



WORKPLACE EXPERIENCE



Workplace Experience Retail Research:

Retailers see the need for workplace transformation but wonder how to get there

Workplace experience (WX): Front and center for retail

It's hard to focus on what's next when what's now is equally as uncertain. Retailers have gone through transformation periods before.

The first one involved major improvements to the supply chain, followed by customer experience. The focus has been shifting more recently to WX, and what it can mean as a driver of sustainable value for retailers, even in these unusual and uncertain times.

But a WX transformation isn't easy. The retail workforce is generally younger than in other industries, with a higher percentage of contractual and part-time employees, especially in stores.

Add to that a high staff turnover rate and you have an industry that finds it difficult to effectively hire, train and retain the type of brand ambassadors they need to deliver the shopping experience customers want and expect.

Our recent survey¹ asked global retail decision-makers about the status of their workplace experience transformation. We also asked about results and, on average, this is what they expect from a WX transformation:

16% potential boost to revenue

13% anticipated reduction in operating costs

Among the other benefits to be gained from an organization-wide workplace transformation are increased productivity, higher customer satisfaction rates and better retention rates.



A holistic approach to workplace experience (WX):

The elements in the diagram represent the integration of the three key workplace drivers necessary to create and maintain sustainable value for retailers:

Modernized technology ecosystem:

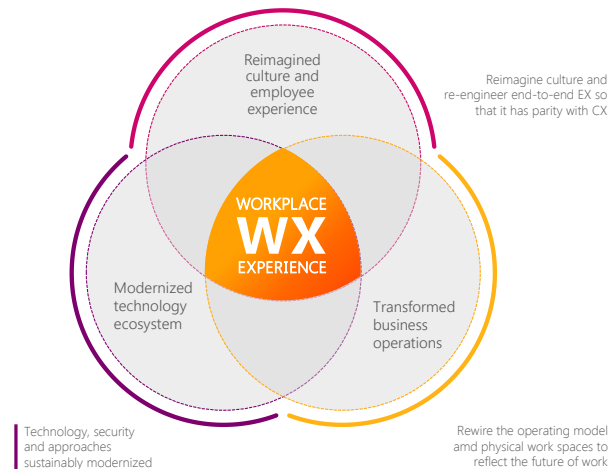
The foundation of WX is modernized, evergreen platforms, applications and spaces that are cost-efficient, highly responsive and secure. By modernizing these, retailers not only improve cost management and free up time and energy, they also gain access to the latest technologies and concepts so that they can improve the physical store environment and the quality of interactions between employees and customers.

Reimagined culture and employee experience:

It's increasingly difficult to hire and retain the right talent in any industry these days, and that's especially true in the retail industry, where there's a larger percentage of temporary and part-time employees. Retailers need employees committed to being ambassadors for their brand, but that requires a culture and employee experience that promotes and rewards people who are engaged and empowered to use their skills to effectively improve the customer experience.

Transformed business operations:

There are so many ways to re-engineer the customer management process, for example using robots or applications to answer routine questions or using augmented reality (AR) to assist customer decision-making. These innovations rely on analytics and AI to get the most out of customer data and insights. But they are also needed to get the results into the hands of employees as quickly as possible so they can deliver right-time, right-way, right-now customer service.



How to make WX work

- **95%** of the retailers surveyed agreed that a successful WX transformation requires a holistic approach across technology and physical workplaces, operations, culture and employee experiences.
- **Almost half** thought that a member of the executive leadership team who sponsors a cross-functional team including business unit leads, IT and HR should lead the WX transformation.
- **94%** said removing hierarchical organization silos is critical to achieve a best-in-class WX.

While most retailers agree that cross-functional sponsorship and support are important, most have yet to make that approach operational in their organization.

94%

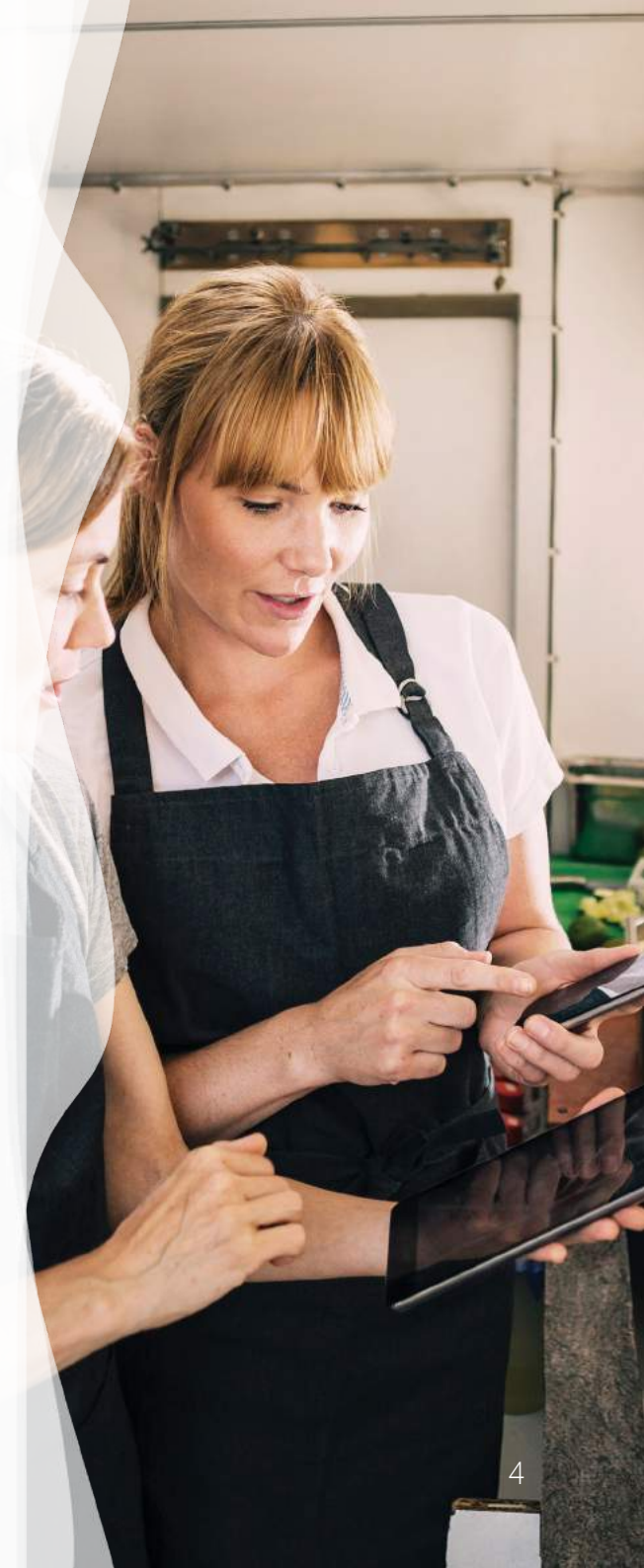
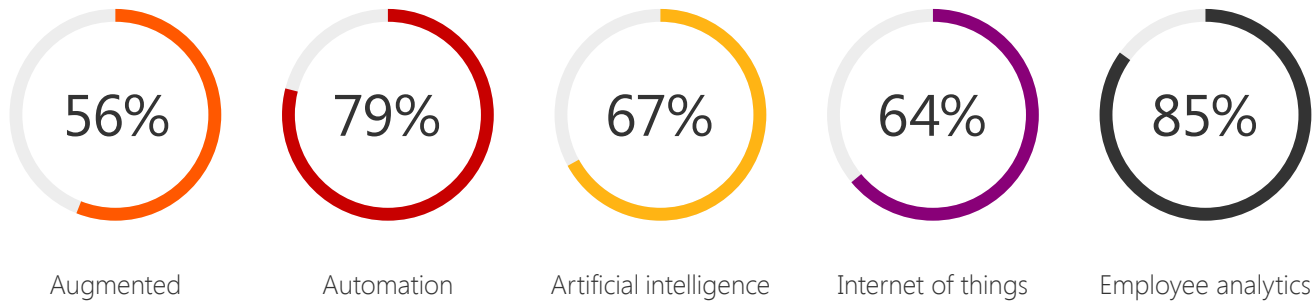
of retailers surveyed view their employees as a source of competitive advantage for their organization.

Modernized technology ecosystems: It's about using technology effectively

The foundation of WX is modernized, evergreen platforms, applications and spaces that are cost-efficient, highly responsive and secure. Many retailers see this as a challenge rather than an opportunity:

- **47%** of retailers surveyed see modernizing IT as the top WX challenge facing their organization (12 percentage points higher than any other challenge).
- Almost the same percentage (**49%**) indicated that cost-effective workplace platforms and services would be a benefit of completing a WX transformation initiative.
- Of those same retailers, only about **a quarter** feel that they have a unified platform in place and that their IT technologies and approaches are sustainably modernized.

Retailers are currently using a number of workplace platforms, services and capabilities,



Reimagined culture and employee experience: Keeping the best people

Our research was sparked by the [findings from the MIT Sloan Center for Information Systems Research \(CISR\)](#) showing that companies with the best employee experience see dramatic business benefits.

The top quartile performers in employee experience saw double the customer satisfaction (industry adjusted Net Promoter Score), twice the innovation in terms of percentage of revenues from new products and services, and 25% greater profitability, compared with competitors.

According to those retailers who responded to our survey, keeping the employees who can deliver is really the key to success:

- **96%** of them see talent retention as the top reason for improving employee experiences to be on par with customer experience.
- But when it comes to how to motivate employees, retailers fall behind other industries in some areas, like professional development. Retailers tagged it as a priority much less often than other industries (**55% vs. 65%** for the global sample).
- On a positive note, when asked about the trends driving employee experience transformation, the top response from retailers was employee well-being (**51%**).



96%

of retailers surveyed agreed that the most effective way to optimize business operations is to put WX at the heart of their business transformation strategy.

Transformed business operations: Critical for ongoing improvement

Process and technology optimization can lead to new sources of value and sustainable revenue growth for retail.

It can also lead to less employee time spent on repetitive, time-consuming tasks, which means more time interacting directly with customers.

- But retailers report that they see resistance to change from employees as a challenge to optimizing operations (**46%**), behind time taken to implement (**50%**) and ahead of deciding who is responsible for driving the change (**43%**).
- When it comes to gaining the most value from optimizing operations, the number one spot is taken up by customer experience improvement (**48%**), followed by the ability to respond more quickly to new business demands (**43%**). Employee experience improvement shared the third spot with the ability to adopt new and emerging technologies (both at **36%**).



Recommendations:

Invest in a broad range of technologies, including AI, internet of things, cognitive services, intelligent automation and augmented reality.

Some retailers are already using technology to help their employees work in new ways. But to make a difference these technologies need to be used effectively and efficiently. For example, our data shows that while 80% of retailers have adopted [Microsoft Office 365](#) as a core workplace technology, most haven't fully deployed it, especially the [Teams](#) collaboration tool (less than a quarter of them).

Increase the productivity, well-being, efficiency and engagement of your talent by creating enhanced data and insight-driven employee experiences that have a direct impact on customer experiences. The goal is to empower and motivate employees and give them tools they need to resolve issues and make decisions so they can deliver great customer experiences.

Transform business operations so that you can continually improve services, gain supply chain and inventory efficiency and use customer data to market new products more effectively. In addition to using analytics and AI tools to get the most out of data and insights, they can also be used as change agents to enable the business to continually improve customer experiences, open new markets and create and evolve new business models.



Conclusion: Free your employees to focus on customers

As retailers struggle to find their footing in the new normal, their tendency will likely be to spend whatever budget they have on customer-facing enhancements rather than on workplace transformation initiatives. But to hire, retain and motivate qualified employees, retailers need to consider modernizing the actual workplace and using technology as a way to relieve employees of their more mundane tasks. They are then free to focus on more positive and personalized customer interaction, like quickly solving issues and accessing product information.

There should also be an emphasis on an employee value proposition that focuses on empowerment and upskilling as part of the overall culture of the organization. Front-line workers need to know that what they do matters and not just to the bottom line. Retailers know a good workplace experience is essential for their survival and to achieve that requires a commitment to making moments that matter for their employees – nothing short of a workplace transformation will do.



Further information

Find out more about [Avanade's](#) approach to developing great WX for retail.

Our overall industry research findings can be found [here](#).

Methodology

Avanade commissioned independent technology market research specialist Vanson Bourne to undertake the research on which this report is based. For the study, 1,375 senior decision-makers across 11 countries were interviewed in summer 2019; 173 of them were from retail organizations. Although the full research findings cover a broader global sample, this guide focuses on the retail-specific insights that were identified during the research.

Global research sample

Retail responses were distributed proportionately across this global sample

Figure 1: Country breakdown

US and Canada	300
UK and Ireland	175
France	150
Germany	150
Netherlands	100
Italy	100
Spain	100
Nordics	100
Japan	100
Australia	100

Figure 3: Functional role breakdown

HR decision-makers	278
Operations decision-makers	276
IT decision-makers	274
Marketing decision-makers	206
Service and support decision-makers	204
Other*	137

Figure 2: Industry breakdown

Industrial manufacturing	178
Retail banking and general insurance	175
Consumer packaged goods	175
Resources	175
Retail	173
Other commercial sector	499

The interviews were conducted using online interviewing. All were undertaken using a rigorous multilevel screening process to ensure only suitable candidates were given the opportunity to participate. Respondent companies have a global annual revenue from \$500 million to more than \$50 billion, have 3,000 or more employees and participate in private industries only.

We can help transform your WX

Avanade can help you redefine the workplace as a creator of sustainable value. We transform culture, technology, experiences and operations to increase cost efficiency, productivity and growth. Our end-to-end approach combines strategy, implementation and managed services, augmented by industry expertise, specialist tools and IP.

Visit www.avanade.com/WX to find out more.

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