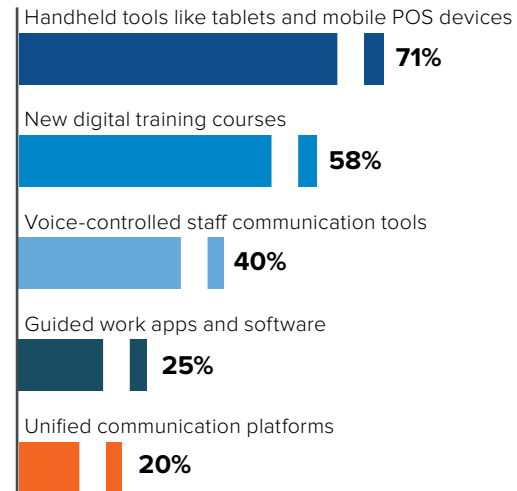
These types of deployments are in line with how retailers were adapting their in-store strategies before the pandemic. Customers will be more willing to visit stores if they can combine the ease and convenience of shopping online with an exciting retail experience. For example, digital signage can help customers interact with the physical retail store the same way they might interact with an online one. Interactive kiosks can provide the convenience of online shopping combined with experiences that can't be found online.

Other popular strategies for bringing more customers into stores are guest internet services (46%), in-store discounts for digital customers (40%), in-store exclusive products (39%), and novelty experiences with innovative technologies (38%) like augmented reality (AR) and virtual reality (VR).

Retailers can use these types of experiences to show customers that the in-store shopping experience has evolved and can't be replicated online.

From an operations perspective, retailers are equipping their staff with the tools and training they need to launch these new types of in-store experiences.

How are you preparing your operational leadership (team leaders, store managers) to carry out new strategic approaches?

Handheld tools like tablets and mobile POS devices
71%

New digital training courses
58%

Voice-controlled staff communication tools
40%

Guided work apps and software
25%

Unified communication platforms
20%

At 71%, most of the respondents will equip their store managers and team leaders with handheld tools like tablets and mobile POS devices. These types of tools have become increasingly strategic, as they facilitate the open retail concepts popularized by brands like Apple. With these tools, store associates can help customers checkout from anywhere in the store. They can also use mobile solutions to access customer accounts and data, allowing them to personalize the in-store experience.

Most of the respondents (58%) are also launching new digital training courses for their store managers and team leaders. These training programs will likely provide staff with an education on how to operate in the new retail environment and how to use the company's new tools to better serve customers.

CONCLUSION:
The Future of Retail Employee Communication is Fast, Precise, and Compassionate

One of the challenges cited most often by retailers during the pandemic was their struggle to communicate effectively across the organization, especially when day-to-day procedures needed to change at hundreds, even thousands of stores in a matter of hours. To understand how this challenge might shape retailers' employee communication strategies in the future, researchers asked the respondents to describe what lessons they learned regarding this topic before and during the pandemic.

The respondents highlight three key lessons: Communication must be fast and efficient, messages must be clear and precise, and retailers need to listen to their employees, especially regarding their mental health and wellbeing while on the job.

Several respondents note that sending fast communications at scale is now necessary. "We used delayed communication services like email before the pandemic," says a vice president of merchandising at a large luxury goods retailer. "Now, we need to be faster in the way we communicate with every employee within the organization.

Similarly, a director of operations at a department store says, "It was necessary to literally keep everyone on the same page. We learned that there was nothing more important than having swift and clear communication."

Precise communications are also important, as some stores require different types of information at different times than others. One marketing director at an electronics retailer even says, "In terms of communication, we should personalize it like how we personalize experiences for customers."

A C-level IT executive at another electronics retailer reiterates this point: "We learned that focusing on specifics makes a big difference when it comes to communication with employees."

But after a trying year, many of the respondents recognize that communication with employees is a two-way street. Store employees are facing significant amounts of strain in an already straining retail environment. As frontline workers themselves, they must represent the brand each day while managing customer expectations and the safety of everyone in the store.

"Communication had to be very mindful and needed to be encouraging to employees because they had to be the ones facing customers more than anyone else," says a VP of merchandizing at a specialty retailer.

"Employees have been concerned and their anxiety levels have been higher," says a VP from an apparel retailer. "Communication has been about providing them more mental confidence to help them provide service in the right frame of mind."

Several other respondents note that effective communication is important for employee "mental health." One respondent says communication in retail environments now requires "a higher level of compassion."

To create the in-store retail shopping environment of the future, retailers must remember these lessons. Frontline employees will require a new set of tools and training processes to deliver innovative retail experiences, but they will also need significant support from the organization, especially in the form of fast and effective communications.

KEY RECOMMENDATIONS

In the next era of physical retail shopping, retailers must deliver a one-of-a-kind experience in-store that can't be replicated online or elsewhere. Some types of in-store technology, such as interactive kiosks, digital signage, and mobile POS systems for employees, can bring some of the best aspects of shopping online into the store while also delivering a unique, personalized experience for customers.

Retailers will keep several of the in-store strategies and technologies they deployed during the pandemic for the foreseeable future. Social distancing indicators, sanitation services, and innovative customer service strategies like ship-from-store and in-store pickup are popular strategies worth keeping.

Traditional, paper-based forms of employee training are no longer effective in today's retail environment. Deploy a flexible and scalable employee training solution so employees can be educated on the latest operational protocols quickly.

In-store employees need significant support to deliver the next generation of customer experience. This support should come in the form of new tools and technologies, such as handheld tablets and IoT devices, but also fast and effective communication tools. Retailers suggest communications with in-store employees be fast, precise, personalized, and compassionate, as store associates must go to great lengths to represent the brand and deliver on customer expectations each day.

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ABOUT THE AUTHORS

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