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A Talent Perspective

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Surfing Tides of Retail Change

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Content

Preface by RAI

Companies are continuously evolving to win the connected consumer. This includes changing the way they strategise, operate and collaborate – externally and internally. While aligning with external partners is important, internal cooperation too is becoming increasingly critical in an industry, like retail, that already has high staff turnover. This helps promote a culture of collaboration that has a positive impact on customer service as well as employee retention.

The more lateral thinking companies are using digital capabilities to be in touch with every one of their employee in order to upskill them, update them and to re-create the constitution of the company to be in touch with times. This report by RAI-Deloitte is a great guide for CEOs and HR managers to help them deal with the new requirements of business.

Kumar Rajagopalan
CEO
Retailers Association of India

Foreword by Deloitte

This report is timed at the cusp of a revolutionary change in talent in the retail Industry. With the growth and size of the millennials as well as the Generation Z population mix, a clear shift in their mindset and behaviour is visible. A young graduate today has no hesitation in working in a posh café or an international retail outlet. The distinguishing linguistic skills and good personality demonstrated at various shopping outlets or at a café is evident of the quality of the representatives working therein.

This is just the start and there is more change to come. This report succinctly depicts this paradigm shift along with the challenges that are coupled with the same. There is a special emphasis on learning, onboarding, buddying and these have all been influenced in some way by digitization. Technology plays a vital role on talent. E-learning with the help of videos, employee friendly applications on the web/handphone, buddy and feedback systems are some examples of the changing environment and culture.
The report concludes with an overall perspective of the constantly changing outlook which is consumer centric in the retail world.
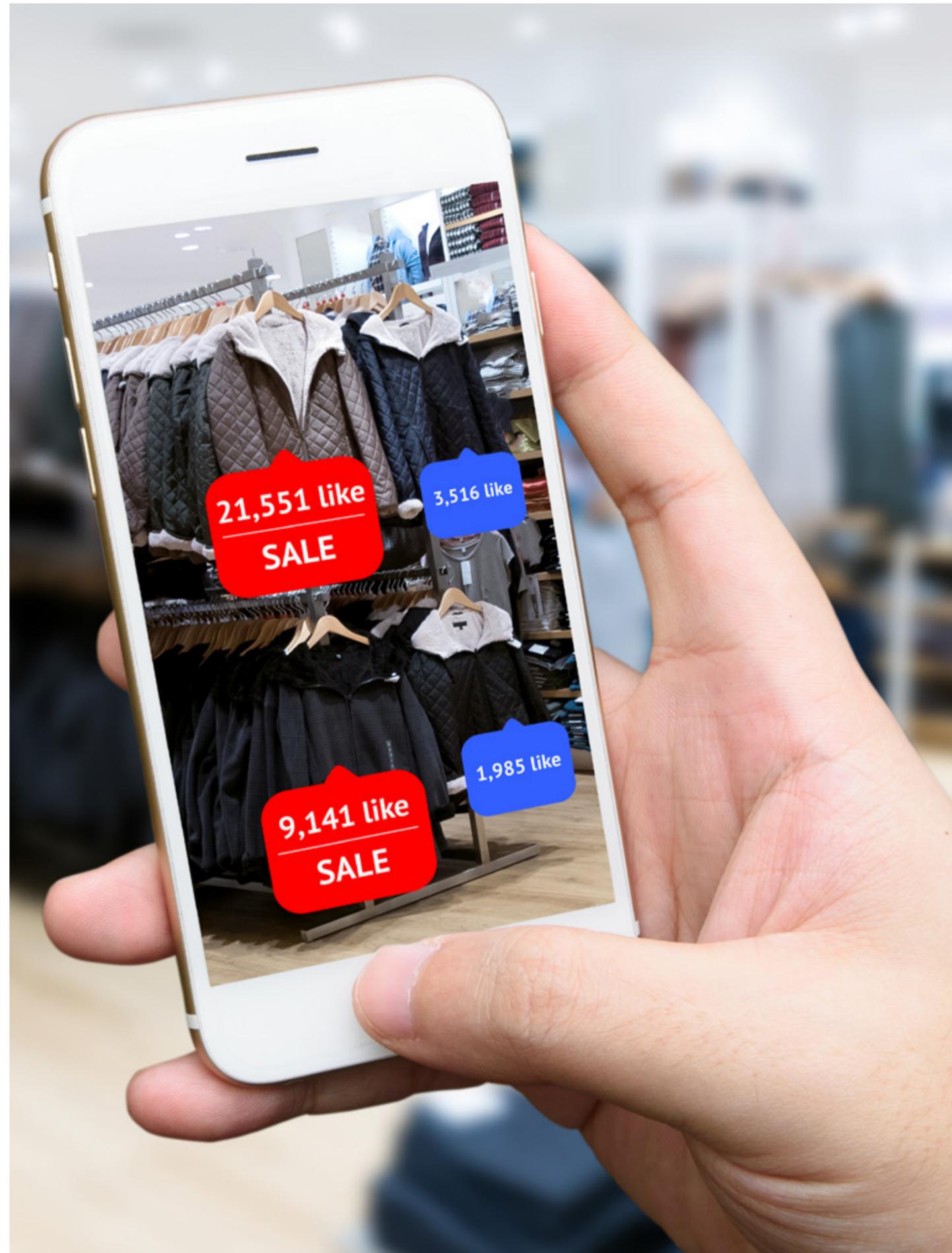
Anil Talreja

Introduction

Indian retail is rapidly undergoing a transformation propelled by several factors such as rising household incomes, onset of the mall culture, e-tailing, favorable demographics, and easy credit availability. Today, the Indian retail industry accounts for over 20 percent of the country's GDP and around 8 percent of country's employment. Indian retail is witnessing entry of new players at a speed never seen before and is expected to nearly double to US$ 1 trillion by 2020 from US$ 600 billion in 2015. Equally fast paced, if not more is the growth trajectory of the Business to Business (B2B) e-commerce market, which is expected to reach US$ 700 billion by 2020, whereas Business to Consumer (B2C) e-commerce market is expected to reach US$ 102 billion by 2020. And to add to the Indian retail success story is a major catalyst of Foreign Direct Investment (FDI) with the total investments accounting to US$ 537.61 million till March'16[1].

The employment base of the industry is expected to reach ~56 million by 2022 across conventional and specialized retail segments

Though we have experienced phenomenal growth over the past decade, share of organized retail still hovers around 8 percent, while the unorganized sector constitutes 92 percent of the overall retail industry, retaining its dominance. However, in the coming years, it is estimated that organized retail will no more be just an urban phenomenon and tier 2 and smaller cities will evolve at a fast rate to constitute the share of organized retail.

What is garnering the interest of all the industry experts is that how the entire growth dynamics in Indian retail is changing the way the industry employs and manages talent.

Amidst this growth journey, top leaders and industry watchers are keenly observing how the industry that employs more than 90 percent of the workforce in the unorganized retail with high attrition as a consistent trait, is coping with the fast-changing trends and economic pressures, such as increasing wages, rise of e-tailers etc.

[1]Retail Industry in India, January 2017 – www.ibef.org

Key Observations On Talent

- High attrition levels exist across the industry, especially for store workers. The attrition amongst the entry and mid-level is more than 30 percent annually.

- There is a shortage of trained manpower across levels. Key skills desired in retail employees include an understanding of regional etiquettes and ability to provide a personalized high-touch service to consumers.

- The contractual labor hired during periods of high seasonality often lack the required customer service skills.

- Standardization of quality processes is a challenge due to vast geographical, regional and cultural differences in different cities.

Research by National Skills Development Corporation (NSDC) shows that the employment base of the industry is expected to reach ~56 million by 2022 across conventional and specialized retail segments. Figure 1 depicts the employment levels of various segments in retail[2]. While the overall prospects look positive from all sides in retail, there are still a few aspects which are causing the retailers to be anxious as they may have a direct impact on the business. The demand for employment, which is only anticipated to grow in the coming years, is not being matched by the educational qualifications and the skill levels of the workforce. Currently the majority of the employed workforce in retail, around (74 percent)

is at Secondary or below educational level. This has created a major scarcity of trained manpower in the industry, which is expected only to grow if not remain stagnant. This anticipated shortage of talent in the long term is causing the retailers to invest a lot in training the entry level employees. Another challenge being faced by Indian retail is the attrition level, which is attributed to the relatively difficult working conditions at the retail store level.

An outcome of the challenges posed by– scarcity of skilled individuals and high attrition levels, a new wave of employee engagement and training initiatives in the Indian retail industry is being observed in the industry.

The changing face of India's retail has also seen changes in the way the HR department functions.

What started off as an operational function, is slowly moving towards becoming a strategic business partner in the business. Innovative hiring, attraction, engagement, retention, productivity and attrition are just a few tasks lying in front of the retail HR leader.

The Road Ahead
The truth is that change in Retail is staring at us and e-commerce is here to stay. Expanding its base, new players are emerging, customers are gaining more and more power and moreover government is acting as a catalyst. In these times it remains to be seen how the Indian retail shapes, copes with and makes choices to attract, retain and develop scarce talent.

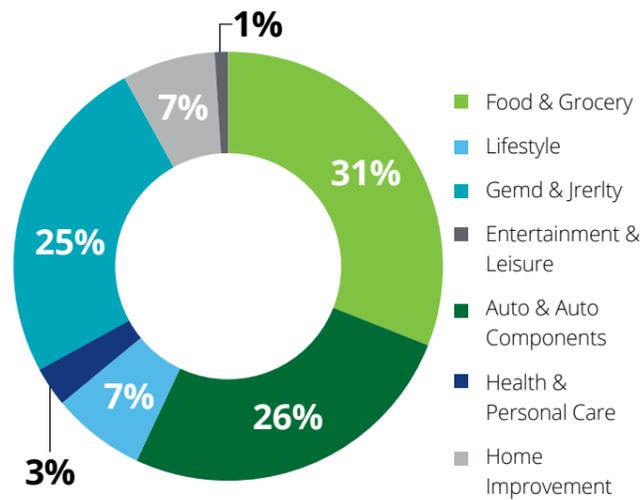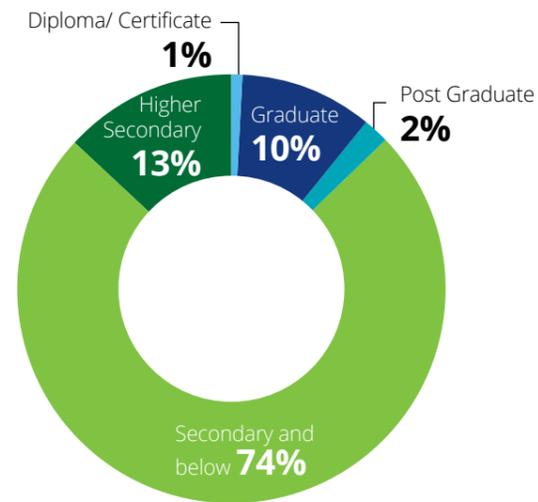**Figure 1: Share of Employment in Indian Retail Industry**

- Food & Grocery — 31%
- Lifestyle
- Gemd & Jrerlty — 25%
- Entertainment & Leisure — 7%
- Auto & Auto Components — 26%
- Health & Personal Care — 3%
- Home Improvement — 1%, 7%

Figure 2: Educational Profile of Workforce in Indian Retail

Diploma/ Certificate 1%
Higher Secondary 13%
Graduate 10%
Post Graduate 2%
Secondary and below 74%

High attrition levels exist across the industry, especially for store workers. The attrition amongst the entry and mid-level is more than 30 percent annually

[2]NSDC Human Resource and Skill Requirements in the Retail Sector Report, 2013-17

Executive summary

The objective of this paper is to understand key HR trends in the retail workforce in India. This study draws its finding and analysis primarily from retail trends survey conducted by Deloitte globally in 2016 along with key insights from secondary data. The global survey garnered viewpoints from 350+ respondents to understand the ongoing and emerging trends shaping the world of work for the Retail sector. These trends were then juxtaposed with retail trends in India through interactions with HR leaders in India to validate the themes and arrive at the insights outlined in this paper.

There are four themes that have emerged from this survey which are the anchors of this paper:-

- Evolving talent trends affecting Retail

- Increased digitization in Retail

- Balanced, dynamic staffing models

- Retail – Employer of choice

Evolving talent trends affecting Retail
Changing global scenario and competitive pressures require retailers to differentiate themselves through the people in their organization. Meanwhile, economic pressures have forced them to deliver an ever-increasing return on their investment in people. In order to remain competitive, Indian retailers understand that they must put a greater emphasis on managing talent.

Increased digitization in Retail
Distinct approaches to digital have talent implications, since organizations with a more robust digital model are likely more capable of attracting, engaging, and retaining talent. Although only 26 percent have the readiness to go digital, leaders do understand the importance of developing and adopting sophisticated technology in retail.

Balanced, dynamic staffing models
Indian retailers are in a constant endeavor to find a perfect fit between the employee skills, job role, and organizational culture. Retailers have started exploring dynamic and collaborative staffing models, which offer varied choices to employees, to leverage to cultivate more long-term employment relationships.

Retail – a preferred employment choice
As an endeavor to attract talent and be a preferred employer of choice, the initiative that has attracted maximum attention and resources, is an effective portrayal of the employer brand of the organization. The employer brand is now being effectively used by the retailers to distinguish themselves, promote their strengths and values, and highlight what makes them an employer of choice.

Evolving talent trends

31 percent of India's employable workforce (45 million) [2] within the services sector are employed in the retail industry, accounting for approximately 10 percent of the total employed workforce population.

In Deloitte's 2016 annual Global Human Capital Trends research[1], need for Organization Design interventions (92 percent) rocketed to the top of the agenda among senior executives and HR leaders within the retail industry.

Perennial issues like Leadership (89 percent) and Culture (86 percent) continue to rank high in importance as they had in each of the four years of this annual study. Yet, this year corporates turned a more focused eye towards adapting their organization design to compete successfully in today's challenging and competitive talent market.

Retail Industry: Overview and recent changes
The retail industry is going through one of its most challenging periods in the last 5 – 10 years. Economic crisis, declining consumer confidence, rising prices for groceries and gasoline, and a credit crunch have all combined to create a perfect storm. With approximately 31 percent of India's employable workforce (45 million) within the services sector employed in the retail industry (accounting for approximately 10 percent of the total employed workforce population)[2], managing workforce costs while retaining

talent is more critical than ever. The question therefore is how prepared are the retailers for this?

The major changes impacting the retail workforce today globally as well as in India include:

Economic change: While past economic crises have led to labor surpluses and a decline in real wages, this economic climate is marked by a shortage of qualified talent and soaring real wages. As a result there is a need to effectively recruit, develop, and retain top talent.

Generational change: As Baby Boomers prepare to retire, there simply are not enough Generation Y workers to replace them—particularly in key management positions. As Generation Y becomes the primary source of talent and expand their presence in the workforce, a new generation,

[1]Deloitte Human Capital Trends India Report, 2016
http://www2.deloitte.com/content/dam/Deloitte/in/Documents/human-capital/in-hc-india-report-web-19may2016-noexp.pdf
[2] NSDC Human Resource and Skill Requirements in the Retail Sector Report, 2013 – 17

Generation Z, is also coming to age. Today, the very goal of businesses is to disrupt the status quo. Retailers must learn how to manage these differing work styles and address their needs more effectively.

Global change: Retailers got their first taste of globalization in the 1970s and 1980s, when supply chains went international. In the decades that followed, many retail companies began to capitalize on the increasing buying power of the global community through global expansion of their sales channels. This globalization trend gave companies access to a larger pool of revenue and talent; however, this has also led to a complex challenge of managing a global, diverse workforce.

Demographic change: As our society continues to become increasingly diverse, consumers expect a retailer's in-store staff to reflect that diversity – a more balanced distribution of age, sex, and ethnicity. Retailers that focus on diversity will be at an advantage to exploit the demands of an increasingly multigenerational workforce and customer base.

Well-established retailers: Those founded before the internet age (1995)[3]

Internet-age retailers: Those founded after the internet age (1995)[3]

[3] Deloitte Retail Talent Disrupted Report, 2016
https://www2.deloitte.com/content/dam/Deloitte/us/Documents/us-retail-talent-disrupted-pov.pdf

Key Global Talent Trends and Evolution of New Capabilities

The environment for managing talent has never been more complex. People costs are often the largest and the least precisely measured investment of the company. Increased market competitiveness, shrinking labor pool, digital revolution and the demands of the evolving customers have threatened organizations across industries, including retail. In fact, we believe that,- as an industry, retail is all the more susceptible — positively or negatively — to the quality of its people and their impact on results than the vast majority of others.

A global Deloitte research3 revealed that the key talent trends impacting retail workforce which have evolved over the last two to three years are:

01. Talent Scarcity Paradox: Evolving talent sources

Despite innovations in talent acquisition, increased mobility and world sourcing, demand still exceeds supply in many areas–with analytical thinking, inspirational leadership and global mindset topping the list of on-demand skills.

Overall, interest in working in the retail industry appears to be low. In our survey3 of Millennials, only 34 percent of survey participants said they would consider a retail career, and most of those individuals would choose to work at more established e-commerce organizations. A deeper analysis revealed that the timing in which Internet-age retailers entered the market uniquely positions them to manage and prioritize talent in more agile, innovative, and engaging ways.

Key India Talent Trends and Evolution of New Capabilities

- Today, with ever increasing millennials' participation on social media such as Facebook, Twitter, LinkedIn etc., most organizations have dedicated influencers / social media experts following latest trends that millennials relate to, in order to engage with them regularly.

  'A leading fast-fashion clothing giant has a dedicated page on Facebook to engage with the youth. All the promotional information related to events, competitions, and new store launches, etc., is published on an everyday basis. This serves as a medium of engagement not just for the potential customers but also potential employees who aspire to work with the brand.'

- **Succession pipelines are more important than ever –** The retail industry is recognizing smart HR analytics that help look for certain patterns to detect possible good successors, in a speedy and efficient manner.

  'A retail giant for example, has a talent transformation programme where people are made to identify their skill sets. Based on the skill sets, customized career paths are designed for the employees in order to create a talent pipeline for all verticals.'

- **Architecting innovative career paths** – Organizations are creating a lens through which employees can see and explore varied career opportunities with rapid progression. Focused leadership, mentoring programs along with virtual learning or webinars to aid in employee career development. Retailers are also defining new career paths that build cross-channel capabilities and develop the next generation of leaders. A few organizations have created a role-based organization structure with quick progression.

'A mid-market Indian retail giant established the in-house learning university to prepare its middle and senior level management for next stage of career development. Additionally, it has partnered with several leading institutions and corporations for collaborative learning.'

- **Learning focus** – High-end Luxury retailers are leading the way in learning and development by adopting new ways of training employees. International assignments, internships, and job rotations have become more common among these. Value based retailers, however, still seem to be sticking to the bare minimum training requirements, but are expected to follow soon.

'A fashion retail giant deployed staff from their Singapore unit to their pilot store in India along with the new hire Indian staff for training and handover for initial few months of their setup.

02. Millennial Focus: Attracting, engaging and retaining

Millennials now make up more than half the workforce and they bring high expectations for a rewarding, purposeful work experience with continuous learning and developmental opportunities and rapid career progression. Another -research by an independent body indicates that by 2020, Indian millennials are projected to be over 50 percent of the workforce. Retail companies already have a significant bunch of baby boomers, mostly in leadership positions, who are struggling to adapt to the new workforce demands. Workforce 2020 global report[5] indicates over 52 percent of retail executives believe that they are committed and have a plan for achieving its vision for workforce management. As millennials, the least engaged generation, as compared to Gen X'ers and Baby Boomers, continue to become a larger part of the workforce, companies are piloting new ways to source and engage them.

While global retail organizations have moved to social media hiring, as well as gamification of their hiring process, our research revealed almost 89 percent of the Indian retailers are still using references as the primary source of recruiting (followed by walk-ins, a channel used by 63 percent of the retailers). However, middle management positions such as Store Manager or Assistant Manager are mostly filled through job portals including Times Jobs, Naukri, Monster, etc. Social media is primarily used within the premium and luxury segment with 37 percent of these retailers using LinkedIn to recruit candidates. Going forward use of social media is expected to increase across all formats with increasing internet penetration.

Recruitment Gamified!
A retail beauty and cosmetics major has launched a business game to recruit for marketing, human resources, sales and operations roles. Their game allowed players to experience working in a global firm, interact with avatars representing employees and get a sense of which department they might be suited for. Gamification tools call for solutions to real-life challenges. It helps us screen the applicant's analytical skills, which may not be possible via traditional hiring means.

Make a game out of it - In India, gamification is at a nascent stage with a handful of companies waking up to its potential. Gaming concepts have begun working their way into HR processes for not only recruiting new candidates but also to enforce learning and skill development. Increasingly companies are using interesting gamification solutions inside the workplace - from a few isolated pilots to a new way to recruit, engage, and recognize high performing employees.

Deloitte research[4] indicates two-thirds of millennials surveyed in India express a desire to leave their organisations by 2020.

[4] Deloitte Annual Millennial Survey, 2016
https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millenial-survey-2016-exec-summary.pdf
[5] Workforce 2020 Report: the Looking Talent Crisis, 2015
https://2020workforce.com/

03. Training and skill development: key to success in the talent war

The organizational capabilities necessary for retail success have fundamentally changed over the past decade—but even more acutely in the last five years. As a result, the skills needed at both the employee and leader levels have also evolved.

Still, while retailers work to meet the needs of consumers in digital age, the emphasis on current talent requirements and skill development is lagging. This is especially true for well-established retailers. Our data shows that well established retailers[3] are 24 percent less likely than Internet-age retailers to invest in employee learning and 20 percent less likely to develop new training techniques. In contrast, our survey revealed that Internet-age retailers host a larger population of employees with science, technology, or engineering backgrounds, and are 13 percent more likely to develop a succession planning approach that reflects the dynamic industry.

As the retail environment continues to evolve, and technology advances at the rate of Moore's law (doubling in price/performance every two years),

commonly used methodologies and technologies will be replaced by new tools and techniques in a continuous cycle of innovation. To respond, retailers will need agile talent who can solve complex problems, adapt to change quickly, and innovate to remain competitive. A Deloitte study[3] reveals that Internet-age retailers have a stronger understanding of the demand for agile talent, across the board, as they reported placing a higher value on agile behaviors (e.g., entrepreneurialism, adaptability, and tech-savviness). Established retailers, on the other hand, reported experience-driven behaviors (e.g., company loyalty, tenure, merchandising, and product experience) as most important. This suggests that Internet-age retailers seek, hire, reward, and develop talent based on a very different set of attributes. This set of attributes is more aligned with agility, speed, and responsiveness rather than historic experience, depth and ability to optimize. Taken together, these points demonstrate a chasm in the battle for talent, and the battle is only intensifying.

"We attempt to recruit 20 percent of the company's managerial cadre though gaming channels"

HR Director of a leading Indian retailer

"If you go back 10 years, great store leaders, merchants and planners, you had a good chance to win. Fast forward to today—there are three other roles that are absolutely critical to winning... fulfilment experts, data scientists, and technologists"

In India we are still on a progressive path
With the entry of multinational retail giants in both luxury and value retailers, the past few years have seen increased focus on training and skill development of employees at all levels. Much of these initiatives however, are organization specific in their current outline developing employees in the desired domain and skill requirement specific to the organization.

'A leading multinational retailer at the time of opening its first store in India, hired employees at all levels beforehand and deployed them at one of their flagship stores in the UK for training'

However, only the multinational retail chains have been able to make a case and reap benefits from investing in these trainings and development initiatives. For majority of the Indian retailers, learning initiatives are limited to shop floor trainings and we still have a long way to go.

04. Organization Design: Increased agility and innovation

A Deloitte study[3] revealed a clear trend where retailers are moving towards flatter, flexible organizational structures for increased agility and innovation. Internet-age retailers, who were born in the age of digital disruption have integrated innovative strategies and flatter organizational structures into their operating models from their very inception, thus encouraging employees to 'be innovative'.

A leading Indian retailer group is undergoing a multi-pronged restructuring exercise to simplify its business structure across its entire operations.
Globally, Deloitte 2016 HC Global Trends research indicates 77 percent of retail organizations are restructuring their organizations or have recently completed the process. Only a minor percentage (7 percent) indicated that they have no plans to restructure their organization. However, even now, most organizations do not have agile operating models and are less adaptive to the evolving marketplace and talent needs. Many retailers are now starting to move towards flatter, leaner organization structures. It is imperative that all elements (people, processes and technology) of a retailer's operating model are aligned to its business strategy.

05. Workplace Differentiator: The full employee experience equation

Employee experience comprises of three environments: the physical, the cultural and the technological. The employee experience is a symbiotic relationship that not only allows employees to feel more engaged and happy at work but it also allows employees to contribute their best ideas and work efficiently and productively. While some companies create experiences central to the "place of work," such as access to gym facilities, free massages, and gourmet food, some retailers are focused on creating a full employee experience equation, where all the elements of work—the physical, the emotional, the intellectual, the virtual, and the aspirational—are carefully orchestrated to inspire employees.

Indian Retailers, especially in the electronics segment, have started using futuristic applications such as augmented reality phone app to attract customers for viewing products in 3D through wearable glasses with real-time product information, and using digital eyewear to improve in-store collaboration between employees.

06. Data and Analytics Driven: Gaining Speed

Talent has become a scarce commodity and retailers are now applying analytics to understand their employees better. Effective analytics is helping organizations in distillation of dizzying amounts of data into actionable information. HR Analytics acts as the conduit to information, makes the data-driven decision making possible and moves businesses beyond guesswork, intuition, and ad-hoc spreadsheets. Globally, retail organizations are using workforce analytics tools to gain insights about the flow of talent and take informed decisions about how to better manage its people and evolve its culture. Retail organizations continue to focus on accelerating the development of key populations, leveraging assessments and predictive analytics to ensure that the mix, quantity and quality of their talent pool remains aligned with the business strategy. Increasingly, HR teams feel the need to understand what to do with that data and how to make sense of it.

There is increased use of big data, predictive and retail analytics to leverage customer insights amongst most Indian retailers. However, there is a huge gap in using analytics to transform workforce data into actionable insights and understand employee behavior.

07. Work-life integration: Will workplace flexibility be the new norm?

Just a few decades ago, the dream for most employees was to achieve the elusive work-life balance. However, the growth of technology has made it so that most employees are almost always accessible which has led to a shift towards a concept of separation of work life and personal life. This means that work-life balance is dead and is being replaced by work-life integration. Work = life and life = work. Companies which view workplace flexibility as a strategic imperative rather than an employee perk will benefit by attracting, engaging and retaining the best talent.

A skin care giant gives special attention to its women workforce by extending flexible working options to help employees manage work-life balance. Most Indian retailers have morning work schedules for female employees with cab drops after 8 pm.

An upmarket retailer specializing in fine jewellery, gifts and luxury timepieces employs a permanent workforce for less than 40 hours a week with a five day working week to ensure that the employees are engaged and motivated at work. Even the shift scheduling is communicated weekly.

However largely, an average Indian retail employee still struggles with work-life balance - working on festivals, weekends and public holidays.

08. Going Digital: Revolution or Evolution?

The all–digital world is changing how we live and work. Leaders need to shift to a "digital mind-set" and revolutionize HR processes, systems and organizations to adopt new digital platforms to deliver HR services. It is becoming engrained in the retail culture and operating model; technologies such as mobile devices, apps, sensors and analytics are changing the way retailers design, merchandise, market, and distribute products; similarly, digital disruption and social networking profoundly impact the way retailers hire and manage talent. Retailers need to understand know-how to use digital platforms to attract people and drive sales.

The retail space is witnessing a data deluge brought about mostly by the emergence of e-commerce and the increased use of connected devices and apps. This in tandem with analytics is setting retailers on the path to achieving digital dominance.

Technology is moving at such a rapid pace that the devices customers carry in their pockets are light years ahead of what the employees are using. And with years-old POS systems keeping customer-facing staff tied to the till, the level of in-store customer service staff can provide has suffered greatly. Employees need to be equipped with technology that will allow them to get out from behind the counter, and start talking to the customers.

Everything gets connected - Location-based beacons, digital signage, and sensors will be joined by innovations such as smart price tags that can change prices in real time, and mirrors that allow you to try clothes on virtually or a mobile Point of Sale that allows one to take payments anywhere in the store.

Electronics and high-end fashion retailers are using tablets, have apps on their mobile phones that link up to the inventory management system in order to see if there are more items in stock. Not only will this excite customers, rather than a dusty old relic, it will empower employees to do their jobs better and engage tech-savvy millennials.

Across industries mobile apps are being used to carry out simple talent management processes of HR to enhance employee experience. However, in Indian retail, inability to adapt quickly to changing technologies is still an immense concern.

As retailers confront these dynamic changes impacting their business environment, they are also facing another generation of change in how they operate their business. The new retail model closely aligns with the needs of today's fast-moving global marketplace. However, it requires new skills and capabilities—as well as a new approach to talent management.

Although talent has always played a major role in retail, the latest research shows that talent management is fast becoming a primary driver for organizational success. A recent study reported that companies that spend 3.5 – 4 percent of their operating budget on workforce development are also in the top 5 – 10 percent of the best performing companies within retail.

Looking forward

Retail is an intensely competitive industry, even when it comes to acquiring and retaining quality talent. Globally, the attrition rate in the retail sector is 30-40 per cent. Thus it is important to have attractive employee engagement strategies in place, such as gamification of work, achievable sales goals and commission structures, extra time-off and other exciting variable incentives. Effective talent management practices can help enable high-performing employees to delight their customers, achieve their growth potential and drive bottom-line results.

Digitalization in retail – What is changing?

In the process of achieving digital transformation, having a clear sense of how to encompass the "employee" aspect in the whole journey is critical. The problem many retailers are facing is mapping the route and knowing where to start.

Today's environment has compelled retailers to relook at their strategy towards success. The definition of success, which was a few decades back, extensively around attracting and retaining customers, and providing consistent customer experience, has now expanded to encompass the employee aspect as well. Many retailers are planning, if not have already started implementing, digitization of processes for their store level employees to support them in becoming more efficient.

Deloitte's analysis shows 62 percent of the Retail and Distribution companies are currently revamping or considering revamping their HR Technology. These organizations are beginning to bring together social, mobile, analytics and cloud technologies to improve the employee experience.

Three primary building blocks that form the cornerstones of the digital transformation at workplace that have led to improved employee efficiency involve:

01. Empowering through simplification
Retailers are striving hard to replace the manual processes with fluid, automated processes which have empowered the store employees to make faster decisions

with reduced turnaround time from days to minutes. Many retailers have implemented apps to allow the associates to save time on mundane and repetitive tasks. For example, one of the electronics retailers has allowed its employees to validate their identities each time they have to sign-on for a shift. This has simplified the tracking and attendance maintenance process to a large extent, while raising the employee satisfaction levels as well.

In order to enhance the store management, retailers are encouraging the store employees to install apps and software in their own devices. These apps are built to provide real time stock information (quantity, category and price) to the employees, reducing their effort and aiding them in providing better customer experience.

Many retailers have also built their digital capabilities by implementing smart systems to predict the queue length and customer footfall at different times of the day. These systems are programmed to alert the store managers when the expected footfall is higher than the set threshold. This has enabled them to manage the staff shifts and checkout procedures in a much more smooth and efficient manner.

"Although 70 percent of retailers admit the importance of Digitizing HR processes for employees, only 26 percent have the readiness to go digital"

Figure 3: Building blocks of digital transformation

Empowering through simplification

Training On-Demand

Building People Analytics Capability

One of the global retailers has installed Internet Protocol cameras and sensors in the parking and the store to gauge store traffic and sales conversations. Based on the associate-customer conversations, the retail chain has kept evolving its training and store operations practices to deliver more in less

02. Training On-Demand
Across Deloitte's research, one theme clearly emerges from the executives with whom we spoke: the organizational capabilities necessary for retail success have fundamentally changed over the past decade—but even more acutely in the last five years. As a result, the skills needed at the employee and leader levels have also evolved.

There are a lot of remarkable initiatives being taken by some of the retailers. The most recent trend in learning and development has been availability of vast amount of online training courses, which can be accessed right through an employee's device (phone, computer or tablets). On the other hand, the millennial generation employees are proactive participants and value training as a means to reach their goals.

1. **Using Face Recognition Technology for capturing attendance:** One of the Indian Women's Fashion brands has recently made a shift from manual attendance capturing to facial attendance capturing system which is smooth and effortless. Implementation of this system has not only eased the lives of the store employees but also inspired more discipline.

2. **Using Tablets for ordering food:** Apart from the Indian retail stores, Indian restaurants have also evolved in their adoption of technology for carrying out everyday operations. A major American Fast-food restaurant with presence in all the major cities in India, hands over tablets to their customers for ordering food. This not only enhances customer's experience by giving them more freedom and time in choosing but also simplifies the whole order management and billing process for employees.

A US based retailer has implemented high definition video conferencing at each store to deliver on-demand employee learning and collaboration among stores

In addition to module based trainings, organizations are also exploring new ways of fostering a learning environment. Creating collaboration communities via virtual classrooms, mobile wireless courseware, self-study learning guides, workshops, emails and online discussion forums are a few ways by which employees are being empowered today.
And hence, employees are being supported in all ways, both at the store level as well as the corporate level, to boost their efficiency and raise their everyday contribution towards the organization.

03. Building People Analytics Capability
Retailers have recognized they need data to figure out what makes people join, perform well in, and stay with an organization; who will likely be successful; who will make the best leaders; and what is required to deliver the highest quality customer service and innovation. All of this can be directly informed by people analytics. Development and adoption of sophisticated technology to analyze employee data is something on the to-do list of many retailers. The leaders are recognizing the fact that to get the best performance from the store employees, who are both the biggest asset and the biggest source of expense, it is high time to resort to analytics.

One of the major US retailers has quantified the value of a 0.1 percent increase in employee engagement, and it is $100,000!

People analytics technologies are being used in providing valuable data in regards to determining traffic flow, identifying traffic trends over time, optimizing labor, enabling more effective facility management, and determining conversion rates. Understanding traffic flow allows for cost effective and efficient labor scheduling. For example, lunch time and holidays tend to be peak traffic periods for many retailers. However, all businesses are unique in the audience that they serve, so while some peak times may overlap, others may not. People counters are vital to accurately determining these periods.

1. **Making available interactive intuitive training modules:** One of the India's leading chain of departmental stores has partnered with an Online learning solutions provider to help its employees access trainings which are interactive, fun and interwoven with examples from the industry.

2. **Using custom e-learning courses:** A major Indian Apparel retailer has created a repository of custom e-learning courses which are built by cutting-edge design techniques for mobile and adaptive learning on the run, which are equipped to give employees a media-rich experience on demand.

A UK retailer found that by linking retail sales data to the recruitment of store managers, analytics improved profitability dramatically both at the store level and for the organization as a whole. In short, the data showed precisely how better leaders, higher offer acceptance rates, and reduced time to hire drove store profitability

All of these things are adding up and having an effect on the employee efficiency as well. The raised levels of scrutiny and better visibility that comes from deploying people analytics have made every work and behavior of an employee more transparent to the business. In addition, the predictability of store operations through digitization and analytics has eased up quite a few things for a store employee. And, both these things, the scrutiny and the ease, have worked well together in raising the efficiency of the store employees.

Retail in-store analytics solutions are being used by many retailers in India to collect footfall statistics using people counting (Video based/ thermal based/ Wi-Fi-based). Such real time view technologies have helped retailers to prepare the sales staff for better engagement, optimization of campaign strategy and enhanced decisions related to assortment and merchandising, thus providing ample opportunities to each employee to contribute to business.

• **Partnering with an analytics firm:**
A major retail group owning multiple retail brands has partnered with an analytics firm, which provides them with real-time actionable information for store-level decision-making.

• **Using analytics to identify lapses, pain points and purchase drivers:**
A global retailer with presence in India witnessed a boost in the performance of its underperforming stores by using in-store analytics for lapses, regular and occasional customers to understand pain points of the stores and the purchase drivers of consumers in those catchment areas.

• **Setting up internal teams for analytics:**
An Indian book-music-gifts retail chain has set up an internal team for analytics, which is trying to understand issues like cannibalization when opening new stores, identifying best locations depending on the address of its regular customers, pinning down consumers who may drop out due to changes in buying habits and come up with strategies to entice them with offers and changes in merchandise.

Making retail an employment of choice – How it may hold key to the retail success

Complexity - a word that best summarizes the age we are living in, has changed the way businesses work and prosper. While technology has helped in safer and more efficient lives, stress and dissatisfaction are on the rise. In such times, being an employer of choice and attracting and retaining talent is an issue most retailers are grappling with.

The new wave of change
Most of the retailers are on their way towards replenishment of their customer-facing/ front-line positions, which are often filled by younger bracket of workforce who are on the lookout for jobs in the short term. Simultaneously, these retailers are also in search for career track employees who are interested in field leadership positions and have willingness to carve a career out of their store experience. The retirement of Baby Boomers over the next 15 years – even if somewhat delayed by the current economy – is still a reality that presents retailers with an important dilemma: how to fill the void those retirements will create in career-track corporate positions. Simultaneously, retailers will be required to address restocking the front-line customer-facing positions that often have a high degree of churn.

However, in a challenging economy, how can the retailers afford to expend efforts toward developing their employees, most of which comprises of Gen Y'ers? We believe that a decision to cultivate this

generation of workers even in the midst of the current economic turmoil can position savvy retailers for the next upturn. Understanding what motivates employees is a critical part of this process.

In the current times, many retailers are focused on managing cash flows, reducing costs and right-sizing their organizations. And most of them also acknowledge, that these efforts will take them only so far. Ways of generation of new sales has to become a part of the long-term strategy. As a result, we believe retailers should include among their critical priorities a continued emphasis on strategically developing their workforces.

What are retailers doing to navigate while still developing the capabilities of their employees? Here are a few ideas:

Reinforcing their image as a high-value brand – both internally and externally
Many retailers enjoy an inherent advantage over other industries in promoting corporate brand, social responsibility, and supporting work/life balance for

"Although 70 percent of retailers admit the importance of Digitizing HR processes for employees, only 26 percent have the readiness to go digital"

employees. The millions of dollars spent each year building and promoting brand among consumers serves the dual purpose of creating an impression in the minds of people who might be interested in working for a particular retailer. This is especially true when it comes to younger employees, who are widely known for their brand consciousness. Retailers are building on this advantage by engaging younger workers earlier as leaders of sustainability and employee satisfaction initiatives.

Retailers are also leaping ahead of less innovative companies by aggressively exploring technology-based initiatives, such as social networking, which appeal to the work and leisure preferences of the younger segment of the workforce. These types of activities can set retail organizations apart in their recruiting and retention efforts.

• **Employment branding videos –**
Organizations are launching new employment branding initiatives such as creation of videos, promotion of social media campaigns etc. One of the global technology retailer has created a recruiting video which is launched on the career page, Facebook, LinkedIn and other social media to attract candidates. It consists of three components:
– Employee testimonials – about why they chose to work with the firm
– Glimpses to the unique benefits
– Exciting project opportunities
As a part of retailer interviews conducted by Deloitte India, 26 percent of retailers have started using social media for attracting and recruiting candidates.

• **Promoting the benefits package – internally and externally –**
Two of the global technology giants have glamorized the job roles at their retail stores to a huge extent. By extensively marketing about the benefits and value proposition through internal and external campaigns, they have become successfully become an employer of choice in retail industry.

Inviting employees to the innovation table
Retailers that want to attract young people as consumers are first engaging them as employees. Management is embracing young talent as a valuable source of information and connection to their younger customers. By involving young talent in strategic product and customer service decisions – and tapping them as a fertile source of ideas on how best to reach

their peers in the marketplace – retailers are aiming to be much better positioned to foster a culture of respect that extends to all employees, regardless of age or level in the organization. In addition, retail employers are also rethinking performance management and rewards systems to encourage rapid development of young talent and create new ways for seasoned workers to gain recognition through mentoring and knowledge sharing.

Soaring Attrition In Indian Retail

In Deloitte's survey of 38 retailers with a presence pan India, over 58 percent retailers reported an annual attrition of more than 20 percent.

Soaring attrition levels in India has left the retailers juggling between investing their resources in tackling retention issues, developing existing workforce and acquiring new ones to support business continuity.

- **Organizing contests and competitions-**
  A global technology retailer frequently holds contests and competitions to engage technology geeks and eventually offer them jobs as a reward.

- **Promoting cross functional growth–**
  Many of the luxury fashion brands operating in India, have allowed a flexibility of cross functional growth to their HiPo employees. Outstanding performers are given a chance to explore their interests in buying, visual merchandising etc.

Investments are made to retool the technological infrastructure and approaches many employers use to communicate and train within the workplace
Retailers that have not adapted for social media technologies are losing opportunities to gain valuable customer and employee input and to foster brand recognition and loyalty.

In the face of rising travel costs, shrinking budgets and tough economic times, quality training is a must to make the most of an organization's investments. The consequences of an inadequately trained workforce can be felt by the entire business. Hence, it is critical that organizations elevate their technological infrastructure to build capabilities for flexible, affordable and high quality on-demand trainings.

- **Training before joining**
  A luxury jewelry and watch retailer, provides three months of trainings to the employees before they are onboarded. The trainings are an exhaustive mix of simulations, case based trainings and online assessments

- **Launching in-house training programs**
  Several retailers in India have launched in-house training programs to train employees at entry level. Training programs tend to range from between one week to two months.

  In addition, some of the Indian retailers have set up training centers/ universities with a capacity to train hundreds of employees, in partnership with public or private training institutes.

Use of talent management strategies to integrate employees into the workforce and boost organizational performance
 Developing effective talent management strategies is a three-step process that includes aligning talent strategy with business strategies, using analytical data to understand talent needs versus the available talent supply both inside and outside the company, and differentiating the workplace by offering talent management solutions and career paths that appeal to the unique needs of an

increasingly diverse workforce. Although retailers are naturally worried about the effects of the recurring economic challenges, they also need to leverage the silver lining in the current crisis: the opportunity for individual companies to separate themselves from the pack by attracting, developing, and retaining high talent employees. Certainly, budgets for these activities are tight, even scarce. Yet the right talent management approach can help retailers cost-effectively distinguish themselves from their competitors.

- **Making the HiPos ready for bigger roles**
  A luxury retailer identifies high performers and sends them overseas to encourage them to take up additional responsibilities including buying and merchandising at the store level.

- **Caring for employee safety**
  A retailer provides cab drops to both male and female employees who are working overtime on weekends.

- **Encouraging career growth**
  To provide opportunities to the internal staff, a retailer in the value chain space ensures filling of positions through only internal movement.

- **Creating and communicating a long term career path**
  A common practice in the Indian market is to share and reiterate longer term career growth opportunities during the induction of new hires, usually within the first week of joining. Some retailers have also introduced a policy of hiring only internal employees for managerial roles and above to combat attrition rates across senior roles.

Evolution of staffing models in retail

Despite a direct economic significance, the issue of sales staff schedule optimization in retail stores has been a deserted one. The traditional ways of managing schedules are not so efficient anymore with the retailers being confronted with so many unknowns such as – the following: 1) Substantial change in traffic trends, New ways of appealing customers and 3) Varied responses to sales and promotional events. These challenges, along with many more faced by today's retailers, have formed a compelling case for retailers to consider things like operating profit maximization, revenues and costs while designing their staffing models

Embracing Dynamic Staffing Models

Dynamic staffing models are the ones which seek to provide choices to employees in terms of:

- Shift Durations
- Shift Scheduling
- Salaries
- Work and activities

Retail industry is slowly embracing the dynamic staffing models to bring more adeptness and transparency in managing schedules.

Good staffing models serve two purposes: 1) management of the number of personnel at all levels to meet the work demands of the organization and, 2) search and retention of the best matched and qualified people for both the jobs and the organization itself. However, the best ones also account for the fact that whether the sales people are actively contributing to the revenue by doing their job well. Hence, staffing models warrant for serious contemplation and in today's times the time is right when the retailers begin to invest resources in transforming the traditional models for more dynamic and innovative ones which, when deployed, serve multiple purposes in one go.

One of the major shift in staffing models that the retail industry has seen is from traditional staffing models, which called for sales staff to cover shifts on short notice, punch in and out on timecards, and depend on advancement to time-in-grade rather than capabilities or performance, to dynamic staffing models, which seek to provide choices to the retailers and store employees for shift durations, shift scheduling, salaries and activities. Moreover, digital and mobile technologies, social media engagement and analytics have only sought to improve the transparency offered by dynamic staffing models.

Some of the major trends being witnessed by the retail industry in this regard are:

01. Use of workforce management software

Majority of the established retailers use workforce management software for scheduling of staff in a given store. These are generally short term schedules meant to serve for a duration such as a week. Although, this technique yields fairly positive results, there is still a huge scope of improvement as these software derive their algorithm from revenue forecasts or historical data on revenues generated at a particular store. They however, do not take into account the store specific dynamics which may not be a direct coefficient of the revenue. Factors such as location of a given store, its layout and customer buying patterns can significantly change the time taken for a particular task or activity from store to store and hence the required manpower in spite of the revenues being equal.

02. Manpower budget as a percentage of sales

Another common practice among retailers is that of allocating staffing budget as a percentage of sales for a particular store. As simple as it may seem, this technique too has its pitfalls. For example if a given grocery retail store deals more in fresh produce as compared to another that generates larger sales through packaged items, the man-hours the former would need can be considerably higher due to more frequent replenishing demands. Such factors can account for manpower cost differences among different stores ranging anywhere between 20 - 40 percent.

03. Quest for more accurate and thorough staffing methods

Attempts are being made across the industry to devise better techniques, derive more accurate formulae/ algorithms and build superior staffing models that encompass as many entailed factors to arrive to a much more scientific method of staffing that ensures right staff is engaged in the right task at the right time and is spending the right amount of time.

04. Posting schedules in advance

Organizations are on their ways to leverage upon the best-in-class sophisticated predictive analytics and forecasting tools to aid the store managers in developing predictable schedules, which can be used to notify the workforce at least once a week, or preferably two weeks, in advance.

05. Enhanced collaboration and communication within store employees

With myriad of choices available to choose from the mobile and web self-service apps, employees are now empowered enough to be able to manage their schedules and availability through regular communication amongst themselves.

06. Deployment of right incentives

Retailers are preferring to offer extra monetary incentives to existing employees by deploying them instead of hiring new ones for periodic spikes in work. This strategy goes a long way in improving staff loyalty and performance, leading to a reduction in turnover and a decreased dependency on part-time employees.

07. Accounting employee preference for assigning work

As an extension to dynamic staffing, retail industry is now adopting novel ways to assign work to the sales staff. A few retailers are now allowing the employees to find roles and activities that appeal them. This has led to high satisfaction levels amongst the sales staff, as they are no longer restricted by a six or eight hour shifts and responsibilities not matched to the employee's interests or strengths. This flexible model of staffing has appeased the bracket of employees who fall under the working parents and students categories.

08. Finding the "Good" match: Opening grounds for interns and apprentices

As an endeavor to find the right person-job-organization fit, many organizations are opening grounds for short-term internship opportunities, as a part of which they can analyze and evaluate a person's capabilities and traits to do the job and merge with the organizational culture. Those found fulfilling all the requirements are then absorbed as permanent employees.

Hiring interns and apprentices
Around 35 percent of retailers surveyed by Deloitte hire interns/apprentices for store level roles.

Retailers in India have started exploring part-time employment but the legal regulations of part-time employment do not offer clarity on the employment conditions. With the ministry of skill development implementing the Apprentices Act for retail sector as well, it will be engaging to see how retailers utilize apprentices and new ways of engaging talent for meeting their skill gaps and talent crunch.

All in all, achieving the balance point is what every retail organization is striving for. Retailers are nowadays more cautious to avoid the scenarios of both overstaffing and understaffing. And, finding the right match between a new hire and position is not the only issue concerning the new age retailers. The search of the match between hire and organization is assigned equal significance and is something which proves to be more revolutionary and lasting approach as well.

In conclusion

The alarming trend in retail – of employees with short stints without any intention of a career has been observed for some time now. This is further aggravated by the plethora of employment choices that are available to today's workforce. Facing such tough situations, today's retailers have duly realized that in the career centric economy, the focus needs to shift to the employees and their career aspirations.

This realization coupled with a few definitive steps in engaging, developing and mentoring the available talent will go a long way in making retail among one of the desired industries to work. It is time for some out-of-the-box thinking and bold plays for the retail leaders of today to develop talent to provide the competitive advantage for tomorrow.

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