

RETAIL

Retail's dismal state intertwined with lagging store, management relationship

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Image courtesy of Galeries Lafayette

By JEN KING

A number of traditionally strong luxury brands have recently posted bleak financial earnings, including Burberry and Ralph Lauren, causing experts to question what might be causing the decline.

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Square Root, a store relationship management (SRM) software firm, found in its "Turning Brand Vision Into Store Execution" study that the main culprit may have to do with consumer expectations in the bricks-and-mortar space, and the general sense that luxury brands are lagging behind. The survey, conducted in partnership with WBR Digital, found that a number of deficient in-store strategies are causing bricks-and-mortar retailers to struggle.

"Consumer expectations are on the rise, and bricks-and-mortar retailers are simply struggling to keep up," said Chris Taylor, CEO of **Square Root**. "Where consumers expect consistent brand experiences regardless of channel, retailers are still operating in silos.

"That lack of alignment across the organization, coupled with a lack of investment in both tools and technology, is ultimately stalling progress and leading to store closures," he said.

"Over the last several years, retailers have put a lot of effort and investment behind understanding customers and improving their in-store experience. Now it's time for retailers to focus on internal operations. Retailers have to gain that same level of understanding of their frontline employees."

For **Turning Brand Vision Into Store Execution**, Square Root surveyed more than 1,050 respondents, but the brands were anonymized.

Broken practices

Bricks-and-mortar retailers are currently facing external challenges, such as a drop in mall traffic and consumers' shift toward ecommerce. But, many are bogged down by internal struggles that are limiting adaptations to meet consumer expectations and create a consistent brand experience.

Consumers have come to expect consistency and cohesion across channels, but Square Root found that store managers feel that their brands are missing the mark.

Less than half of the managers surveyed felt a consistent brand experience can be had across all of the brand's bricks-and-mortar storefronts. Forty-five percent believe that the brand's in-store experience aligns with what the

consumer experiences online.



Image courtesy of Bloomingdale's

Also, less than 50 percent of store managers feel that they have adequate access to information across the brand's store network and on ecommerce sites. The importance of this information, used to fulfill in-store requests such as ordering and inventory checks, is vital as it helps to deliver the omnichannel experience consumers desire.

Square Root also found that one in five store employees do not understand what is needed to improve performance. It is here that tools and training gaps are holding bricks-and-mortar retailers behind.

To account for changes in consumer behavior, retailers have invested in in-store technologies in an attempt to catch up to ecommerce trends. But, this has left physical retailers to do more with less.



Image courtesy of Bloomingdale's

Of survey respondents, only 32 percent feel that the adequate number of sales associates needed, while only 42 percent said they have the tools and training needed to be successful. These points underscore the impact of corporate cutbacks on the consumer-facing end of retail.

Likewise, retail is plagued with high turnover rates, signaling a need for more efficient training and recruitment programs. To this point, about two thirds of respondents find training new store associates to be challenging, and more than a quarter of store managers spend 11 hours or more on training per week.

A move toward digitizing tools will lessen the burden on sales associates and store managers in a number of areas. For instance, by automating spreadsheets and communications, the time spent on these tasks would dwindle compared to using pen and paper to manually enter information.

Going forward, technology will fill the gaps retailers need for long-term success.



Image courtesy of Printemps

Square Root notes the importance of on-the-ground, in-store support, which will improve performance through software, training and strategic direction. Of those to respond to the survey, approximately one third of store managers said better software and training is wanted to improve the functionality of a bricks-and-mortar boutique.

Technology will also bridge the feeling that corporate and stores work in isolation. Regarding the broken communication channels between headquarters and the field, only 37 percent of store managers claim to have the information they need from corporate.

Also, 36 percent feel that they currently have efficient systems in place to communicate between the two entities. Even more disheartening, less than half of store managers align with district managers, and only 43 percent feel the district manager has individual stores' best interests in mind and works on their behalf.

"Store managers and district managers are a retail organization's greatest change agents – they see what's working and what's not on a daily basis, and they're best equipped to take action on that information," Mr. Taylor said.

"But they're not being set up for success," he said. "Luxury retailers may be selling big-ticket items, but a lack of internal investment in their teams is contributing to its decline."

What's in store

Bricks-and-mortar stores have seen in-store technology investments, but retailers are more comfortable with mobile commerce experimentation because of the direction the retail industry is headed.

Retailers with above-average sales growth are more aggressive than other retailers in trying different mobile strategies before settling on what works best, according to a recent report from RSR Research.

The report, *Mobile In Retail: The New Normal*, reveals that winning retailers are more likely to recognize deeper customer engagements as mobile's biggest opportunity. These retailers are also more focused on mobile's ability to help shoppers find merchandise easily while other retailers are focused on price comparison ([see story](#)).

With ample attention paid to in-store technology integration and sales associate training, retailers must not forego clienteling services.

According to a recent study by Yes Lifecycle Marketing, many retailers are still unwilling or unequipped to tailor customer service to the individual.

The study looked at retailers in a variety of different sectors and finds that many have not sufficiently tracked clientele and are thus unable to provide sales associates with the personalized data that will help initiate and close a transaction. With consumers navigating freely between mobile, Web and in-store shopping, and brands therefore able to gather more information than ever before about frequent shoppers, properly cataloguing clientele has emerged as a way to provide the best possible customer service and showcase a great branded experience ([see story](#)).

"The luxury brands we're seeing do best in bricks-and-mortar are actually those who started as pure ecommerce plays, such as Bonobos and Warby Parker," Mr. Taylor said.

"They've been able to successfully apply a tech mindset to their physical locations, giving customers a really consistent experience that allows them to get the in-store, personalized support, with access to ecommerce inventory across the company," he said.

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