



AberdeenGroup

Retail Task Management: Cornerstone of the Optimal In-Store Experience

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Executive Summary

What does the optimal in-store experience look like? Perhaps it is an easy-to-navigate and always clean selling environment. Products are always in stock, priced correctly, easy to find, and accurately described. Employees are well trained, knowledgeable, friendly, and always help make the sale before the customer departs. As a result, the cash register keeps ringing, and customers walk out ready to share their good experiences with friends, relatives and coworkers. Few retail executives would argue that this scenario is their dream in-store environment.

Every retailer wants to make their store environment better than the competition. Clear benefits come from customers who recognize a comfortable, informative, and interactive environment where they can both achieve their shopping goals and explore new products in a quick, effective, and pleasing environment. In fact, **71% of best in class retailers report their efforts to improve in-store execution are a key factor to their overall business success.**

Getting to Impeccable, Cost-Effective Store Execution

Although most retailers have a clear understanding of which qualities make up impeccable store environments, they still struggle to achieve consistent, cost-effective execution. How do you build an environment that has the right product in stock at the right time and displayed in a pleasing and sales-inducing manner while providing superior customer service via informed store associates – and do so every day at every store and in a cost-effective manner?

The answer to this challenge lies with effective task management. Best-in-class retailers take advantage of closed-loop task management systems to assign and confirm execution of store-related tasks and make use of computer-based intelligent forecasting for labor requirements. Best-in-class retailers also provide differentiated in-store experiences for customers by providing tools to store employees on the selling floor. And they ensure that expectations set in advertising and marketing campaigns are realized when a customer walks through the store door.

Up-to-the-Minute Information is Critical to Success

Aberden's survey results show that best-in-class retailers leverage their computer networks to provide up-to-the-minute information on product and employee performance along with updating their back office information systems. By comparison, the majority of retailers still depend on faxes, phone calls, mail and e-mails for their home office-to-store communications. This is true despite the many technology options for persistent home office-to-store connectivity.

Recommendations for Action

Success for today's retailers lies in creating a more compelling, convenient, and consistent in-store experience for consumers. Opportunities occur for all retailers to build this environment, whether or not they have or have not already made this goal a key priority,



or whether or not they have large amounts of revenue standing by. Some key actions to take include:

- Moving to focus on customer-centricity, identifying potential store performance metrics that would confirm and reward progress made in that direction, and reviewing performance against those metrics more frequently.
- Measure how much time store managers must sacrifice in manually reading, responding and implementing management-provided strategy reports, and determine how often these reports are successfully executed.
- Determine the potential effect of task management on the entire enterprise. Task management is an emerging methodology employed to insure stores execute required tasks and that the collateral they require to execute those tasks is in place in a timely fashion. This approach will provide greater assurance that promotions and new product introduction are done in a more consistent way across geographic boundaries.



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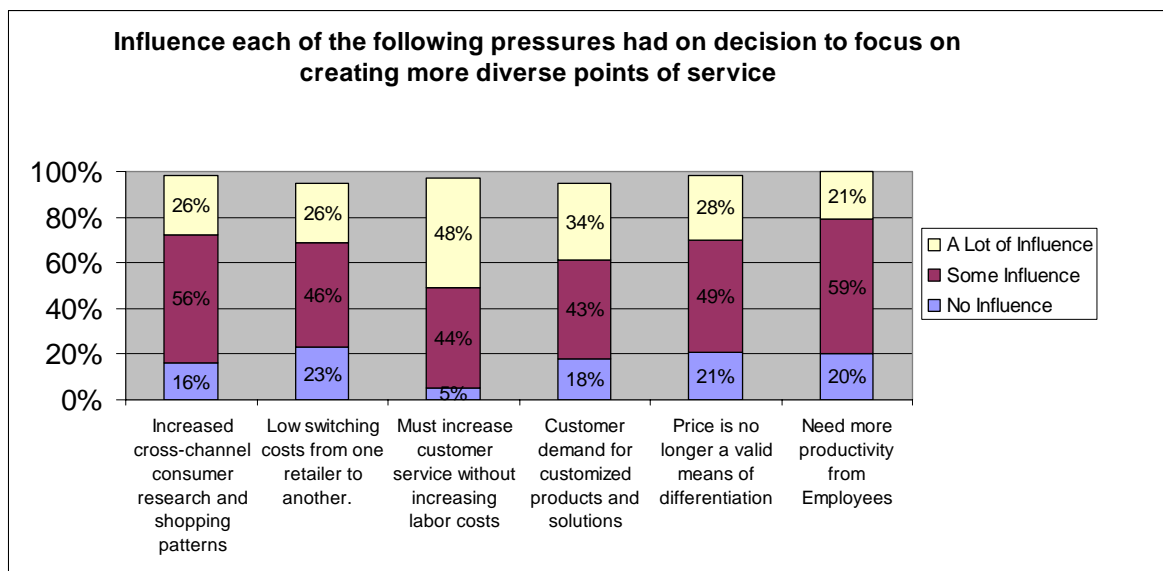
Chapter One: Issues at Hand

One of a retailer’s biggest challenges is to deliver the optimal shopping experience for customers. Primarily defined within the four walls of the store, but increasingly moving into the virtual world, the retailer’s brand identity is expressed through the interaction of customers, employees, and products. Relentless competitive pricing pressures, demanding customers, and impatient shareholders press retailers to become more creative in their service offerings while maintaining strong top- and bottom-line growth.

The key response to this challenge is clear – differentiate by creating a more compelling, convenient, and consistent in-store experience for consumers. Most retailers have accepted this, and have begun to focus on increasing customer service levels, addressing employee productivity, rethinking communication processes between executive management and store-level personnel, and quantifying the successes or failures of store planning.

A recent AberdeenGroup report, *The Empowered Point of Service*, found that improving customer service and store employee productivity were key drivers for why companies have begun focusing on enhancing in-store points of service (Figure 1).

Figure 1: Need to Improve Customer Service and Productivity



Source: AberdeenGroup, June, 2005

Despite this realization, most retailers are still stuck in manual process quicksand and have not deployed point-of-service technology on the selling floor or even automated



home office-to-store communications. According to the results of Aberdeen's *Empowered Store Benchmark Report*, 67% of respondents reported that email, faxes, and phone calls are the primary means of home-office field communication.

The Cost of Inefficient Task Management

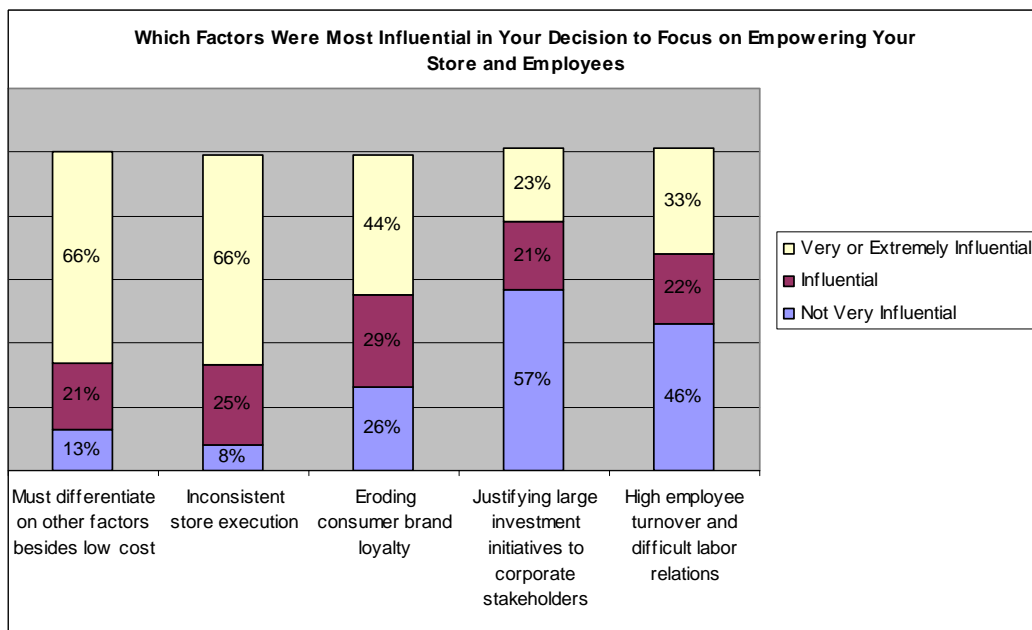
Lack of automated coordination between store-level execution plans and corporate management strategy can have some unfortunate consequences:

- **Slow store adoption rates of corporate initiatives.** The more stores you have, the harder it is to monitor day-to-day execution of store plans and promotional management. Which stores performed well under the last initiative? Which did not? Which stores were slow to make the necessary changes? Which stores are executing well under the current initiative? The ability to rapidly answer questions like these are instrumental in achieving consistent, cost-effective store execution.
- **Limited central support for real-time execution challenges.** Relying on manual methods of communication prevents retail management from having timely visibility to store activities to make better real-time decisions and respond to emerging problems. Lack of process automation leaves only the store-level staff to make decisions, which may result in differing corporate images and goals among its store locations.
- **Time-consuming store management.** Managing multiple communications to the home office on a manual basis and trying to understand new product selling strategies and how best to respond to store execution challenges can be confusing at best. Typical store managers can be consumed by these requirements, preventing them from spending time where they are most valuable – on the selling floor, directing store employees and delighting customers.
- **Limited sharing of best-in-class store strategies.** If one store develops a productivity or sales booster, how is the knowledge transferred to another store that is having trouble? Using manual processes, it is hard to identify new productivity trends and even harder to drive widespread adoption of new strategies.

Chapter Two: Key Findings and Analysis

In the Empowered Store Benchmark Study, participants were asked which factors were the most influential in their decision to focus on empowering the store and its employees. According to participants, inconsistent store execution is either an influential or very or extremely important priority to over 90% of retailers.

Figure 2: Factors Driving Retailers to Focus on Empowering the Store and Employees



Source: [AberdeenGroup](#), September 2004

Causes of Inconsistent Store Execution

Lack of coordination between high-level retail strategy and execution at the store-level is the chief roadblock between today's reality and the perfect-world scenario of a consistent, responsive store environment. The time-consuming task of managing emails, phone calls, and faxes stands in the way of productivity not only for store managers, but for the employees who, as the final stop between retailer and consumer, must have quick access to relevant strategy and product information.

The results of *The Empowered Store Benchmark Report* confirm these findings. In addition to data already referenced citing the massive amounts of time store managers spend printing and reading home office reports and communicating with senior executives, the



survey showed that store performance audits are reviewed weekly at best by 43% of respondents and 40% indicated that the store labor scheduling process is done through spreadsheets on a weekly basis.

Task Management: The Key to an Improved In-Store Experience

The mélange of communications methods between home office and stores do little to insure that tasks are actually completed in a timely and correct manner. Random visits by mystery shoppers often come too late, or too infrequently to highlight specific store problems. Moreover, in-store problems are often caused by the late delivery of products, signage, plan-o-grams, or other material expected from vendors or the home office.

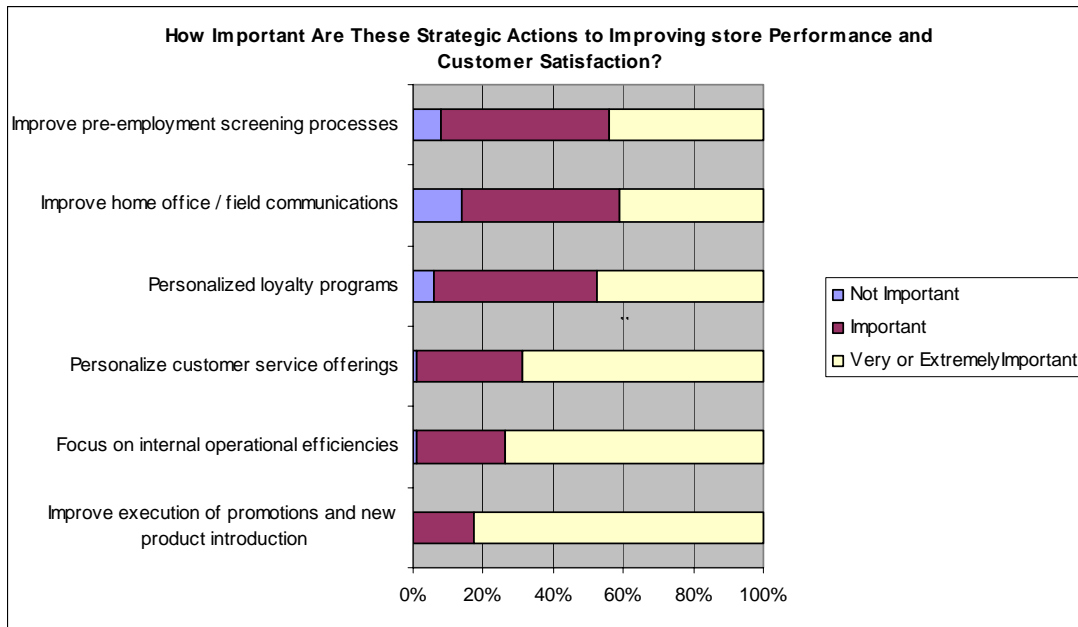
With this in mind, an effective task management application may be the silver bullet retailers need to improve store execution. Task management involves the coordination of retail strategy and in-store execution in a singular, organized environment. It allows decision-makers at the highest levels of management to coordinate store-level decision-making in a single, near real-time environment, visible to all levels of management.

Task management systems serve as a virtual measuring stick, determining the success or failure of a particular strategy as it is occurring, rather than when it has already happened. Metrics such as promotion execution and pricing can be shared in a real-time environment, making it faster and easier to understand enterprise-wide strategic decision-making, such as product positioning and respond to any issues that may arise in a faster manner than using paper, fax, or email. Metrics captured within such systems are easy to view by all levels of management, increasing the probability that an in-progress correction can be made in a timely manner.

The most critical action a retailer can take to improve the consumer's in-store experience is precise execution of the corporate vision and the implicit promise to its customers. As Figure 3 shows, 82% of retail respondents ranked improved execution of new product introduction and promotion as a key strategic action, and 68% ranked personalized customer service offerings (rather than personalized loyalty programs) as critical to improving the in-store experience.

Taking these actions without increasing costs is a priority to retailers. Nearly three-quarters of respondents are focusing on improving operational efficiencies so they can better utilize existing staff without increasing costs. Enthusiasm for personalized loyalty programs has dampened somewhat as these programs remain unproven, with some notable exceptions like Tesco's successful loyalty program in the United Kingdom.

Figure 3: Improved, More Efficient Operations are Critical



Source: [AberdeenGroup](#), September 2004

Given retailers' understanding of the need to create a differentiated in-store environment and to improve store execution, it is not surprising to see closed-loop task management emerging as a key means of process control and monitoring. Closed-loop task management is defined as using a computer system to assign home office and store tasks and then track via user-based confirmation that these tasks are completed.

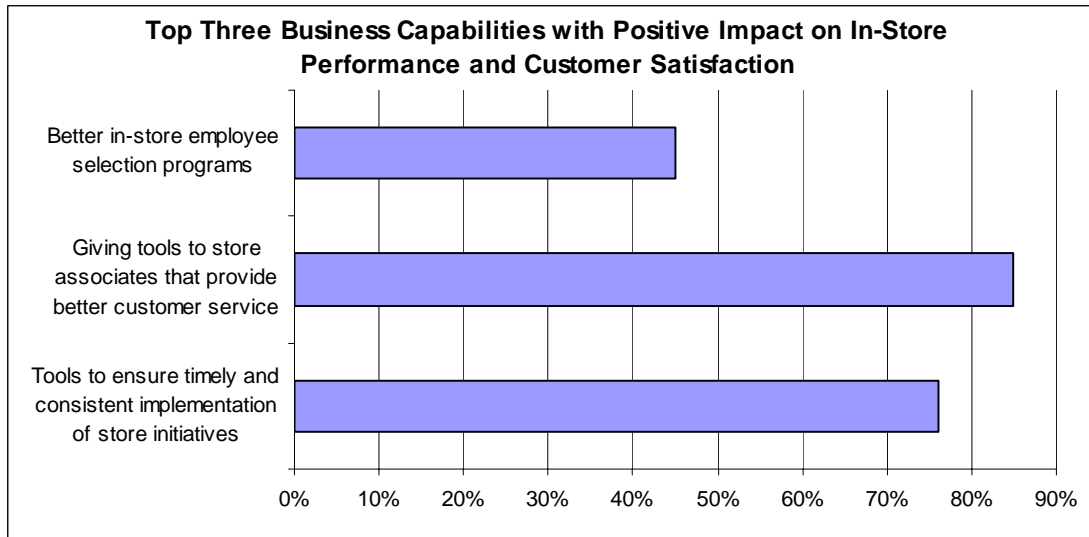
Empowering the Employee Empowers the Enterprise

Empowering employees with product information and selling tools on the sales floor is a key differentiator for best-in-class retailers across retail sub-segments and tiers. Whether or not employees remain with a company long-term, giving them better tools for their interaction with customers results in improved store performance.

Also important for a healthy retail enterprise is making sure tools are in place to drive timely and consistent implementation of in-store initiatives (Figure 4). Aberdeen's research has consistently found that technologies encouraging both internal collaboration and timely review of results are critical to retail success.



Figure 4: Retailers Want to Empower and Monitor their Store Employees



Source: [AberdeenGroup](#), September 2004

As task management systems dispense specific product- and project-related information to employees, store associates will be better positioned to consistently execute store initiatives and respond to a consumer's needs in an almost real-time environment. In addition, the coordination of staff management and responsibilities and the assignment of specific duties within the store will allow employees to focus on specific product centers and increase the time they spend interacting with customers.

Task management can also coordinate with existing workforce management systems, allowing retailers to use more sophisticated labor forecasting techniques than the traditional application of labor allocation as a percentage of sales. Real-time alerts and updates can help retailers improve reaction time and re-deploy employees to key areas of the store. Retailers on a rapid growth path should be aware that rudimentary time and attendance systems will prove inadequate as they grow to the next tier, and are advised to reserve capital for improved workforce management systems as part of their growth plans.

Task Management Leads the Pack for Store Performance Solutions

Respondents were asked how their company can overcome store performance-related challenges. Task management leads the pack.

Figure 4: Task Management Is Valued by Retailers



Source: [AberdeenGroup](#), September 2004



Chapter Three: Recommendations for Action

Key Takeaways

One of the biggest challenges for retailers is to deliver the optimal shopping experience for customers. The response to this challenge is to differentiate by creating a more compelling, convenient, and consistent in-store experience for consumers. Effective task management is an important vehicle to achieve this differentiation, providing high levels of customer service, building employee productivity, and establishing solid data communication and management. For example:

- Two-thirds of respondents consider inconsistent store execution concerns as very or extremely influential to their decision to focus on empowering the store and its employees. *Key takeaway: Task management systems specifically address inconsistent store execution issues.*
- Over 80% of respondents indicate that improving execution of promotions and new product introductions is very or extremely important to improving store performance and execution. *Key takeaway: Task management directly impacts the execution of promotions and new product information.*
- Over 80% of survey participants believe that giving tools to store associates that provide better customer service will have a positive impact on performance and customer service. *Key takeaway: Task management is a tool that ensures timely and consistent implementation of store initiatives, and functions as a knowledge “source” for employees to provide this customer service impact.*
- Nearly 80% of respondents indicate that task management and new training and reporting mechanisms can help their company overcome these challenges. *Key takeaway: Retailers confirm the value of task management, all that is left for them to do is find the right solution.*

Chapter Four: Case Study

Sears Improves Store Performance based on Effective Task Management

Business Challenge

In 2001, Sears recognized the need to refocus on enhancing their customer experience and lower the costs of executing their overall business strategies. The effort would amount to be one of the largest repositioning efforts in the history of the company. To accomplish this task, the retailer recognized the need to focus on:

- Improving staffing and scheduling to match sales volume;
- Visual merchandizing improvements;
- Aligning in-store experience with national marketing campaigns; and
- Increased store accountability.

Store Execution Challenges

Sears' high operating expenses and pressure on profit margins are key drivers toward process improvements. However, improved store performance and increased employee productivity were identified as key metrics based on existing challenges:

- Inconsistent and slow execution of initiatives.
- Inability to monitor activities and fix problems quickly.
- Store management responsibility overload.
- Limited sharing of best practices across stores.
- Questionable return on substantial IT investments.

Overview

Sears Holdings Corporation

Sears Holdings Corporation. was founded in 1886 and is one of the largest retailers in North America. The company has 872 full-line stores, averaging approximately 90,000 square feet of selling space.

Business Challenge

Enhance the customer experience by improving store performance, accountability, and performance measurement through out the enterprise.

Strategy

The company decided to implement a single-source solution to manage and quantify role-based communications, task management, reporting and other key systems.

Results Summary

Sears noted specific benefits as a result of the implementation, including increased Store management time on sales floor, and decreased monthly planning process times, time spent reviewing reports, and number of Hotmail corrections received by stores.



Implementation

Following a comprehensive effort to identify an appropriate solution, the retailer selected Colorado-based StorePerform's Workbench™. The selection was based on the vendor's ability to satisfy Sears' pre-existing project goals in a single-source environment that focused on role-based communications, task management, and reporting.

Following product selection, Sears began a two-phase implementation: a pilot in which the solution was introduced into a selected subset of stores followed by a full rollout.

The key components of the solution were as follows:

- *StorePerform™ Task Manager* – to help the Sears Operations Team identify and codify key business processes that required consistent and rapid execution.
- *StorePerform™ Professional Services* – to provide consulting, integration, installation and training.

With the combined efforts of the two companies, the solution came together very quickly. Within three months, the pilot program was determined to be very successful and the roll out was extended to the balance of the company's 872 stores.

Benefits

Following the rollout of StorePerform Workbench, Sears used the product to undertake an extensive survey of program results, with over 1,000 employees providing responses. Notable among some of the many improvements were the following:

- Store management time on sales floor increased by 2.92 hours/week.
- Monthly planning process time reduced by 35 days
- Time to execute promotions store improved by 10.1%
- Time spent reviewing reports reduced by 1.9 hours/week.
- Number of Hotmail corrections received by stores decreased by 15.4%
- Time to execute markdowns improved by 7.9%

More than 70% of those surveyed agreed the initiative helped them to:

- Increase store compliance rate on Field /HO requests.
- Significantly reduce time spent identifying issues and increase time spent addressing those issues
- Reduce the need to call the home office for assistance
- Increase their ability to delegate and prioritize tasks
- Increase accountability at the district, store and associate levels



Author Profile

**Paula Rosenblum,
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As director of Aberdeen Group's Retail Research practice, Paula Rosenblum focuses on the critical issues facing today's retail executives. The overarching themes of her research are “*Thriving in the Post-Wal-Mart World*” and “*The Globalization of Retailing – Exploring Best Practices Around the World*”.

Paula's research demonstrates how best-in-class retailers satisfy their various constituencies. These retailers please their shareholders by promising sustainable growth; delight consumers by providing product selection, convenience, and reasonable pricing; and motivate employees by setting clear expectations and defining manageable tasks. Her studies give retailers insights into strategies to optimize their enterprises, empower the customer through the art of merchandise selection, and marry world-class technology with logistics management.

Prior to joining Aberdeen, Rosenblum was a retail research director for AMR Research. Previous to that, Rosenblum spent over 20 years as a retail technology executive.

Rosenblum holds an M.B.A. in Management of High Technology from Northeastern University and was nominated for the Beta Gamma Sigma Honor Society. She also holds a Bachelor of Arts from the State University of New York.

**Gregory Belkin,
Research Analyst
Aberdeen Group, Inc.**

As a research analyst, Greg Belkin researches and analyzes how best-in-class retailers and their trading partners are utilizing effective supply chain management processes to satisfy the needs of the consumer. His studies focus on all ends of the extended retail industry, from the factory floor directly to the consumer.

Prior to joining Aberdeen Group, Greg was editor of Retail Systems Alert Group's *Supply Chain Alert*, a monthly publication focused on effective business-to-business supply chain collaboration. In addition, Greg worked in the U.K. as editor and head of U.K. publications for Retail Systems Alert Europe. Between 2004 and 2005, Greg was Retail Systems Alert Group's research manager.

Greg holds an M.B.A. from Suffolk University in Boston, Massachusetts, and is a member of Beta Gamma Sigma, the honor society serving business programs accredited by AACSB International. He also holds a B.A. from The George Washington University in Washington, DC.



Appendix A: Research Methodology

Between July and August 2004, Aberdeen Group and *Chain Store Age* examined the in-store initiatives, procedures, experiences, and intentions of more than 100 retailers.

Responding executives completed an online survey that included questions designed to determine the following:

- In-store customer service initiatives
- Methods of in-store workforce selection, deployment, and management
- Current and planned use performance management and training and sales tools
- Technologies used for network infrastructures, both within the store and between store and home office

Our intention was to determine whether and how each of the above created competitive advantage for retailers that use them. From there, we aimed to identify emerging best practices and provide a framework by which readers could assess their own in-store capabilities and ways to improve their effectiveness.

Responding enterprises included the following:

- **Job title/function:** The research sample included respondents with the following job titles: Senior Management including CEO's, CFO's, CEO's and CIO's (56%), Vice Presidents of store or field management, merchandising, finance or marketing (15%); directors and managers (4%) and their staffs (3%).
- **Retail Segments:** The research sample included respondents from across the retail spectrum. Over 50% were from specialty stores, with 28% of respondents from large box specialty stores (>10,000 sq ft per store) and 26% from small box specialty stores (<10,000 sq ft per store). Fast moving consumer goods companies represented 24% of the respondent base with 10% from convenience stores, and 14% from supermarket and drug chains. The remaining respondents came from hardware and do-it-yourself (7%), department stores and mass merchants (14%), furniture (2%) and fast food (1%).
- **Geography:** Nearly all study respondents were from North America, including 92% from the U.S. alone. Remaining respondents were from the United Kingdom and the Asia-Pacific region.
- **Company size:** About 26% of respondents were from large enterprises (annual revenues above US\$1 billion); 22% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 52% of respondents were from small businesses (annual revenues of \$50 million or less).

Solution providers recognized as sponsors of this report were solicited after the fact and had no substantive influence on the direction of the *Empowered Store Benchmark Report*.



Their sponsorship has made it possible for Aberdeen Group and *Chain Store Age* to make these findings available to readers at no charge.



Appendix B: **Related Aberdeen Research & Tools**

Related Aberdeen research that forms a companion or reference to this report include:

- *The Multichannel Benchmark Report* (June 2004)
- *The Trade Promotions Benchmark Report* (March 2003)
- *The Brand Management Strategic Sourcing Benchmark Report* (June 2004)

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.



About AberdeenGroup

Our Mission

To be the trusted advisor and business value research destination of choice for the Global Business Executive.

Our Approach

Aberdeen delivers unbiased, primary research that helps enterprises derive tangible business value from technology-enabled solutions. Through continuous benchmarking and analysis of value chain practices, Aberdeen offers a unique mix of research, tools, and services to help Global Business Executives accomplish the following:

- **IMPROVE** the financial and competitive position of their business now
- **PRIORITIZE** operational improvement areas to drive immediate, tangible value to their business
- **LEVERAGE** information technology for tangible business value.

Aberdeen also offers selected solution providers fact-based tools and services to empower and equip them to accomplish the following:

- **CREATE DEMAND**, by reaching the right level of executives in companies where their solutions can deliver differentiated results
- **ACCELERATE SALES**, by accessing executive decision-makers who need a solution and arming the sales team with fact-based differentiation around business impact
- **EXPAND CUSTOMERS**, by fortifying their value proposition with independent fact-based research and demonstrating installed base proof points

Our History of Integrity

Aberdeen was founded in 1988 to conduct fact-based, unbiased research that delivers tangible value to executives trying to advance their businesses with technology-enabled solutions.

Aberdeen's integrity has always been and always will be beyond reproach. We provide independent research and analysis of the dynamics underlying specific technology-enabled business strategies, market trends, and technology solutions. While some reports or portions of reports may be underwritten by corporate sponsors, Aberdeen's research findings are never influenced by any of these sponsors.



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