

EBOOK

Nudge
REWARDS

The fourth transformation in retail: Narrowing the experience gap

Deliver a consistent customer experience
by improving the frontline experience



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Introduction

With 80-90% of retail sales coming from in-store purchases,¹ retailers face the continuous challenge of finding new ways to offer standout experiences for increasingly empowered and connected shoppers. But as brands invest heavily in building more memorable experiences, both in-store and online, they're failing to address one of the most critical parts of their relationship with loyal shoppers—**the human interaction between their own frontline associates and customers.**





3 transformations in retail

Over the last 30 years, we've observed three major transformations in the retail industry that have given brands more insight into consumer behaviors, enabling more strategic and laser-focused approaches to drive transactional behaviors.

1

Customer loyalty programs

Customer loyalty programs have enabled retailers to incentivize store purchases, by rewarding customers for their loyalty. These increasingly sophisticated programs help drive conversion, build a fanatic customer base, and increase brand affinity. Also, companies have used these programs to gather a goldmine of data on consumer spending, resulting in a powerful lifetime view of the customer.

2

Voice of the customer (VOC)

Once loyalty programs found their place, VOC programs were the next progression, where retailers implemented customer experience software to better understand consumer behaviors. With the data from VOC systems, companies were able to fine-tune their brand and product positioning in the marketplace, which helped to increase business growth and create increasingly personalized customer experiences.

3

Digitization of the customer experience

The most recent transformation is the digitization of the customer experience. With more insights, technology, and innovation than ever before, retailers offer a seamless purchasing experience, where customers can transact through multiple channels at their own convenience, fundamentally changing the way brands engage with consumers.

When customers feel appreciated, companies gain measurable benefits - including the chance to win more of their customers' spending dollars. The payoffs for valued, great experiences are tangible: up to a **16%** price premium on products and services, plus increased loyalty.

What's missing?

Investing in customer experience is a defining factor for consumer brand affinity and in-store conversions. However, as companies continue to invest in the customer experience, elevating customer expectations, and gathering more data on consumer behaviors, they're forgetting **the single biggest variable for in-store execution—their people.**



Your employees can make (or break) your customer experience

Consumer research points time and time again to strong shopper preferences toward the human element of customer experience. In their recent Global Consumer Insights study, PwC reported that **71%** of respondents think a company's employees have "significant impact" on their overall customer experience. Consider as well the staggering finding from the same report stating that **46%** of respondents would abandon a brand if the employees are not knowledgeable.⁴ It's clear there's an inextricable link between frontline staff and the customer experience.

Digital transformation has put pressure on retailers to elevate experiences in every channel. According to Salesforce research, **67%** of customers say their standard for good experiences are even higher than ever!

–Salesforce Research, *State of the Connected Customer*³

The experience gap

With access to more data, consumer insights, technology, and innovation than ever before, leading retailers are changing the game when it comes to in-store experiences, personalization, and shopper convenience. And it's no surprise that this level of continual investment drives elevated customer expectations in the market.





But when you look at investment in the employee experience, particularly for in-store associates there's nowhere near the same level of innovation happening. As the in-store experience becomes more relevant and memorable, frontline associates struggle to understand how to deliver brand promise and customer service.

Without the right tools for frontline staff, and increasingly accessible flows of information, customers are becoming more knowledgeable than the people they interact with in stores. 83% of shoppers think they know more about products and services than frontline associates, resulting in damaging disconnect and missed opportunities. We call this the "experience gap," where retailers have made investments that raise customer expectations but haven't empowered employees to meet these expectations.

What drives consumers to take their money elsewhere?

46%

of PwC's "Future of Customer Experience" survey respondents cited "unknowledgeable employees" as a driver for switching brands.

—PwC IT Foresight, *Experience is everything. Here's how to get it right*²



There's more than just employee engagement at stake when rethinking the investment in frontline staff. Empowered associates can have a tremendous impact on improving in-store conversion. With **82%** of global consumers wanting more human interaction in their customer experience, frontline staff play a crucial role in the customer journey and need the right tools and information to influence transactional behavior.²

Employee training and engagement is the top operational challenge for the majority of retailers next year.

63% of retailers have seen an increase in their technology budgets, however, technology isn't being used to effectively communicate and engage frontline staff, the way it's used for consumers.

60% of organizations, use PDF documents and print materials as primary methods for internal communications. However, these methods give little to no validation on whether associates are receiving the communications, have understood the content, and if it has influenced employee behaviors to drive sales.

–Retail TouchPoints, 2018 Store Operations Survey Report⁵



The next transformation in retail

The next big transformation in the retail industry is already happening and focuses heavily on the employee.

To deliver a consistent experience across the customer journey, retailers should be turning some of their attention to improving the employee experience, especially for their frontline associates. Employee-focused technology is playing a key role here, enabling companies to increase performance, decrease training and engagement challenges, and ultimately prove how an elevated employee experience is a powerful mechanism in delivering a more effective, more memorable customer experience.

“Customers generate revenue. Employees drive the experience. Reduce friction for consumers and empower employees to drive customer satisfaction. This requires new ways of working, a focus on employee experience, and a sophisticated view of the human-and-machine relationships.

—PwC IT Foresight, *Experience is everything. Here's how to get it right*²

At Nudge, we believe in three key components to improving customer experience, frontline performance, and transforming the employee experience:

Frontline digital transformation

The three retail transformations we outlined earlier show us how technology has progressed the relationship between brands and customers in meaningful ways. To continue driving satisfaction and loyalty, organizations must reimagine the employee experience, as they have done for consumers and apply technology, innovation, and imagination for employees to better deliver on their brand promise.

Leverage behavioral data

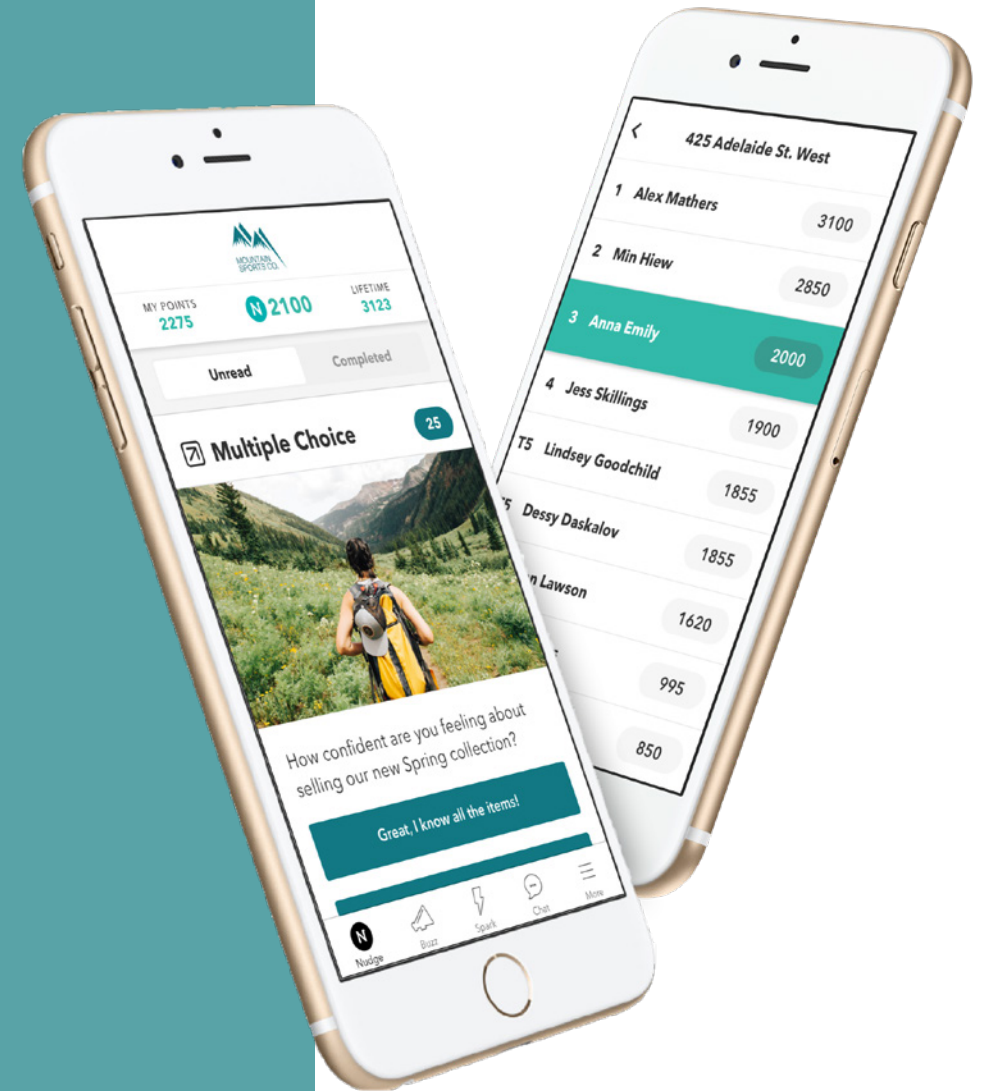
Mobile technology designed specifically for frontline associates, provides organizations with valuable employee behavioral data that powers better, faster decision-making as well as more effective coaching. Brands no longer have to solely rely on data from same-store growth and VOC programs. Instead, they can analyze datasets representing the executional competency of the frontline to effectively incentivize the right behaviors in-store.

Drive successful action

Armed with behavioral data, retailers can pinpoint frontline activities that are driving conversion, and replicate them across all store locations. By reinforcing these behaviors and using mobile technology to deliver the right information and incentives, brands can encourage frontline staff to adopt best practices, solve challenges quicker, and offer a more consistent and enjoyable customer experience.



With innovations in mobile technology and insights straight from the frontlines, the future of retail will be heavily focused on the behavioral data of both the customer and employee. As data becomes more readily available, retailers will be able to make better, smarter, decisions that will narrow the experience gap between associates and consumers, empowering staff to better meet customer expectations. In addition, organizations will have the opportunity to increase employee engagement and productivity, positively impacting in-store conversion and brand loyalty.





Sources

1. "How Retailers Can Improve the Employee Experience." Nudge Rewards, 2018.
2. "Experience is everything: Here's how to get it right." PricewaterCooperhouse, 2018.
3. "State of the Connected Customer." Salesforce Research, 2018.
4. "2018 Global Consumer Insights Survey." PricewaterCooperhouse, 2018.
5. "2018 Store Operations Survey Report." Retail TouchPoints, 2018.
6. "Time for an EX intervention?" McKinsey Organization Insights, 2018.



About Nudge

We're on a mission to connect forward-thinking brands with their frontline staff, empowering them with the tools, knowledge, and inspiration they need to excel. Leveraging the combined power of **a mobile app, behavioral theory, and powerful analytics**, Nudge helps companies guide, measure, and ultimately reward their teams for exceptional performance.

There are 500M+ frontline employees around the world, who often miss out on important news, promotions, sales, and operational content because companies fail to engage with them through traditional means. Nudge addresses this problem head-on by providing a platform that harnesses the power of employee's smartphones and habits to streamline communication and drive engagement, while generating unique data and insights.

Discover how leading brands are using Nudge to empower their frontline employees.
Visit us at nudgerewards.com