

## LIFE AFTER LOCKDOWN

# Why store teams are more essential than ever to shopper loyalty

As consumers embrace a return to normalcy, the in-store experience is becoming an even greater driver of customer loyalty, with human interactions holding a huge influence. To win, retailers must reimagine the role of their store associates, leveraging technology to enable people as their greatest asset.

### Grocery is still a battle won in-store.

The pandemic has fueled undeniable changes in retail shopping behaviors. In the face of COVID-19 restrictions and health & safety concerns, everyday shopping habits became anything but “normal” for most consumers. Forced to quickly adapt, retailers scrambled to ramp up e-comm capabilities and new fulfillment methods such as mobile checkout, curbside pickup, and contactless delivery. While an omni-channel customer journey is here to stay, in-store shopping still reigns king - particularly in the grocery channel where historically 96% of grocery purchases were made in-store.<sup>1</sup> Even at the height of the pandemic in 2020, e-commerce peaked at a mere 7.4% of all grocery sales, according to eMarketer.<sup>2</sup>

As restrictions ease, consumers are showing they are more eager than ever before to get back into physical stores.

**78%**

of consumers plan to  
**shop more in-store**  
this year than last

Source: ChaseDesign<sup>3</sup>



**42%** say they miss  
being able to touch  
and feel products

**63%** miss getting  
out of the house

This is a pivotal time where retailers have an opportunity to fulfill a yearning desire for community and human connection, with customer loyalty at stake for those who can deliver an in-store experience that fills this void.

## The eCommerce Paradox

COVID-19 turbocharged e-commerce growth in grocery. However, for as much value as pickup and delivery services offered consumers during the pandemic, the added costs have made turning a profit for retailers more difficult.

### In-store shopping is still essential to profitability

Grocery margins are already slim, with in-store shopping trips typically resulting in positive margins between 2 and 4%, according to recent research by Bain and Company. In contrast, grocers that deliver orders typically have a zero to -15% operating margin, depending on the fulfillment method and fee structure.<sup>4</sup> While it's important for retailers to grow online operations to meet the evolving demand, it's crucial to remember that the physical store is both an opportunity to connect more deeply with shoppers and a critical profitability driver.

**+2 to 4%**

**IN-STORE MARGINS**

**0 to -15%**

**DELIVERY MARGINS**



## Experiences sway less-loyal customers

Let's face it: earning your customer's loyalty has always been a feat, but the pandemic has made it even more challenging. Whether fueled by inventory shortages or emerging omni-channel capabilities, consumers were given plenty of reasons to shop around this past year. According to McKinsey and Company, 3 out of 4 U.S. consumers changed stores, brands, or the way they shopped during the pandemic.<sup>5</sup> The level of brand switching nearly doubled in 2020 with convenience and value cited as primary drivers. As the dust settles, a new era

of less-loyal shoppers has emerged, presented with more options and alternatives than ever before, with Buy Online Pick-Up In-Store (BOPIS), curbside, and delivery services becoming standard.

Leading retailers are quickly realizing that the in-store experience is more essential than ever in differentiating their offering to win-over fickle customers. This element of human interaction can help form an emotional connection with shoppers that can't easily be replicated elsewhere.

## Positive in-store experiences have a huge impact on loyalty and revenue, driven largely in part by store associates.

Respondents of Raydiant's *State of Consumer Behavior 2021* report reinforced that in-store experiences greatly impact shopping behavior. They ranked 'quality of service from staff' as a hallmark of a positive in-store experience, only second to 'availability and variety of product.'<sup>6</sup>

### IMPACT OF A POSITIVE SHOPPING EXPERIENCE ON CONSUMERS:



**90%**

are likely to return to a retailer



**61%**

are likely to spend more money

## Store teams make a difference

So how do you deliver an in-store experience that builds strong emotional connection with your customers? In short, make it personal. Engaged store associates are key to building solid relationships with customers, offering a human touch that is nearly impossible to replace with technology. Your store teams have a unique ability to recognize and respond to shopper needs on the spot, offer recommendations, build rapport, and serve as your best advocate.

We'll go so far as to say: the right associates are your greatest asset when it comes to trust and reputation. Again, it all ties back to loyalty. Bain has found that customers who interact with highly engaged employees are up to 2.6 times more likely to recommend the retailer. And companies with leading customer advocacy scores grow more than 2.5 times faster than the industry average.<sup>7</sup>



## Technology to enable, not replace, people

Placing emphasis on the human element does not mean there's no role for technology to play. Tech is essential to the future of grocery and crucial to your growth - the key is how you leverage it. Retailers should look to invest in digital solutions that enable, not replace their store associates. Leveraging tech that promotes productivity and empowers their teams will result in a more engaged and motivated workforce, who are more apt to deliver better customer service.

**"There needs to be a shift in thinking, away from store associates being one of your biggest costs, to being an important strategic investment for your organization. By giving them access to information and freeing up their time to be more accessible to your shoppers, their interactions can build long-lasting customer loyalty."**

- John Lawlor, Chairman & CEO of Vestcom

## A Tale of Two Technologies

Walmart's recent tech-based initiatives demonstrate the value of technology in enabling teams rather than replacing them.

"It's more critical than ever to equip our people with the tools and technology they need for success. Doing so makes work easier and more enjoyable, and it keeps the focus where we need it most - delivering a great in-store, pickup, and delivery experience for our customers."

- Kellie Romack

VP Product and Associate Experience, Walmart



### Goodbye gadgets, hello humans

In 2017, Walmart began using robots supplied by Bossa Nova Robotics to scan shelves and identify products that needed restocking. Last year, the retailer cut ties with its fleet of shelf-scanning robots after finding that its human store teams are more effective in maintaining its shelves.



### Enhancing the store associate experience

In June 2021, Walmart unveiled Me@Walmart, a mobile app to make daily tasks for U.S. store associates easier and more efficient. The app is designed to facilitate a better work experience, and free up time to create better customer experience.





## The new role of store associates

Investing in emerging tech to aid in more tedious tasks can free store associates' time, allowing them to play new, more critical roles in enhancing the in-store experience to drive differentiation for forward-thinking retailers:



### NEW TECHNOLOGY ADVOCATE

Retailers' consumer-facing technology is often highly personalized and can drive tremendous value – if utilized by shoppers. Well-equipped store associates can promote and educate shoppers on how best to use new technologies from digital coupons to app-based services.



### PRODUCT EVANGELIST

Each year, roughly 30,000 new products are launched. Well-equipped sales associates can help spread awareness of new items, provide personalized recommendations, and quickly and easily help shoppers locate these products.



### STORE EXECUTION HERO

Technology can enable store associates to execute tasks such as keeping shelves stocked and aisles clean with more efficiency, giving them greater bandwidth to serve as specialized sales professionals with in-depth knowledge of their products and services.

As retailers continue to contend with evolving consumer behaviors and technology trends in the post-pandemic era, strong store associates have a major role to play in creating meaningful connections with shoppers that will keep them coming back again and again. Unique in-store experiences and the store teams that can help enhance them are an investment, but the potential payoff of long-term customer loyalty is more than worthwhile.

**“Vestcom allows us to gain back time for serving our customers.”**

– Store Manager  
Vestcom Retail Client

### There's more to the shelf than meets the eye.

Optimizing the shelf-edge can have significant impact on both store team productivity and shopper engagement, which can quickly translate to a retailer's bottom line. By integrating pricing, promotions, planogram and item-level data, Vestcom delivers patented shelf-edge media solutions that enable store teams to work 50% faster on average, and drive shopper conversion at shelf, yielding measurable, incremental sales lift results.

What's more, freeing up store associates' time enables them to provide a better, differentiated shopper experience, delivering tangible value to your business.



**Bring our edge to yours.** Connect with us to learn how our shelf-edge solutions enable your store teams to deliver a better shopper experience, fueling profitable growth for your business.

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