

Retail Industry Overview



When we talk about the retail industry, the usual definition is the sale of merchandise from the point of purchase to a consumer who will use the product that was bought. However, the industry is one point on a much longer chain that includes manufacturers, wholesalers, distributors, after-markets, and end users. None of the links stands alone, and anything that impacts one has a spillover effect on others. We have all experienced this dynamic over the last few years.

This document will consider the relationship between the entities that sell products directly and the general public that buys them. Multiple forecasts suggest that the industry will continue growing at a modest pace. Individual habits will shift according to economic factors such as inflation, recession, employment levels, and kinks in the supply chain, but people still have to buy things.



Did you know

- Global retail sales will soon eclipse **\$30 trillion**; US sales are **5+ trillion**
- Brick and mortar stores remain the leading channel, with **70%** of sales
- The fastest growth has been in the Middle East and Africa; the slowest is in North America

As the world embarks on its next normal, what will it look like? With more digital communication and continued Internet penetration, the online factor will continue to grow, but that growth is predicated on consumer expectations that dominate industry trends. t



Where we're going

The retail industry has been the catalyst for widespread digital adoption among consumers. Its anytime accessibility and convenience simplify the process. At the same time, this puts pressure on merchants to manage pricing, promotions, and inventories. Parts and supply shortages and slowdowns have impacted everything from housing construction to new car sales to a looming of certain foodstuffs.

Retailers have reacted out of necessity, recognizing that just-in-time deliveries are not yet back, leading to essential and popular items being warehoused in bulk and looking for product manufacturers closer to the point of sale. Online purchases alleviate some of the pressure of freight costs and storage, and there is a move away from sole source providers.

Much of that activity occurs outside the consumer's field of vision but ultimately impacts the connection. There are several other, more noticeable things occurring within that framework:

- Hybrid shopping experience that blends the digital with the physical. Traditional stores are giving way to facilities with interactive kiosks, apps designed for in-store use, and augmented reality to better give consumers the "feel" of specific products. For instance, the House of Vans in London hosts workshops and concerts to increase foot traffic, while smaller Nike Live stores operate boutiques offering curated items instead of the entire product line.
- Personalization is increasingly expected among consumers with the vast quantities of individual information that people actively or passively provide online. Chances are you have seen a specific product or service popping on a social media feed or other timelines shortly after having searched for or talked about that very item. The next wave is product customization, such as Stitch Fix using algorithms to make targeted suggestions to consumers and adjust based on their feedback.
- Retailers unable to dig that deep can still personalize the relationship with customers through timely communications, providing relevant recommendations and following up, and understanding the broad outlines of individual preferences.
- The seamless user journey: this is not a new revelation, just a continuation of efforts to improve the connection between user and brand. The in-store to online shopping ratio is roughly 70:30. Still, the expectation is that any transition will be simple with consistent branding and service, real-time visibility on inventory, and flexible modes of fulfillment.

On the merchant side, the return of foot traffic has spurred a more cohesive omnichannel approach. This includes multiple payment options that account for mobile wallets as well as plastic or cash, managing inventory to account for in-store vs. online items, and embracing a new series of acronyms for completing sales:

- **BOPIS** – buy online, pick up in store
- **BOPAC** – buy online, pick up curbside
- **BORIS** – buy online, return in store

These are extensions of the hybrid model that was covered earlier, and they speak to reducing friction in the customer journey. They rely on solid inventory management practices, but the payoff is worth it in terms of customer satisfaction and retention.



Industry challenges

Among the key issues that the retail sector faces are some matters beyond its control and others that are perennial concerns. The former includes product lead times, stock management, inflation, and market instability. The latter is staff turnover and wage issues, both of which directly impact the user experience.

This leads to matters that are more manageable:

- **Data and cybersecurity:** the industry runs on data – customer insights, sales forecasts, marketing plans, proprietary information, etc. This is an area where we can have an impact. See our [whitepaper on cybersecurity](#) Here (link to paper).
- **Verifying customer identity,** specifically for ecommerce activity. This can include two-step authentication, single-use codes and passwords, and other means of ensuring that the site visitor is who he/she claims to be.
- **The experience and using it as a means of building customer loyalty.** The earlier portion covered the importance of tending to this and how some outlets do it. Now, it's a matter of executing a layout that mirrors the physical store with product segmentation, details, and the personal approach. Loyalty is often born of consistently high-quality service and responsiveness, proactive engagement that speaks to individual user preferences, and the occasional promotion and coupon.
- **Exchanges, returns, and refunds as part of the journey.** ComScore, which works to understand consumer behavior, says 60% of online shoppers look for the returns policy before buying. Easy returns are among the things that have helped make Amazon so popular.

There are other factors, such as converting browsers into buyers, analyzing the competition, and finding the right technology mix or partner.



How we can help

Trends can point in a particular direction, but what happens when a disruption upends them? At this point, all you can count on is the effective use of real-time data across all available channels. Part of what we do is help clients understand what their customers are saying. Each customer service interaction involves numerous data points that speak to perceptions about the product, wish lists for future developments, and some insight into competitors' actions. We compile this intel and share it with clients daily so that when they make decisions, they can do so on an informed basis.

The opportunity

Business was good. Too good. The volume was outpacing the client's in-house support team's ability to keep up, so for the first time in its history, the company took on an outsourcing partner and incorporated chat into its customer communications channel mix. For good measure, this engagement began as a new holiday shopping season was approaching, bringing an even further increase in demand for customer care.

The solution

The first thing we had to address was training. When service was exclusively internal, the client hired service personnel one at a time, and the company's trainer worked side-by-side with new agents until they were ready to work solo. In a contact center environment, that approach is not feasible, so our training team worked on-site with the client to become immersed in the product lines and use that experience to create a mass instruction curriculum based on client protocols.

The nature of this client's business was also a tailor-made opportunity for our proprietary introductory training program on how to create "wow" user moments that turn service into a retention strategy and revenue-generating arm. This training focuses on agents working as our clients' brand ambassadors, beginning with the first touchpoint and addressing customers by name, establishing a conversation, and actively listening to what consumers say to understand their motivation for making contact.

The results

The program has grown by 40% and expanded to a second location. What began with voice now includes chat, a preferred channel among consumers and an excellent asset for operations during peak times since agents can engage with multiple customers simultaneously.

CSAT for this program is more than 90%, with a first-call resolution rate of 85%. Another metric important to the client is "connection rate," meaning calls answered within the prescribed time window of 60 seconds or less. For most of the year, it hovers at 92%, with some fluctuations during peak demand.



It's your move

Choosing the right partner is a big decision. It will impact your business. We have a list of retail clientele and partners who, while not explicitly retail-based, sell products and services. Our customer care repertoire includes technical support, pre- and post-sales help, order fulfillment, and the rest of the customer lifecycle.

Done well, customer service is a strategic element that improves retention and builds loyalty. A happy customer will not only stick around, but that person will also spend several times more than the average consumer.

GlowTouch is privately held and is certified as an NMSDC Minority Business Enterprise (MBE) and a WBENC Women's Business Enterprise (WBE). Founded in 2002, we provide personalized, omnichannel contact center, business processing, and technology outsourcing solutions to clients worldwide. Our thousands of employees deliver operational excellence every day with high-touch engagement. Their work has earned recognition from independent bodies such as the Everest Group, International Association of Outsourcing Professionals, and the Stevie Awards. GlowTouch is headquartered in Louisville, KY, with a global footprint that includes onshore contact centers in Louisville, Miami, and San Antonio. There is also a nearshore presence in Santo Domingo, Dominican Republic; offshore locations in Mangalore, Bangalore, and Mysore, India; and Manila, Philippines. To learn more about GlowTouch, visit www.GlowTouch.com, or email Tammy Weinstein at Tammy.Weinstein@GlowTouch.com.