



# Resetting the Retail Experience

## **5 Critical Imperatives for Success**

Whitepaper



As the pandemic first hit, retailers and consumers alike longed for a return to normal. However, now that restrictions have eased, retailers are increasingly realizing that “normal” will never be quite the same. The past several years have forever changed consumers’ shopping expectations.



## Thriving in a Post-Pandemic World

There’s no question that the pandemic had an immense impact on the retail industry. In 2020, a record number of 12,200 retail stores closed in the U.S., according to real estate industry data provider, CoStar Group.<sup>1</sup>

Those that survived were forced to make rapid, significant adjustments to the way they did business—changing the way they served customers and the systems used to serve them.

While these changes enabled many to survive the COVID disruption, they were often hastily made as retailers reacted to immediate needs. As the retail industry began recovering over the past 12 months, many now question whether the systems and processes put in place during the pandemic can support long-term growth and the new challenges of an environment that is anything but normal.

According to research by Frost & Sullivan, the industry is currently dealing with a wide range of challenges, with labor shortages, shifting consumer expectations, the role of digital commerce, and supply chain issues ranking at the top on the list.<sup>2</sup>

### RISING TO THE CHALLENGE: KEY IMPERATIVES FOR RETAILERS

**To help meet these new challenges, we’ve identified five key areas that will enable retailers to:**

1. Support an omnichannel customer experience
2. Deliver an always-on communications infrastructure
3. Innovate the brick-and-mortar retail experience
4. Protect customer and business data
5. Optimize the workforce to attract and retain talent across a hybrid environment

While there are many technologies involved in supporting these initiatives, all of them require a stable, secure, high-bandwidth communications infrastructure.

The right communications infrastructure can be an enabler by connecting people, processes, and technologies both inside and outside your business—creating seamless, streamlined interactions that engage and retain both customers and employees in new ways.

## 1 | SUPPORTING AN OMNICHANNEL CUSTOMER EXPERIENCE

### Be wherever your customers are.

Due to temporary store closures and safety concerns over the past two years, consumers who may have only occasionally shopped online became reliant upon it. The ability to purchase products online—from groceries to automobiles—transformed traditional buying habits. Retailers who had not previously had an eCommerce presence moved quickly to implement one. Those already online doubled-down by adding new features, such as the ability to choose curbside pickup and localized delivery options. As COVID restrictions lifted, consumers across the country returned to stores, hungry for an in-person experience.

However, the convenience and speed of anytime, anywhere online shopping was not forgotten. What emerged was a new always-on, omni-channel consumer mentality with the expectation that retailers needed to be accessible wherever and whenever consumers are—both within and between contact channels.

### Cha-ching: The omnichannel approach pays off.

The benefits to unifying online and in-store experiences are starting to emerge.



Omnichannel customers shop 1.7 times more than single-channel shoppers.<sup>3</sup>



In May 2022, online retail sales increased 2.2% compared to the same month in 2021. In-store sales grew at a much faster pace—increasing by 13.4%.<sup>5</sup>



66% of customers who shop both online and in-person are more satisfied than those who shop through only one channel.<sup>4</sup>



### Merge physical and digital for a seamless customer experience.

In addition to finding ways to provide customers with flexible shopping options across physical and digital channels, retailers will also need to deliver a more unified experience across those channels. To accomplish this, retailers will need to:

- **Gain immediate access to customer data.** Give online and frontline employees a quick, consolidated view into customer interactions, regardless of where the point of interaction is.
- **Replicate the efficiency of online checkout.** Adopt mobile point-of-service (POS) technologies in-store for more streamlined, contactless interactions.
- **Meet fulfillment expectations set by native online retailers.** This includes same-day delivery, free two-day shipping, and flexible options, such as local curbside pickup for online orders.
- **Adopt AI technologies.** Capture, report, and analyze customer data to predict future buying behaviors and personalize the shopping experience.
- **Use proximity-based marketing apps.** Deliver relevant content, such as offers and discounts, in real time to consumers based on their location.

All these capabilities will require the latest connectivity options, faster data transfer rates, and more agile technologies, each putting more pressure on existing networks and communication infrastructures.

## 2 | DELIVERING AN ALWAYS-ON COMMUNICATIONS INFRASTRUCTURE

### Meet the 24/7 network expectation.

With eCommerce, it doesn't take a drive or walk for retailers to lose a purchase to a competitor—it just takes a few clicks.

To guard against revenue erosion, retailers must ensure that networks and connections are up 24/7, so that they're ready for online ordering, POS payments, or any other type of customer interactions they support.

System and network reliability however, are a challenge for the industry. According to a 2019 survey by Information Technology Intelligence Consulting (ITIC), a single hour of downtime now costs 98% of firms at least \$100,000. And 86% of businesses say that the cost for one hour of downtime is \$300,000 or higher.<sup>6</sup> More difficult to quantify, but no less substantial, are the less tangible costs of reputation damage, loss of customer trust, and negative word-of-mouth.

As the digitization of the retail industry continues, network reliability and resiliency will become even more important not only to success, but to survival.

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**of businesses say that the cost for one hour of downtime is \$300,000 or higher.<sup>6</sup>**

### Unify communications and strengthen customer relationships.

In an omnichannel retail environment, consumers expect more than seamless shopping experiences—they expect seamless communication experiences, whether in-store, online or on the phone.

The problem is, while many retailers have tools to streamline communication within a specific channel (website, social media account, or chat function), the tools don't work together to offer the integrated, consistent experiences customers want.

Considering the budget constraints many retailers face today, they will have to carefully determine the communications tools that best align with their transformation goals. For many retailers, that means:

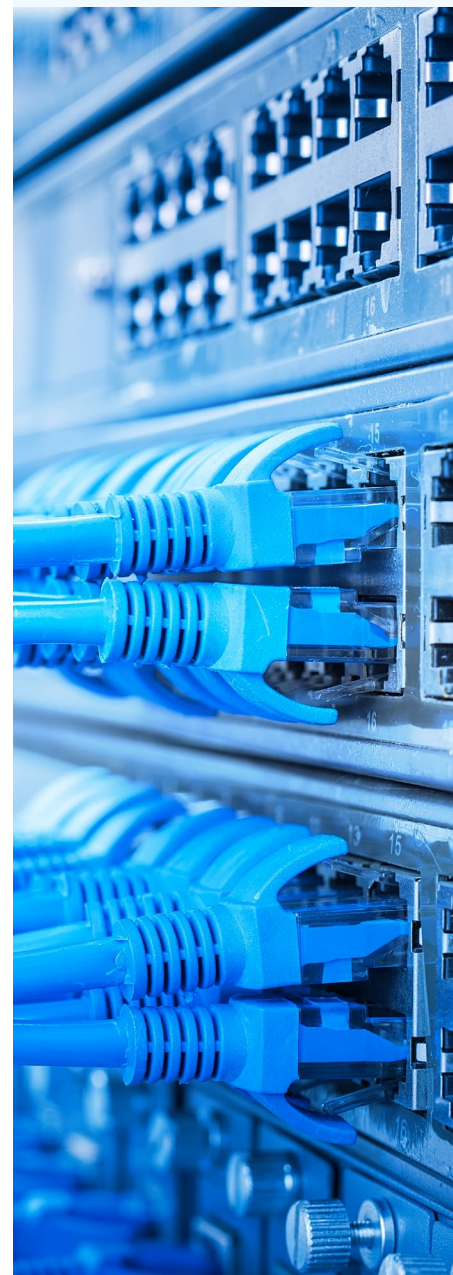
- **Deploying a unified communications (UC) platform.** Rather than using a piecemeal approach that is complex to manage and leaves communication gaps, UC solutions deliver a seamless communication platform between employees, customers, and partners, regardless of whether they are inside or outside the organization. As-a-service offerings are available, which can ease the demand on capital expenditures.
- **Contact center solutions with full omnichannel functionality.** Digital transformation has elevated the role of contact centers from managing phone calls to managing customer relationships. There are now tools available to integrate customer interactions across all channels, arming agents with visibility into customer history and transactional information they needed to accelerate issue resolution.

### Network stability: A transformation barrier.

In a survey of IT/telecom decision-makers in the retail industry...

29%

**of respondents identified network stability/reliability as a significant roadblock to achieving their digital transformation objectives.<sup>2</sup>**



### 3 | INNOVATING THE BRICK-AND-MORTAR EXPERIENCE

#### The role of technology in creating opportunities for unique in-store interactions.

While today's traditional retail sites may no longer be the primary touchpoint for consumers, they can still offer exciting point-of-engagement opportunities. Fortifying the reliability, speed, and security of each store's network infrastructure will be essential to taking advantage of technology innovations that can enable retailers to:

- **Incorporate “smart” carts into self-checkout options.** Self-checkout kiosks grew in popularity due to the social distancing they provide, as well as the freedom from longer lines and wait times. Now, retailers can use carts equipped with mobile scanners and even scales to let customers scan items as they add them to the basket.
- **Broaden delivery options.** Looking to mesh the convenience of online ordering with the ease of local pickup, retailers are offering in-store or curbside pickup for online orders. This means securely extending the WiFi network across the entire store, as well as into parking lot.
- **Support kiosk technology.** In addition to self-checkout kiosks, there are self-order kiosks for in-store environments. Attached to the store's POS system, they let customers explore other purchasing options offered by the retailer, without leaving the store.
- **Provide guest WiFi to customers.** Customers increasingly expect to have WiFi access when they visit retailers, particularly for those at which they anticipate spending more than a brief duration. However, this means ensuring that guest access is separate from the private WiFi you are providing to staff for security purposes.
- **Expand in-store customer service capabilities.** Arming employees with mobile access to inventory, ordering and other product information empowers them to respond to customer queries on the fly.
- **Automate in-store inventory tracking.** Radio frequency identification technology (RFID) tags on in-store items transmit encoded data to a reader over a wireless network. The aim is to have accurate, real-time data to track inventory, alert workers about low stock levels, and reduce the need for human inventory counting.
- **Bring AR and VR technologies in store.** With dressing room shutdowns due to COVID and staff shortages, retailers are beginning to explore augmented reality (AR) and virtual reality (VR) technologies that create digital dressing rooms. After scanning the customer's body, the technology delivers an exact digital image, an avatar showing them wearing different chosen items to aid in purchasing decisions. Viewable on a virtual mirror in the store, customers can share the image on social media.

#### Accelerate and simplify new retail openings.

The ongoing push to be wherever their customers are doesn't just impact the importance of digital interactions for retailers, it drives the need to quickly launch new brick-and-mortar locations. According to Coresight Research, 39.5% more new stores opened in 2021, compared to 2020.<sup>7</sup>

However, opening new retail locations comes with its own set of challenges. Retailers often rely on real estate developers—who may lack familiarity with the connectivity, security, resiliency, and integration requirements of the retailer's core network infrastructure—to build out their communications framework. This forces many retailers to choose between living with a suboptimal infrastructure or bearing the cost of retooling the new facility to meet their needs. Retailers need a better solution for launching new locations in a consistent, rapid, and repeatable way.



## 4 | PROTECTING CUSTOMER AND BUSINESS DATA

### Prevent data loss, breaches, and bad press.

For today's retailers, systems and networks are more than a technology infrastructure—they're a trust infrastructure. Data security breaches not only produce negative press, but they also erode consumer trust.



**Only 6 percent of companies survive longer than two years after losing data.<sup>8</sup>**

Amidst the new and emerging threats digital transformation brings, the pressure to protect business data remains, especially considering the survival rate for retailers trying to recover from data loss due to a breach. According to Gartner, only 6 percent of companies survive longer than two years after losing significant data.<sup>8</sup>

### To survive and thrive in such a climate, retailers need to:

- **Fortify protection for credit card and personal data.** Although cyber risks have been present since the birth of eCommerce, the transformed retail environment adds even more opportunities for thieves. In fact, 38.9% of respondents in a 2021 Retail Security Survey conducted by the National Retail Federation said they saw the greatest increase in fraud occurring as a result of multichannel sales processes, such as buy online/pick up in store options.<sup>1</sup>
- **Prevent malware attacks.** Whether the motive is to steal customer, financial, or business information, malware attacks will continue to plague retailers. The omnichannel environment that extends to partners, suppliers, and devices outside of the organization opens even more avenues of entry.
- **Enhance mobile security.** With the hybrid work environment of today, remote workers are using their own personal computers, mobile devices, and networks to access business applications and data. While collaboration tools boost productivity and connect employees wherever they may be, they also increase the potential for sensitive customer and company information to be leaked.
- **Increase in-store protection.** Retailers are transforming the in-store experience with technologies like self-scanners and kiosks, yet these advancements can also provide additional entry points for security threats.



### Retail cybercrime on the rise.

In the National Retail Federation's 2021 Retail Security Survey report...

**69.4%**

**of respondents reported the COVID-19 pandemic resulted in an increase of fraud, crime, and overall risk for their company.<sup>9</sup>**

**Unified Communications as a Service improves productivity...**

**2.6x**

**In a Forrester study, businesses with Unified Communications as a Service (UCaaS) make decisions 2.6 times faster than businesses without UCaaS.<sup>11</sup>**



## 5 | OPTIMIZE THE WORKFORCE TO ATTRACT AND RETAIN TALENT

### Engage employees across the hybrid workplace.

Layoffs during COVID had a profound and long-lasting impact on retailers, spawning a new era in workforce behavior called, “The Great Resignation.” According to the U.S. Bureau of Labor Statistics, from January to April of 2022 alone, more than 2.7 million retail workers quit their jobs.<sup>10</sup>

Although the workforce is shrinking, employee expectations are growing. As COVID restrictions lifted, many workers who had been relegated to a home office wanted to keep the flexibility it offers. In response, retailers have had to shift their thinking to accommodate a hybrid workforce with a mix of remote and onsite employees who need technologies to support them.



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### Tool up for hybrid with Unified Communications and Collaboration (UCC).

While desk workers in the retail industry typically have access to Unified Communications and Collaboration (UCC) tools, this is not always the case for frontline workers.

Given the push to support an omnichannel customer experience, retailers are now looking to provide UCC tools to staff who are in direct contact with customers, including salespeople, supervisors, customer service representatives, and greeters.

The aim is to:

- **Make collaboration easy.** Video conferencing and screen-sharing capabilities make it easy for remote and onsite employees to work together to resolve issues more rapidly. In store, walkie-talkie communication is giving way to collaboration via advanced 5G wireless devices, equipped with in-app calling and instant messaging for fast inventory checks, curbside service, and other in-store innovations.
- **Improve productivity.** UCC tools can break down communication silos between workgroups, regardless of location, to accelerate the flow of information and optimize customer workflows.
- **Instill a sense of community.** UCC tools can increase employee engagement by making workers feel more connected. For example, the breakout rooms within Microsoft Teams create smaller, more personalized interactions, where team members may feel more comfortable contributing to the conversation.
- **Communicate with employees.** Management can also use UCC tools to quickly reach out to workers about current happenings that may impact them, alert them about new promotions, or train them on new offerings.



## MAKING RETAIL FUTURE-READY WITH COMMUNICATIONS TECHNOLOGY

Success in a post-pandemic world is about the intricate fusion of people, processes, and data—both inside and outside a business—to improve ROI, enhance employee morale, and increase customer satisfaction. Technology is the key enabler that will bring those three elements together for future-ready retailers.

The key to success is not only identifying the right technologies, but selecting the right communications infrastructure partner to make that union possible.



**Difficulty finding the right digital transformation partner ranks among the top five hurdles to achieving digital transformation objectives.<sup>2</sup>**

As a provider of nationwide business voice, data, network, security, and cloud services, Fusion Connect delivers the technology, resources, and expertise retail businesses need to compete in today's technology-driven world, as well as respond to the evolving state of the retail industry.

We combine more than 20 years of experience working with retailers with our 5-Point Service Guarantee—the most comprehensive in the industry—that is designed to provide you with both peace of mind and a world-class client experience.

### Sources:

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## The Fusion Connect Advantage

### CONNECT.

Connecting anytime, anywhere, from any device is imperative for your business to operate at peak efficiency. To enable this, we deliver a comprehensive set of communication tools, all powered by our nationwide IP backbone.

### PROTECT.

Security that creates too much friction slows you down. Fusion Connect developed a frictionless, zero-trust security approach, that protects end-users and infrastructure, including end-devices, data centers, and cloud resources.

### ACCELERATE YOUR BUSINESS.

Speed matters in business. To enable you to move dynamically, we deliver a technology stack designed to provide real-time visibility into your business performance, backed by the industry's most comprehensive service guarantee.

Visit [www.fusionconnect.com](http://www.fusionconnect.com) to learn more.

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