

2014 Survey Report:  
**KEEPING UP WITH  
THE NEXT GENERATION  
OF STORE OPERATIONS**



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Despite the ongoing rise of e-Commerce and m-Commerce, the store still plays a critical role in consumers' everyday lives. In fact, more than 90% of retail sales still occur in brick-and-mortar stores, according to A.T. Kearney research.

To boost store performance, managers are tasked to create an exemplary customer experience. However, as consumer demands have heightened, managers' to-do lists have evolved and expanded to include: Hiring and empowering employees; testing and rolling out new technology; and keeping tabs on omnichannel ordering and pickup operations.

For the third year, *Retail TouchPoints* looked to the store operations community to share their current stresses, investments and successes for the annual Store Operations Survey.

More than 100 executives participated in this year's installment, and their businesses ran the gamut in terms of their vertical focus, geographic location and annual revenue.

Of all their day-to-day tasks, respondents said their great challenges for 2014 revolved around:

- **Employee training and engagement (53%);**
- **Employee hiring and retention (42%);**
- **Overall store operations budget (32%); and**
- **Inventory management (23%).**

Results also found that once again, fewer retailers decreased their store operations budgets (29% in 2014 vs. 32% in 2013). Although more retailers said they increased their budget for new technology in 2014 (46%), budgets stayed the same for employee training/engagement (54%), employee hiring/retention (55%), inventory management (47%), and mobile technology (45%).

Store operators can use the results from this year's survey to assess their current store operations strategies and investigate future investments.

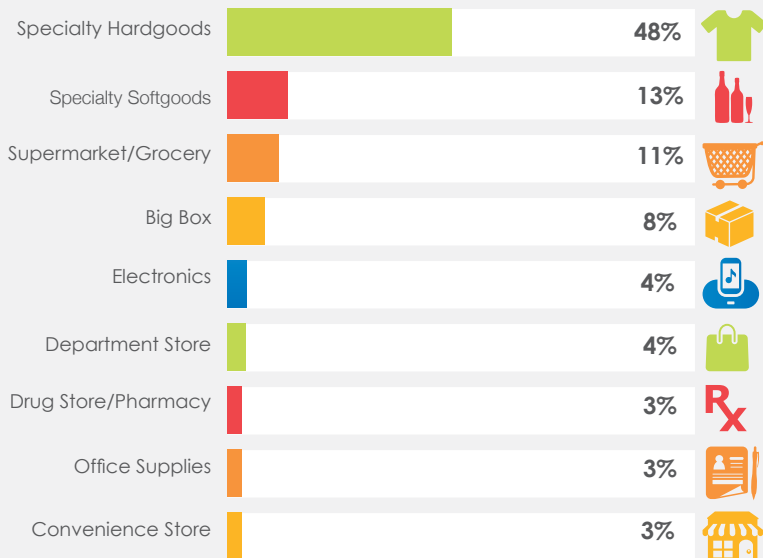
We hope you find these results invaluable to your businesses.

Sincerely,



Alicia Fiorletta  
Senior Editor

**Please describe your retail vertical:**

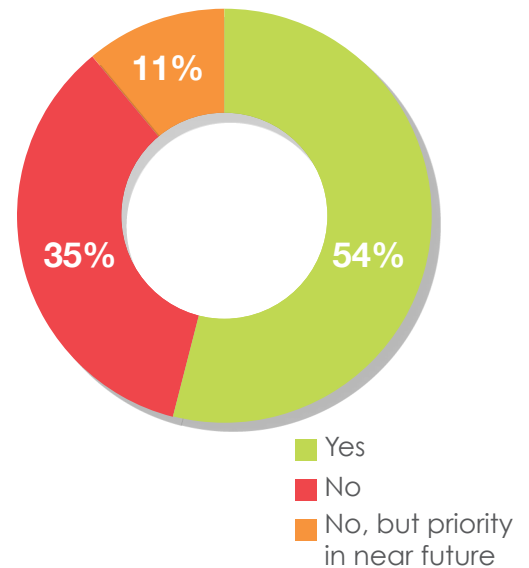


# ENGAGING AND EMPOWERING EMPLOYEES

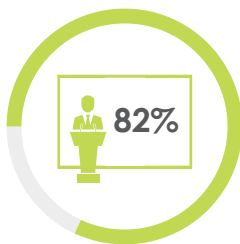
Store associates play a pivotal role in the brick-and-mortar environment, whether they're stocking shelves, managing inventory or guiding customers along the decision-making journey. So it is no surprise that most respondents (65%) either have an employee training program in place or are planning to roll one out in the near future.

Retailers' training and engagement tactics varied, with most focusing on in-person training, and video training programs and classes. Many respondents also offer their employees print resources such as manuals and sales tools. Nearly half (44%) of respondents said their programs were developed in-house.

## Does your company have effective employee training and retention programs in place?



## What types of training and engagement programs do you provide to employees? (Check all that apply)



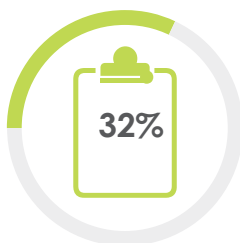
In-person sessions



Video training programs and educational classes



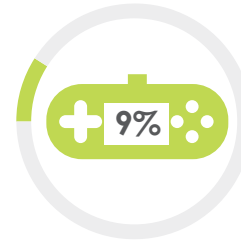
PDF documents and print manuals/pieces



Online quizzes

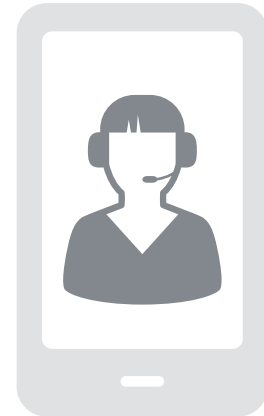


Free products and discounts in exchange for referrals and reaching sales goals

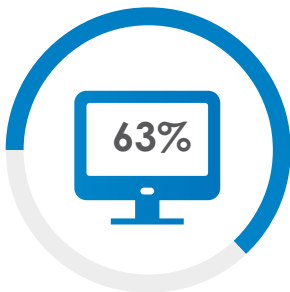


Gamification programs

Of the retailers that have *digital* training programs in place, most said they provide employees access to resources via corporate desktops and laptops. Other respondents are recognizing the importance of offering anywhere/anytime access to information: 26% said they allow employees to view training materials on their personal laptops/desktops, while 20% ensure materials are available on smartphones and tablets.



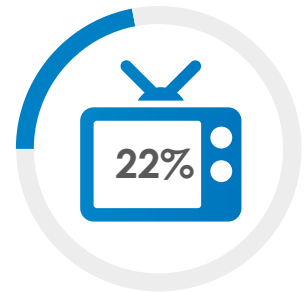
### How can employees access training resources? (Check all that apply)



On corporate desktops/  
laptops



On personal desktops/  
laptops



On a video in the store  
break room



On personal smartphones/  
tablets



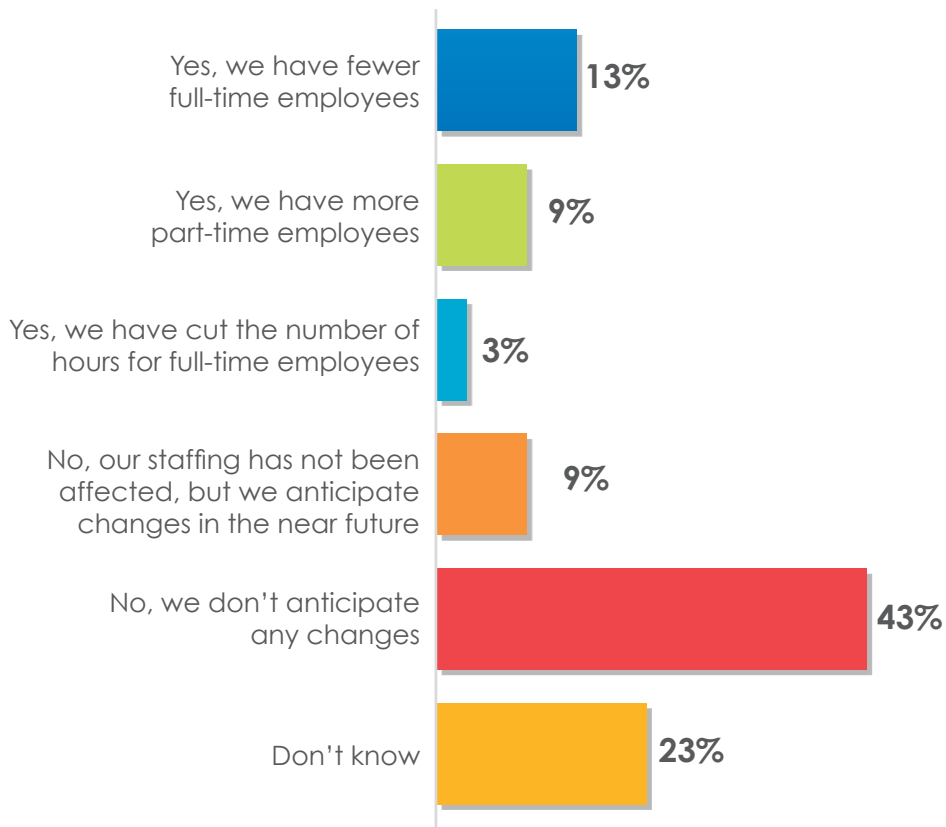
On corporate smartphones/  
tablets

# IS THE PATIENT PROTECTION AFFORDABLE CARE ACT INFLUENCING HIRING DECISIONS?

Last year, 24% of organizations said they had fewer full-time employees or more part-time employees with the implementation of the Patient Protection Affordable Care Act (PPACA). However, we see a significant shift in perspective. This year, 43% of respondents said they “didn’t anticipate any changes” on hiring as a result of PPACA, versus 28% in 2013.



## Has the Patient Protection Affordable Care Act (PPACA) affected store staffing?



# SOMA/ITEM- LEVEL RFID DELIVERS AS THE FOUNDATION FOR AN INTIMATE CUSTOMER EXPERIENCE

For the past 30 years, Chico's FAS, Inc., has served the lifestyle needs of fashion-savvy women. Today their portfolio consists of four popular brands: Chico's, White House | Black Market ("WH | BM"), Soma Intimates ("Soma"), and Boston Proper. Since its inception in 2004, Soma Intimates has provided a shopping experience that caters to what women really want: a unique destination where intimate apparel is not only beautiful and sensual, but also soft and comfortable, to fit every woman's body. Led by a vision for warm, personal service, Soma Intimates has since grown to more than 200 boutiques across the country.

Chico's formula for deeper customer engagement is centered on innovation – from breakthrough fashions to cutting-edge technology store associates can use to better service customers. As they have evolved into an omnichannel retailer, Chico's recognized the importance of inventory accuracy to meet customers' changing needs.

"Our transformation as an omnichannel retailer is based on having the right network technology platform in place, laying the foundation for RFID item-level inventory accuracy," Ken Silay, Director of Technology, Research and Innovation for Chico's. "Associates can access accurate inventory information, fostering confidence to create a better customer experience."

Chico's is keenly focused on enabling customers to shop anywhere, anytime, anyhow. Accurate inventory visibility across all stores is the fundamental necessity of modern retailing to support omnichannel initiatives and assure the right on-floor availability to help build shopper satisfaction and drive sales. Chico's Soma stores' use of RFID technology currently provides visibility to items across all RFID pilot stores and distribution centers, and within the store, extending from receiving to customer, and through the exit door.

"This core value remains consistent: Provide the most amazing customer service," Silay continued. "Innovation is an integral part of our mission to create a great customer experience. With RFID-based inventory intelligence, we can enhance the opportunity to have the right product available at the right place, at the right time to satisfy our in-store and omnichannel shoppers. Increasing our inventory accuracy helps minimize lost sales and out-of-stocks, keeping our customers happy and associates more productive. On our journey we've discovered innovation is always in fashion."

**"With RFID-based inventory intelligence, we can enhance the opportunity to have the right product available at the right place, at the right time to satisfy our in-store and omnichannel shoppers."**

**- Ken Silay, Chico's**

*Soma*

**tyco**  
Retail Solutions

## The Challenges

As any retailer can attest, annual inventories are costly and disruptive to the daily business. Given Soma's relatively few physical inventory counts each year, accuracy could steadily decline over the months until the next inventory. Accordingly, stores did not have confidence in their inventory numbers.

Since intimate apparel is heavily style, size and color oriented, keeping a full assortment available on the sales floor was labor intensive. The current replenishment process was difficult, lacking accurate inventory visibility both on the floor and in the backroom. When associates received shipments they only knew what was in each box by opening it, making it a challenge to best service their customers' needs.

## The Solution

To combat these inventory accuracy and visibility challenges, Soma launched an RFID pilot project with Tyco Retail Solutions in 13 of their stores. The solution focused on a variety of inventory management processes including weekly cycle counting versus previous annual fiscal inventory, store receiving, daily sales floor replenishment, product location assistance for replenishment and customer service, and exit door monitoring.

## The Results

Soma's RFID initiative delivered compelling results in the pilot store group. Full store inventory counts conducted weekly enable Soma to maintain 90% to 95% accuracy every day. Through automated daily replenishment of the sales floor, associates can now easily fill in needed merchandise to ensure customers will have what they desire when they want it and prevent customer disappointment. Even before unpacking items associates have visibility into daily shipment receipts, further enhancing customer service. Soma's store associates are passionate about the new RFID capabilities because the inventory accuracy and visibility has empowered them to do their jobs more effectively and efficiently and assist customers with maximum service. As an added bonus, Soma also gained insight into loss prevention. Previously shrink had not been a significant problem, but with RFID read points at door exits they gained insight to specific items lost noting exactly when — and if — they left the store.

RFID technology supports Soma's upcoming plans to drive visibility into the entire supply chain from the manufacturer to the customer. In the year ahead, the retailer will deploy a new POS system and add RFID POS transactions. By leveraging innovation to deliver a compelling intimate customer experience, Soma's omnichannel retailing initiatives have allowed them to stand out from the competition and carry on their mission of customer excellence.

*Soma*

**tyco**  
Retail Solutions

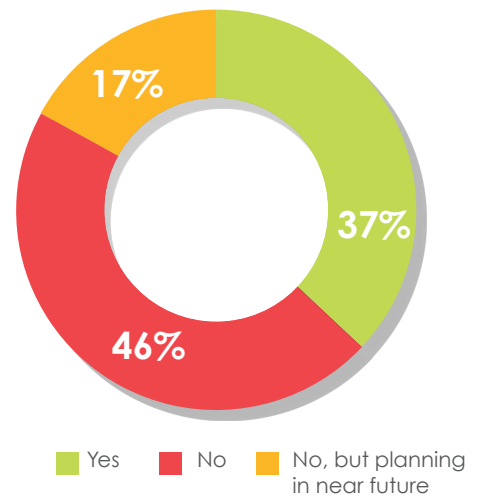
# EMPLOYEES AND MOBILITY: A SHIFT TO BYOD SMARTPHONES?

More than half (53%) of respondents indicated that they have armed — or plan to arm — their associates with mobile technology.

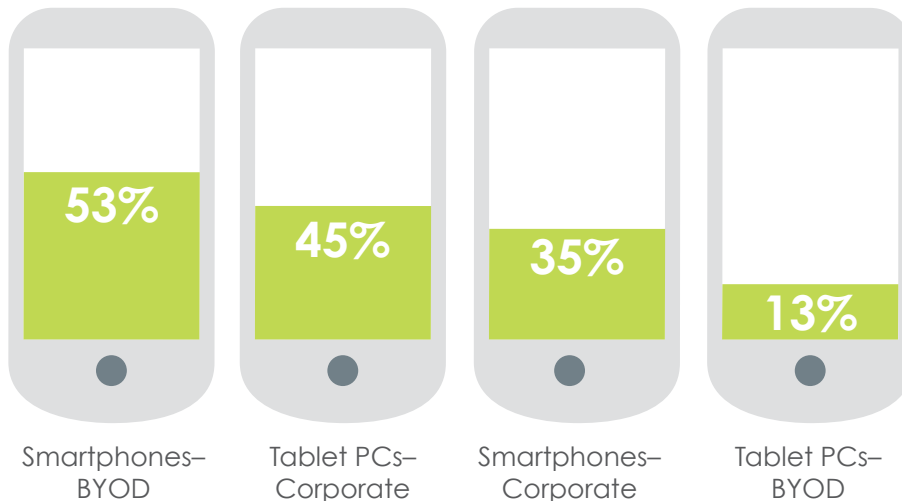
Last year, most merchants provided corporate-owned smartphones (56%) and tablets (50%). Although corporate tablets still are popular among respondents (45%), there has been a shift to BYOD smartphones, with 53% of retailers using the devices. Conversely, only 35% said they use corporate smartphones. These results may allude to a potential shift in mobile investments.

However, it is important to note that 48% of survey participants were in specialty hardgoods (versus only 18% in 2013), which may have attributed to this year-over-year change.

## Are your store associates armed with mobile technology?



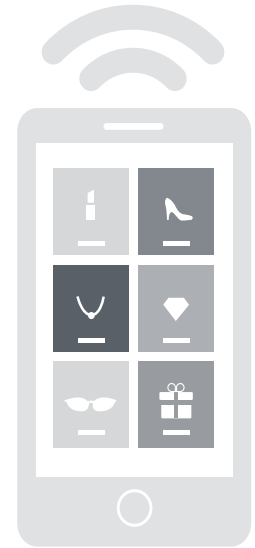
## Which types of mobile devices are store employees using in-store? (Check all that apply)



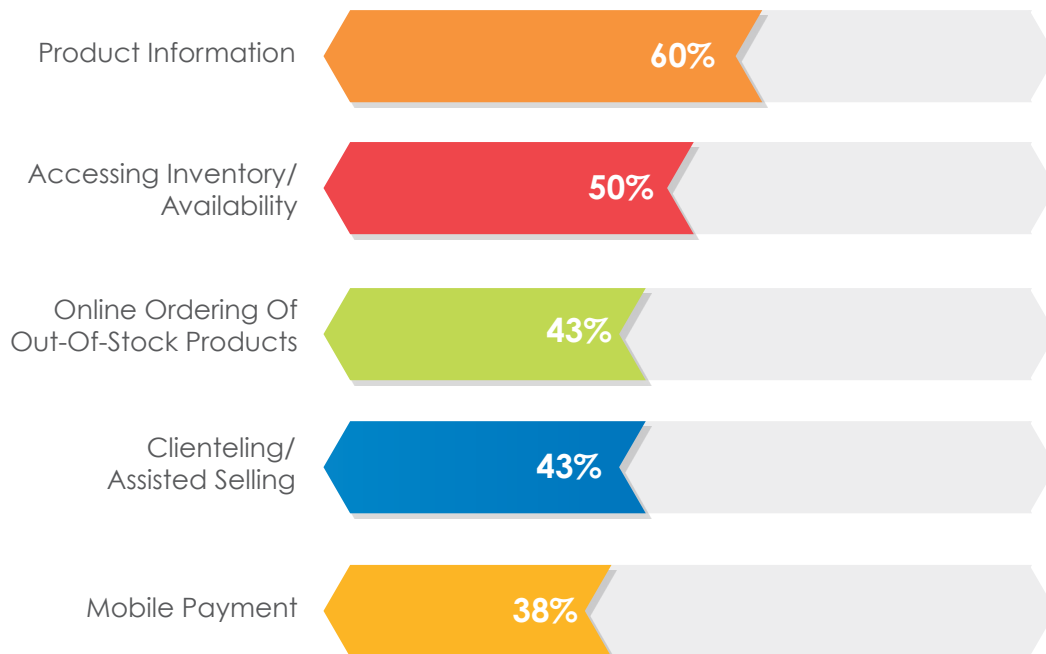
# THE BOTTOM-LINE IMPACT OF IN-STORE MOBILITY

When associates are armed with smartphones and tablets, they are empowered to offer more compelling and personalized service.

This year, we noticed that retailers are adding more functions to their in-store mobile devices. Now, retailers are allowing employees to order out-of-stock products online (43% in 2014 vs. 36% in 2013) and complete transactions (38% in 2014 vs. 36% in 2013). More retailers also are implementing clienteling and assisted selling solutions to enrich the in-store shopping experience.



## What functions are store associates performing using mobile technology? *(Check all that apply)*



Once retailers add mobile devices to the brick-and-mortar mix, they report a number of benefits. Improved employee morale was the No. 1 benefit noted by respondents in our 2013 survey (56%). This year, increased customer satisfaction claimed the top spot (58%), followed by improved employee morale (40%) and increased cross-sells and upsells (35%).



**How have you benefited from arming store associates with mobile technology?**  
*(Check all that apply)*



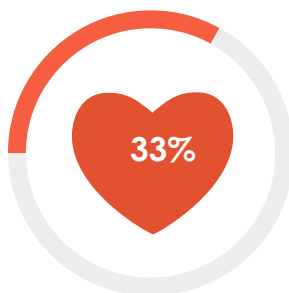
Increased Customer Satisfaction



Improved Employee Morale



Increased Upsells And Cross-Sells



Increased Customer Retention And Loyalty



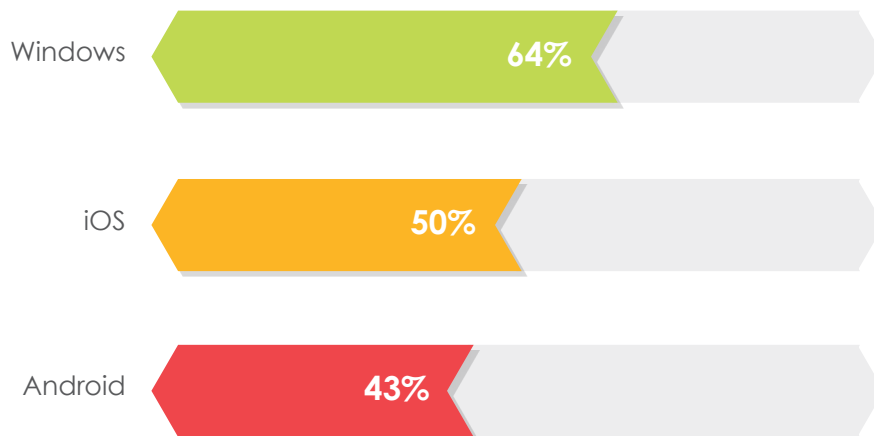
Increased Average Order Value

# WINDOWS WINS THE MOBILE RACE

In 2013, iOS was the most popular mobile operating system, with 56% of retailers using iPads and iPhones, and 43% of respondents using Android devices. But this year, Windows has joined the mobile fray, with most respondents (64%) using these devices at the front and back end of their stores.



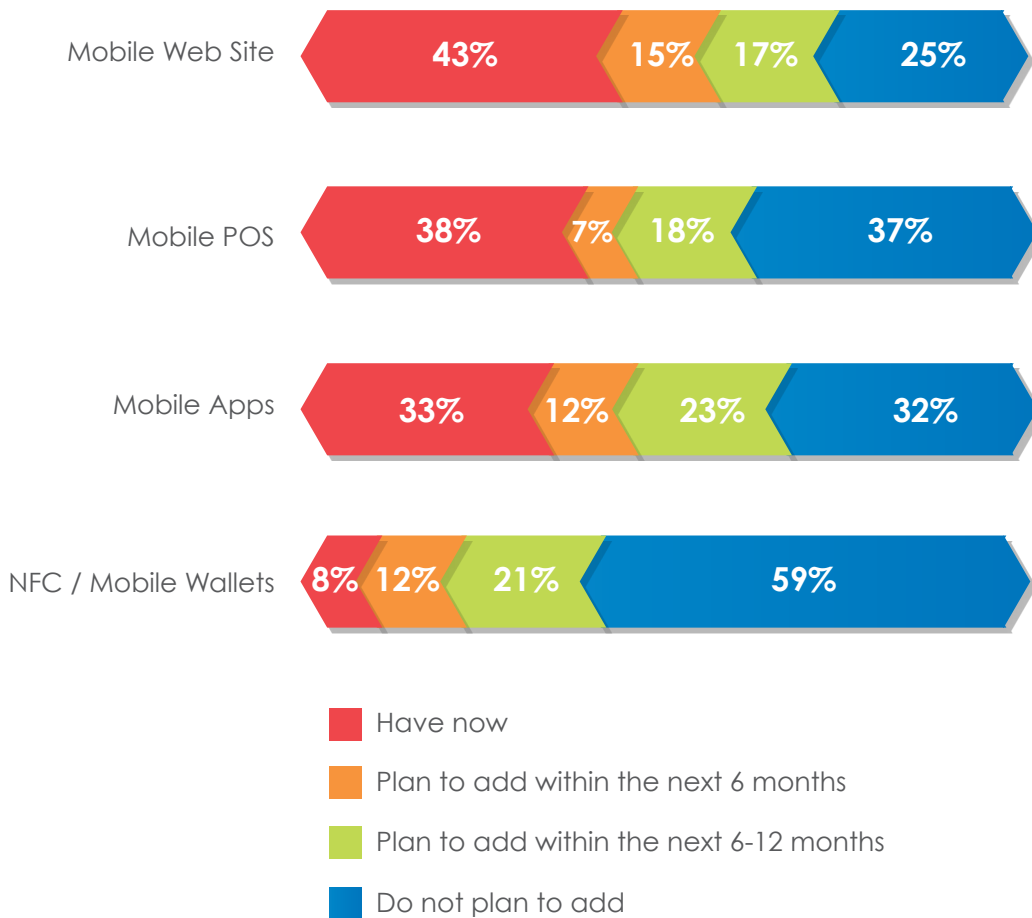
**Which platform(s) do you use for in-store mobile devices?**  
*(Check all that apply)*



A variety of other mobile solutions are being used in stores to make shopping more seamless, relevant and enjoyable. Currently, 38% of merchants are using mPOS, a slight improvement from 2013 (33%). By extending the point of sale beyond a checkout counter, associates have the ability to engage one-on-one with consumers throughout the store and complete a transaction at any time. This can help improve customer engagement and satisfaction.



**What other mobile technology do you utilize within your stores?**



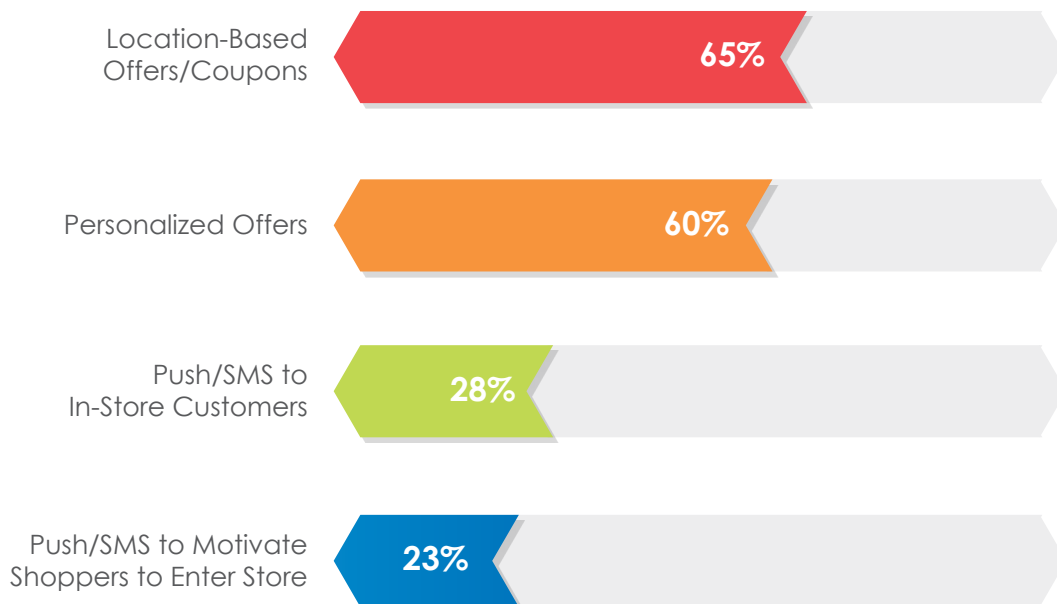
# INCENTING SHOPPERS WITH MOBILE MARKETING

In addition to enterprise mobility, many retailers are engaging with customers via their personal devices to generate in-store traffic and sales.

This year, we've noticed a shift from more location-based tactics to more personalized offers and messages. Use of geo-targeted offers and coupons dropped slightly from 67% in 2013 to 65% in 2014. The percentage of retailers delivering personalized offers via mobile devices has amplified from 46% in 2013 to 60% in 2014. These results suggest that more retailers understand the benefits of personalization and are placing the strategy at the center of their marketing plans moving forward.



## Do you use mobile technology to deliver the following? *(Check all that apply)*



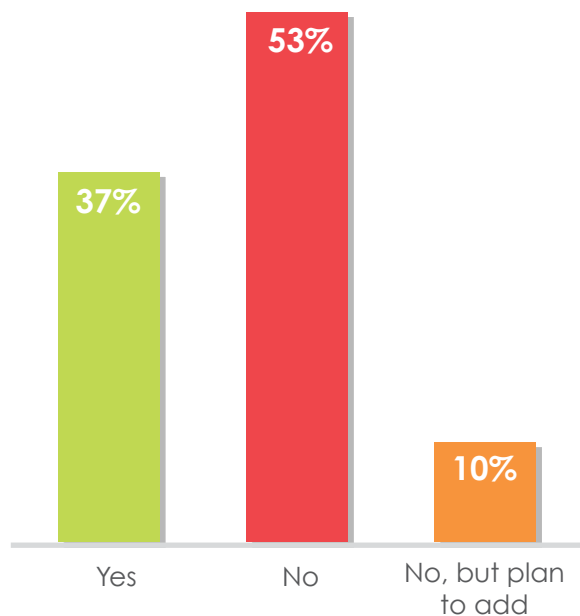
# WI-FI ADOPTION REMAINS FLAT

When consumers enter a store, it is common practice for them to tap into their smartphones to compare products and prices, check in with friends on social media and browse the web, among other behaviors. Therefore it is reasonable to assume retailers would endeavor to offer seamless access to this information with in-store Wi-Fi.

Yet results show that not all retailers are eager and willing to hop on the Wi-Fi bandwagon. Adoption has remained about the same as 2013, with 37% of retailers offering in-store Wi-Fi and only 10% planning to add it in the future.



## Do you offer free Wi-Fi for shoppers in-store?

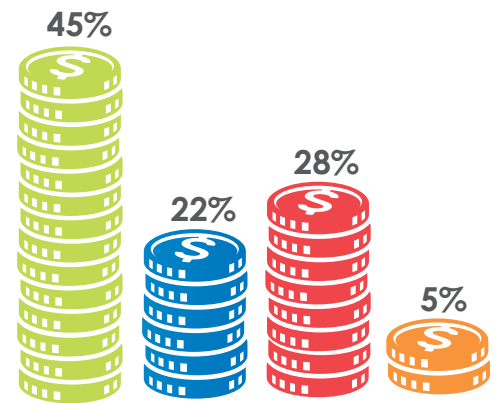


# PRICING AND PROMOTIONS: CONSISTENCY BECOMES KEY

Omnichannel consumers don't see a retailer's e-Commerce site, mobile site and mobile app as separate channels. In fact, it's quite the contrary; shoppers see channels as a unified experience. In turn, they're demanding that brands and retailers create a consistent experience across all touch points.

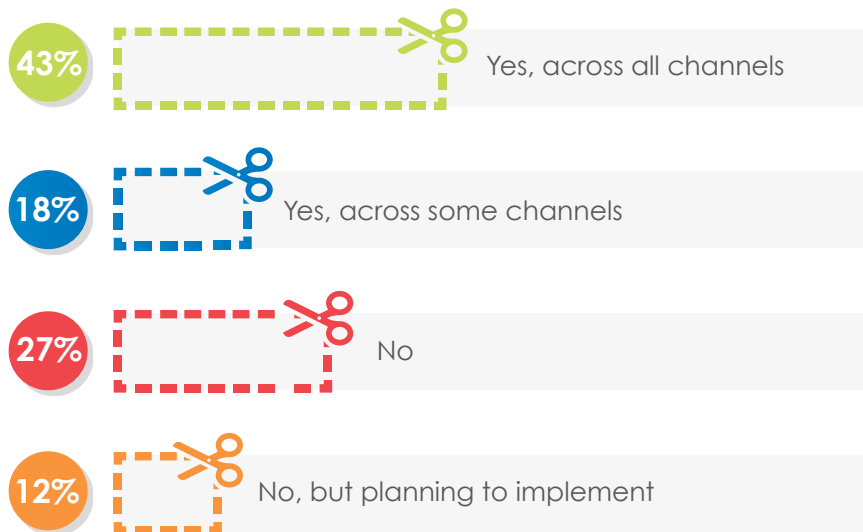
Many retailers are addressing shopper demands by ensuring pricing and promotions are the same whether consumers are browsing online or in a store. While 43% of respondents said their promotions were consistent, even more (45%) said pricing was the same across all channels. Other respondents said they were planning to make promotions (15%) and pricing (5%) uniform in the near future.

## Does the store offer consistent pricing with all other channels?



- Yes, across all channels
- Yes, across some channels
- No
- No, but planning to implement

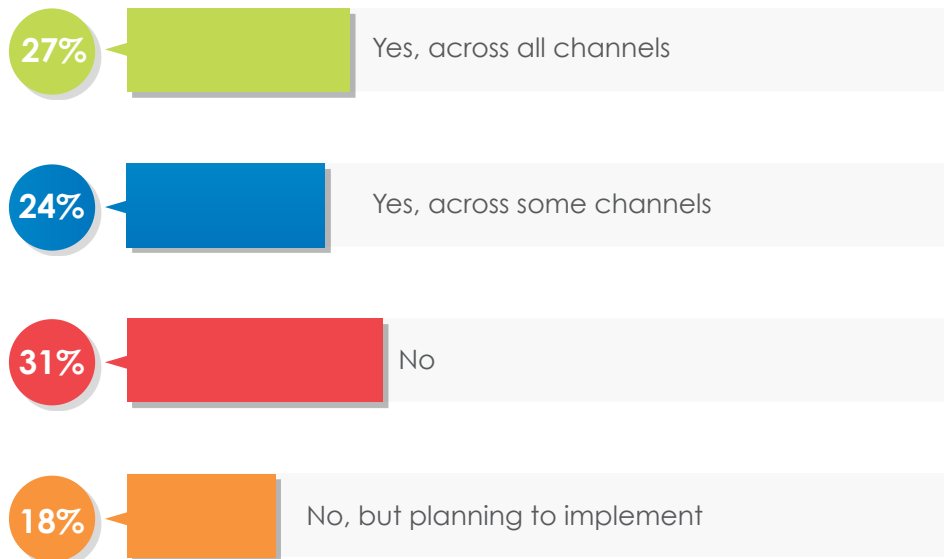
## Are in-store offers consistent with other channels?



Retailers also are considering shoppers' overall brand loyalty when establishing product prices and offers. While 27% of retailers said they tailored pricing and promotions across all channels based on customers' loyalty, 24% have taken this approach across some channels and 18% plan to do so in the future. Although this may seem like a small fraction of the retail community, these results reaffirm the ongoing shift to more personalized, one-to-one engagement tactics.



### Is pricing and promotions customized based on shopper loyalty?

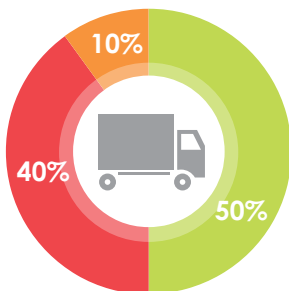


# GIVING CUSTOMERS MORE OPTIONS

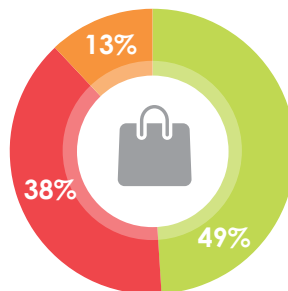
Over the past year, retailers have provided customers with more ways to order, pickup and have items delivered. Consumers have more control — and options — than ever before. Best-in-class merchants recognize this and are boosting customer satisfaction by offering buy via mobile or web site in-store and ship to home (50%); buy online, pick up in-store (49%); and buy online, return to store (42%). With these offerings, shoppers will feel at ease knowing they can receive their orders whenever and however they want.



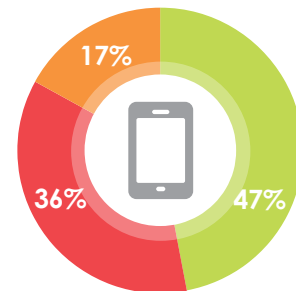
## Do you offer the following product ordering and delivery services in-store?



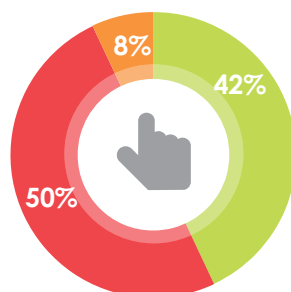
Buy via mobile or web site in-store, ship to home



Buy online, pick up in-store



Buy via mobile or web site in-store, pick up in-store



Buy online, return to store



Buy in-store, return to another store

■ Yes   
 ■ No   
 ■ No, but plan to add

# THE DISRUPTION OF STORE OPERATIONS: HOW RETAILERS CAN KEEP PACE

The reemergence of the store as the center of the shopping experience is shattering operational paradigms and causing disruption for retail operations teams worldwide.

What must retailers do to improve their operations and make the store the star of the shopping experience?

In the below Q&A, Scott Welty, Vice President of Industry Strategy for JDA Software, discusses the unique partnership of planning and store execution, identifies key trends in retail operations, and notes what stores must do to provide personalized customer experience.

**RTP: What significant operations trends are you seeing retailers struggling to address?**

**Welty:** Companies are doing the right thing by shifting from multichannel to omnichannel planning, but the execution side of that equation — store operations and fulfillment — is often the last to get the proper care and feeding. And now, the pressure is on. Not only must store operations execute “The Plan,” but they must be agile enough to respond to the unplanned. A great example is fulfilling the promises of online shopping. Consumers spend hours researching products, colors, sizes, prices, and availability on the web. They expect that experience to carry over to their local store, where those products need to be available for further consideration, purchase, or pickup.

**RTP: What questions should store operations teams be asking themselves?**

**Welty:** First and foremost, it starts with people. Are the right associates on the floor at right time? Can you manage your workforce to optimize service levels based on traffic, timing and tasks? What can you do to make your store staff happier? For example, are you offering them short-notice shifts and shift-swapping via their mobile devices? Are you offering in-store fulfillment, and if so, do you have off-floor areas reserved for product staging, picking and packaging along with non-selling staff to get it done? Second, have you the product assortments that align with localized customer preferences?

**Retailers need to rethink and retool their supply chain, store processes and workforce management to meet shopper expectations in today’s new retail environment.**



**RTP: *The latter brings us back to planning, doesn't it?***

**Welty:** Yes, both merchandise and supply chain planning. Store execution is the full realization of the strategic plan. A poor store experience that does not fulfill the shopper needs can often have negative impacts in all channels. And this becomes the larger supply chain challenge. A recent global study from PricewaterhouseCoopers found that best-in-class supply chains can deliver 70% higher performance and operational effectiveness.

All those little supply chain links — distribution centers, trucks, pallets, delivery, in-stock inventory, assortments, promotions, pricing, planograms, POS check out, payroll, employee scheduling, task management, personalized fulfillment options — all need to operate in synchronicity to provide a successful *customer experience!* Unfortunately, few retailers have the tools, capabilities, practices and culture to pull it all together cohesively while excelling at each.

Retailers need to rethink and retool their supply chain, store processes and workforce management to meet shopper expectations in today's new retail environment. At the end of the day, store execution has to support the planning side of the business. And if planners are utilizing better tools to help them understand and forecast customer preferences, operations teams need similar tools to help deliver unmatched and *personalized* shopping experiences.

**RTP: *It sounds like the "good old days" of retail may be coming back!***

**Welty:** Exactly, and that's not a bad thing. You don't have to look very far to see that the days of widespread standardization, mass appeal and basic operations are giving way to personalization. It's harkening back to the days when service meant everything. It's back to Main Street, USA.



# RETAILERS RETHINK HOW THEY CREDIT SALES

When considering omnichannel ordering and delivery strategies, one question has remained top-of-mind for many retailers: *Who gets credit for the sale?* For years, executives saw this as a fairly black-and-white issue; stores received credit for sales completed and picked up in a specific location. But now, retailers are reconsidering this perspective.

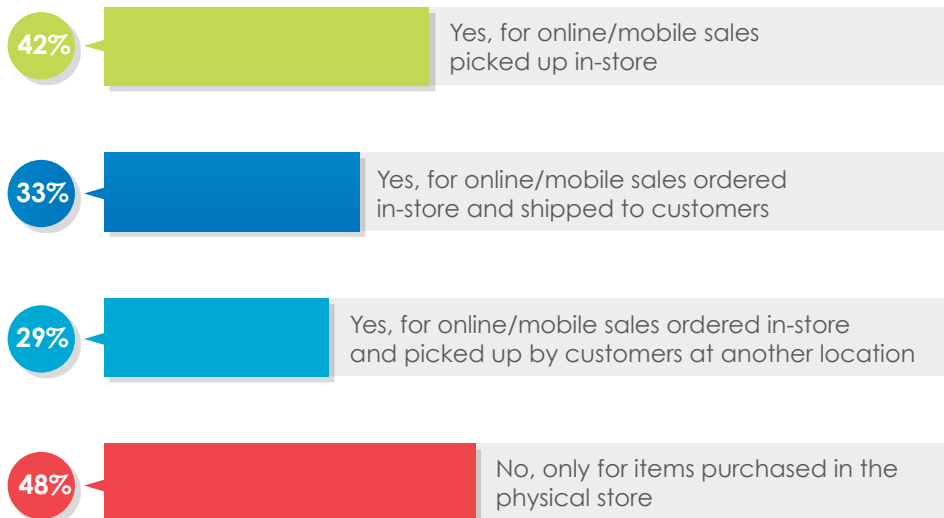
Last year, 60% of survey respondents said they only gave the store credit for items purchased in that specific location. This year, that percentage has dropped to 48%, and more retailers are giving the store credit for orders placed or delivered through other channels.

For example, the percentage of respondents who gave credit to the store for online/mobile orders increased from 33% in 2013 to 42% in 2014. In addition, only 24% of retailers participating in the 2013 survey said they gave the store credit for online/mobile sales ordered in-store and shipped to the customer. One third (33%) of retailers participating in the 2014 survey gave the store credit for these types of orders.

**When considering omnichannel ordering and delivery strategies, one question has remained top-of-mind for many retailers: Who gets credit for the sale?**

## Does the store get credit for other channel sales?

*(Check all that apply)*



Assigning credit to sales has always been a hot topic among retail executives because it is essential to calculating annual store performance.

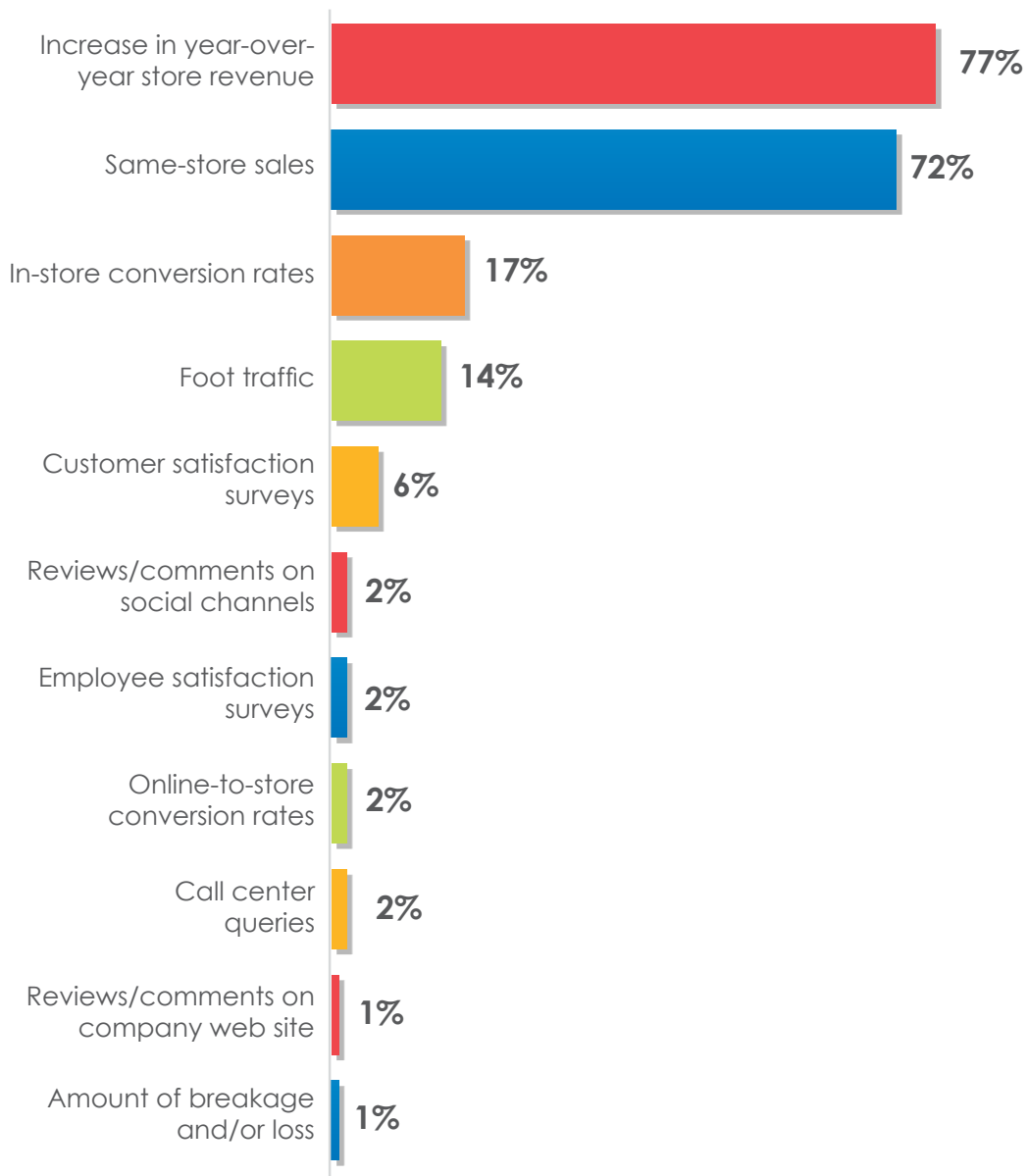
Increase in year-over-year store revenue and same-store sales remain the top two metrics store managers are most concerned about.



### How do you measure store performance?

*(Rank 1-13, 1 being most important)*

**\*Chart reflects respondents who chose 1 or 2 out of 13.**





## ABOUT RETAIL TOUCHPOINTS

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multimedia interviews at [www.retailtouchpoints.com](http://www.retailtouchpoints.com). The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.



## ABOUT JDA SOFTWARE GROUP, INC.

JDA Software is the leading provider of supply chain, manufacturing planning, retail planning, store operations and collaborative category management solutions. JDA's innovative solutions and unmatched industry expertise help companies streamline their supply chain, optimize inventory, labor and customer service levels, and deliver increased profits. As a result, JDA's solutions have become the industry standard for more than 4,000 of the world's leading retailers, manufacturers and distributors. To learn more, visit [jda.com](http://jda.com) or email [info@jda.com](mailto:info@jda.com).



## ABOUT TYCO RETAIL SOLUTIONS

Tyco Retail Solutions is a leading global provider of integrated retail performance and security solutions, deployed today at more than 80 percent of the world's top 200 retailers. Customers range from single-store boutiques to global retail enterprises. Operating in more than 70 countries worldwide, Tyco Retail Solutions provides retailers with real-time visibility to their inventory and assets to improve operations, optimize profitability and create memorable shopper experiences. [www.tycoretailsolutions.com](http://www.tycoretailsolutions.com).