

retail  
**TouchPoints®** | **design:retail**

2024 BENCHMARK SURVEY

# ***STORE OPERATIONS***

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*HOW RETAILERS ARE DOING  
MORE WITH LESS*



## EXECUTIVE SUMMARY

Employee satisfaction plays a central role in store operations. After all, when employees are happy and engaged, they create more productive and profitable store environments. But **one survey** found that **nearly one in two** frontline employees are unhappy with their job due to low pay, inflexible hours, poor leadership and a lack of growth opportunities.

Retailers are tasked with tackling these challenges while navigating other issues disrupting their business, from rising theft rates to heightened customer demands for more seamless and transparent shopping experiences. As a result, the **74%** of merchants that saw their store operations budgets increase between 2023 and 2024 had to figure out the best way to allocate this money toward new in-store technology, employee training and engagement, inventory management and more.

This year's *Store Operations Survey* results reaffirm the ongoing tug of war retailers are playing — between providing top-level service on one hand and boosting profitability by keeping costs down on the other. This contest is taking place as retailers also seek to boost store revenues and maintain customer satisfaction — **two** mandates that put additional pressure on associates and in-store technology.

### How did your store operations budgets change between 2023 and 2024?

Our budget increased slightly



Our budget increased significantly



Our budget stayed the same



Our budget decreased slightly



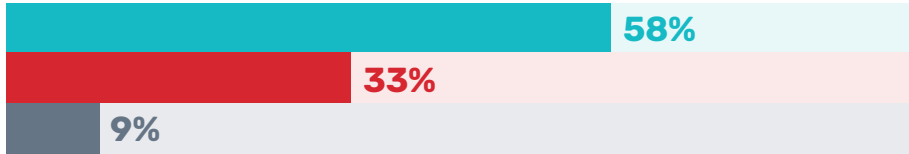
Our budget decreased significantly



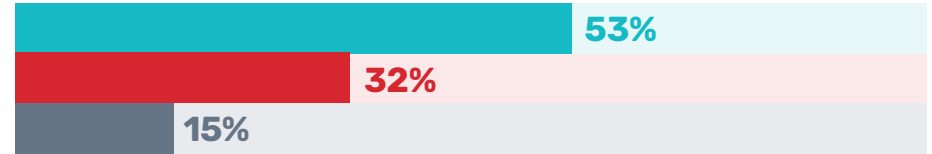
## How have your store operations budgets changed in key areas?

Increased Stayed the same Decreased

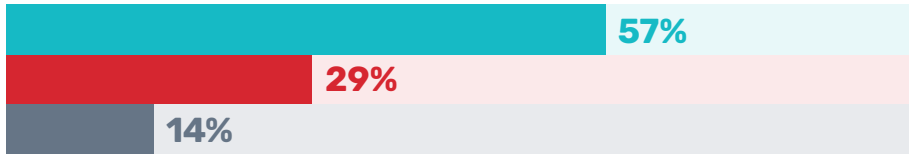
### New In-Store Technology



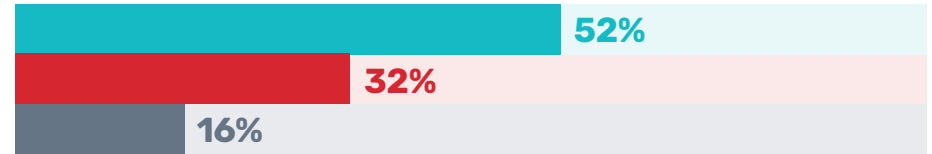
### Employee Hiring/Retention



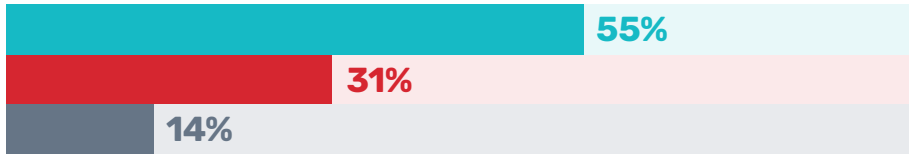
### Employee Training/Engagement



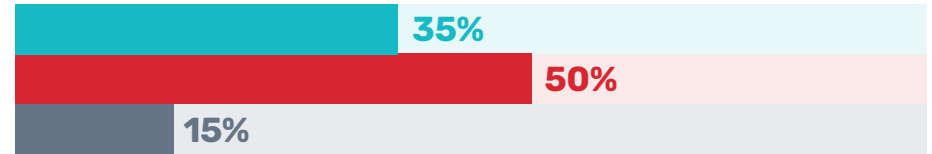
### Product Merchandising



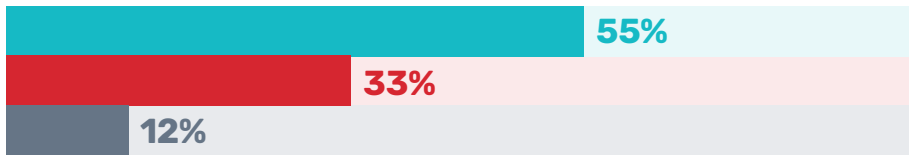
### Inventory Management



### Employee Scheduling



### Connectivity



## HOW THEFT THREATS CREATE STORE OPS CHALLENGES

Last year, conversations surrounding theft seemed to reach a fever pitch, with brands like **Target** and **Walgreens** outlining how this store-level issue was impacting their corporate bottom line. At the time, we were surprised that only **39%** of respondents indicated that minimizing theft and shrink was their top store operations challenge. However, the issue was likely isolated to large enterprises in 2023; now, it has spread throughout the rest of the industry.

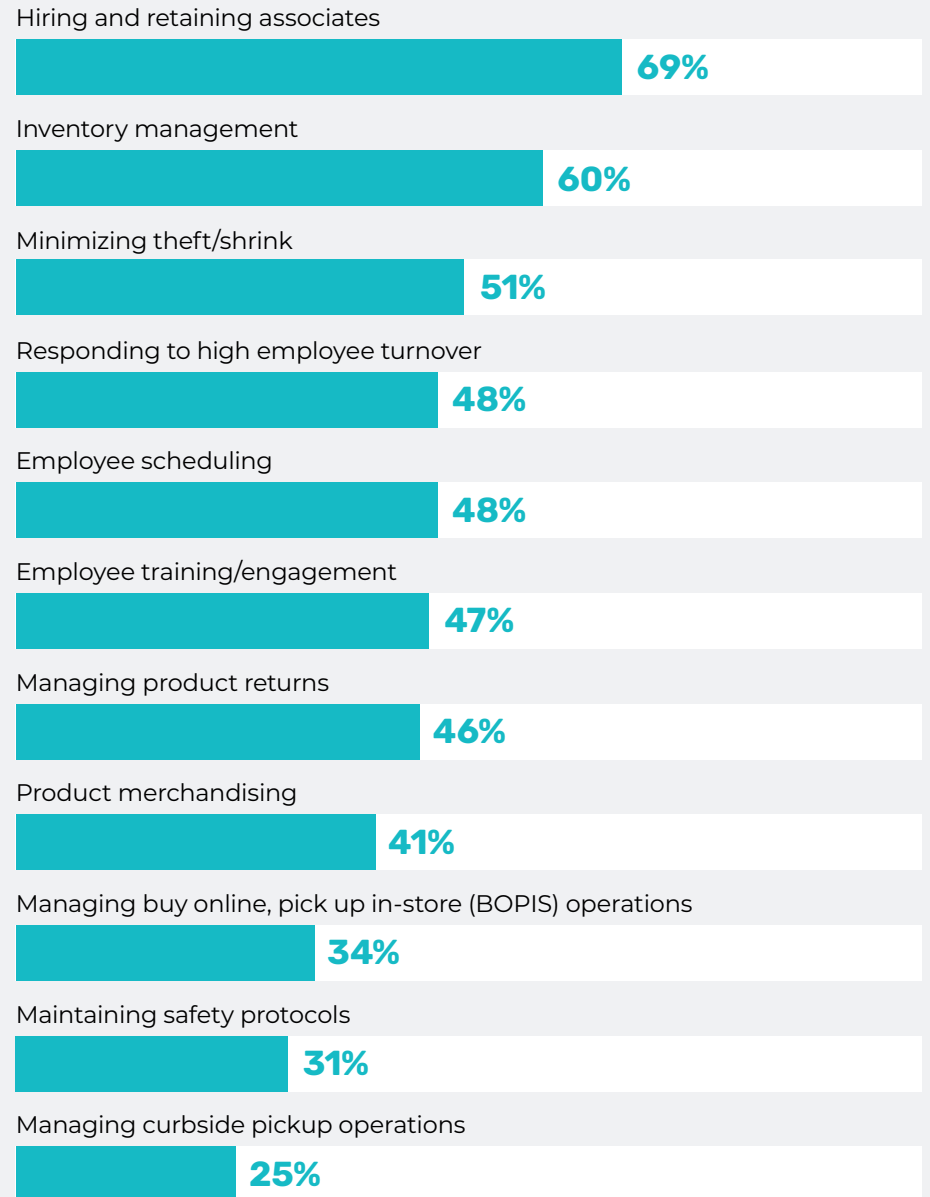
This year, theft and shrink round out the top **three** store operations challenges. At **51%**, it trails only associate hiring and retention (**69%**) and inventory management (**60%**).

It is worth noting that both theft/shrink and inventory management saw increases of **10** percentage points year over year, and that these issues are very much interrelated. After all, when you can track and account for store-level inventory, you can better manage and respond to theft.

**Pacsun** has invested heavily in unified commerce solutions designed to help the retailer provide a seamless customer experience amid a tight labor market. Inventory management and visibility across stores and online is what makes this experience so successful. “We all run very lean, and each store has limited resources,” said Shirley Gao, CIO of Pacsun, speaking at the 2024 Manhattan Momentum conference. “Often there’s only one person [working] for a specific shift, and there are so many tasks for them to do.”

## What are your top store operations challenges?

Respondents selected their top five challenges.



## OPTIMIZING WORKFORCE INVESTMENTS TO DRIVE RESULTS

Despite theft being such a significant challenge, it has appeared to be less of a priority in the context of the store-level workforce. In this area, retailers are increasingly focused on scheduling, which increased from **35%** in 2023 to **43%** this year, as well as matching staff to demand, which garnered only **32%** of responses in 2023 and increased to **39%** this year.

However, experts argue that these issues are interconnected in many ways. As Nick Kramer, Lead of Applied Solutions at SSA & Co., shared in a [Retail TouchPoints article](#): “Understaffing contributes to theft and shrinkage in general, but it also creates an increasingly impersonal feeling for offline shopping.”

According to a July 2024 article from [eMarketer](#), U.S. retail and dining foot traffic has been trending up — and this is likely to continue through the holiday shopping season. Physical retail is expected to account for nearly **84%** of retail sales this year nationwide, so merchants need to ensure they have the right number of highly engaged and knowledgeable associates in-store to serve ready-to-buy shoppers.



Jacob Lund - stock.adobe.com

## What are your top priorities when it comes to managing the store-level workforce?

Respondents selected their top three priorities.

Scheduling

43%

Employee training and empowerment

39%

Matching staffing to demand

39%

Forecasting labor costs

38%

Reducing theft/shrink

34%

Decreasing turnover

34%

Measuring employee performance

32%

Enforcing safety mandates

21%

Providing visibility across stores and regions

20%

Respondents' emphasis on optimizing store-level investments aligns with how many retailers are assessing the value and impact of their store fleet. According to *Retail TouchPoints' 2024 Store Design & Experience Survey*, **60%** of respondents planned to remodel and renovate at least **11%** of their store fleet through 2026.

To create engaging and resonant environments, retailers need to think about visual aesthetics as well as each store's functional features and quality of service. As a result, it is not surprising that store conversion rates, year-over-year store revenue and customer satisfaction scores are again the top **three** metrics that respondents measure.

However, merchants are increasingly looking at user-generated feedback and consumer outreach to identify trends in store experience and prioritize areas of improvement. Last year, only **36%** of respondents said they looked closely at reviews and comments shared via the company website or email. This year, **50%** said they relied on these insights, while tracking feedback remained relatively consistent year over year (**35%** in 2023 versus **37%** in 2024).

## What are retailers' top store performance metrics?

*Retailers selected their top five metrics.*

Customer satisfaction survey scores



Increase in year-over-year store revenue



In-store conversion rates



Reviews/comments on the company site/email



Same-store sales



## EMPLOYEE RETENTION CHALLENGES PERSIST

Although respondents reported spending more on associate-specific initiatives like hiring, retention and scheduling, retailers are still struggling to find — and keep — the best workers. In fact, more than one-third of respondents (**39%**) said their employee turnover rate has increased slightly or significantly over the past 18 months — the same number of respondents who said their turnover stayed the same.

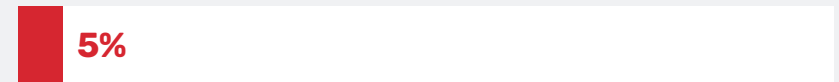
Looking deeper into the data, **21%** of respondents said their turnover rate for store-level, non-managerial employees was less than **20%**. Nearly half of respondents (**46%**) said their turnover rate was between **21%** and **50%**. Although these numbers are below the **industry average** of **60%**, turnover still has a resounding impact on the bottom line. After all, it takes time, energy and money to train new hires. Furthermore, it takes just as much (if not more) time and money to create programs and initiatives to keep them actively engaged in their work.



Alexis S/peopleimages.com - stock.adobe.com

### Over the past 18 months, how has your employee turnover rate changed?

Decreased significantly



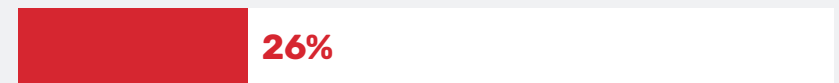
Decreased slightly



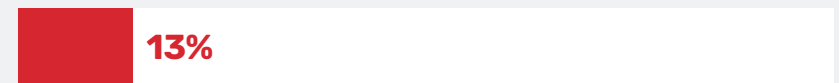
Stayed about the same



Increased slightly



Increased significantly



Retailers are investing in various training and engagement tools, from video-based sessions to VR- and AR-driven experiences. However, despite the emergence of new tools and platforms, retailers continued to ensure there's a balance between virtual initiatives (namely video training) and in-person sessions.

Offering employees various opportunities to engage with management, corporate leadership and each other is critical to ensuring everyone is aligned and committed to the same mission and vision. And offering these educational opportunities through different formats ensures employees can feel engaged and empowered anywhere, and at any time.

One area that we did not explore in this year's survey, but that we plan to in the future, is the adoption of generative AI, especially as it relates to workforce management. Customer-facing tools get a lot of hype, but use cases like **Target's Store Companion** show the operational value of generative AI, especially for large enterprises that need to align teams on key information and processes.

## What types of training and engagement programs do you provide to employees?

*Respondents selected all that applied.*

Video-based training/educational programs



In-person sessions



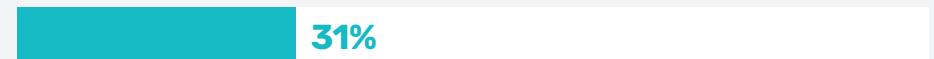
Mobile training/engagement apps



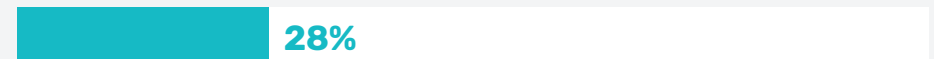
PDF documents and print materials



Free products and discounts in exchange for referrals and reaching sales goals



Online quizzes/gamification programs



VR- or AR-assisted training



Using them as influencers on social media





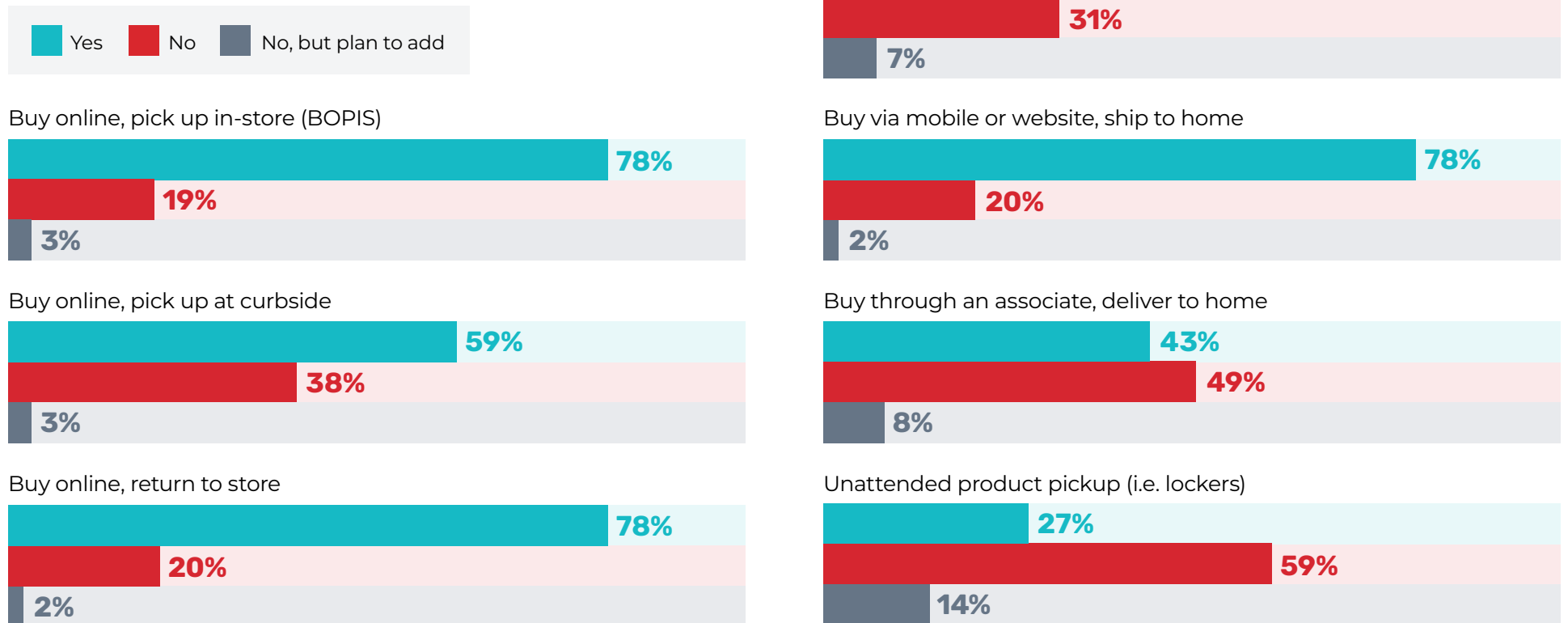
## IS THE FULFILLMENT DAM ABOUT TO BURST?

Omnichannel fulfillment is table stakes in the current retail climate. According to Capital One Shopping, more than **34%** of U.S. consumers regularly use buy online, pick up in-store (BOPIS), creating a significant opportunity for retailers to boost online conversions and drive impulse purchases once consumers venture into a physical store. Other services, such as curbside pickup and more flexible returns, offer a seamless experience that aligns with today's time-starved consumers.

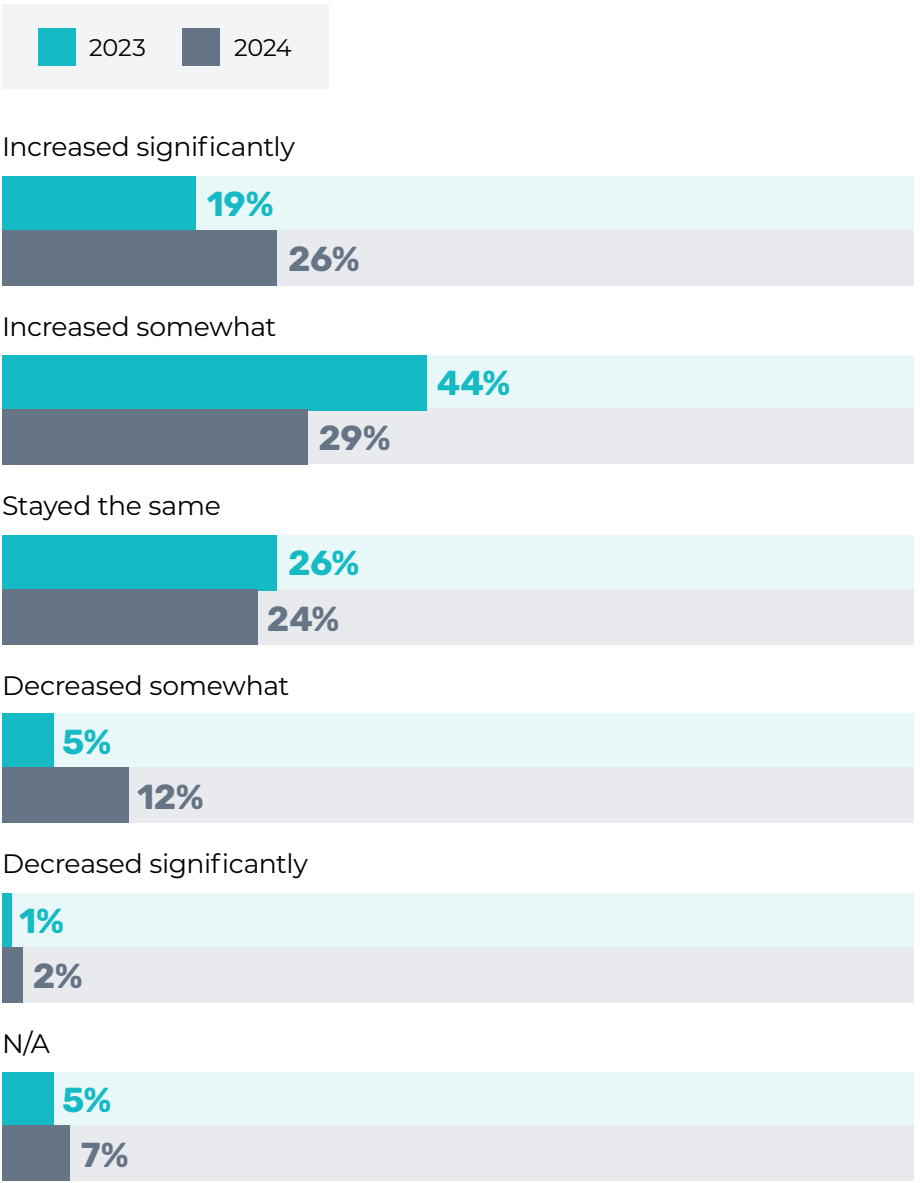
Having these order fulfillment and delivery capabilities is key to staying competitive, but the reality is they can be a significant strain on store associates who have to pick, pack and prep orders for pickup. To that end, a larger percentage of respondents said the amount of time associates spend doing this logistical work has increased significantly year over year, undoubtedly contributing to the stress many associates feel in their work lives. If retailers want to offer these invaluable services to consumers at scale, they need to ensure they have the processes and technology required to help associates be successful.

### Which product ordering and delivery services do you offer?

Respondents selected an answer for each fulfillment service.



### How has the amount of time your store associates spend fulfilling online orders changed year over year?



## MOBILE REMAINS A STORE OPS 'JACK OF ALL TRADES'

With so much focus on associate engagement and empowerment, mobile technology remains a critical investment for stores. The majority of respondents (**79%**) indicate that they have mobile rolled out in stores, and they are largely giving associates access to inventory levels as well as product details and pricing.

While these results are very much in line with previous iterations of the survey, there has been a significant year-over-year shift in the use of clienteling and assisted selling applications. Last year, **42%** of respondents said mobile-wielding associates had access to these tools, but this year, that number has dropped to **25%**. Conversely, the number of respondents offering shift scheduling (**44%** in 2023 versus **52%** in 2024) and task management (**56%** in 2023 versus **62%** in 2024) capabilities have increased a fair amount, reaffirming the fact that many retailers are focusing on operational efficiency and productivity.

### By offering access to these tools, retailers have seen the following benefits:



Increased customer satisfaction - **66%**



Improved employee productivity - **53%**



Improved employee job satisfaction - **51%**



Increased customer retention and loyalty - **44%**



Improved employee education/training - **43%**

## What functions are store employees performing using mobile devices?

*Respondents selected all that applied.*

Access to inventory levels/product availability

**65%**

Access to product and pricing information

**65%**

Task management

**62%**

Shift scheduling/swapping

**52%**

Mobile point-of-sale

**51%**

Online ordering of out-of-stock products

**42%**

Education, training and community tools

**34%**

Auditing visual merchandising/displays

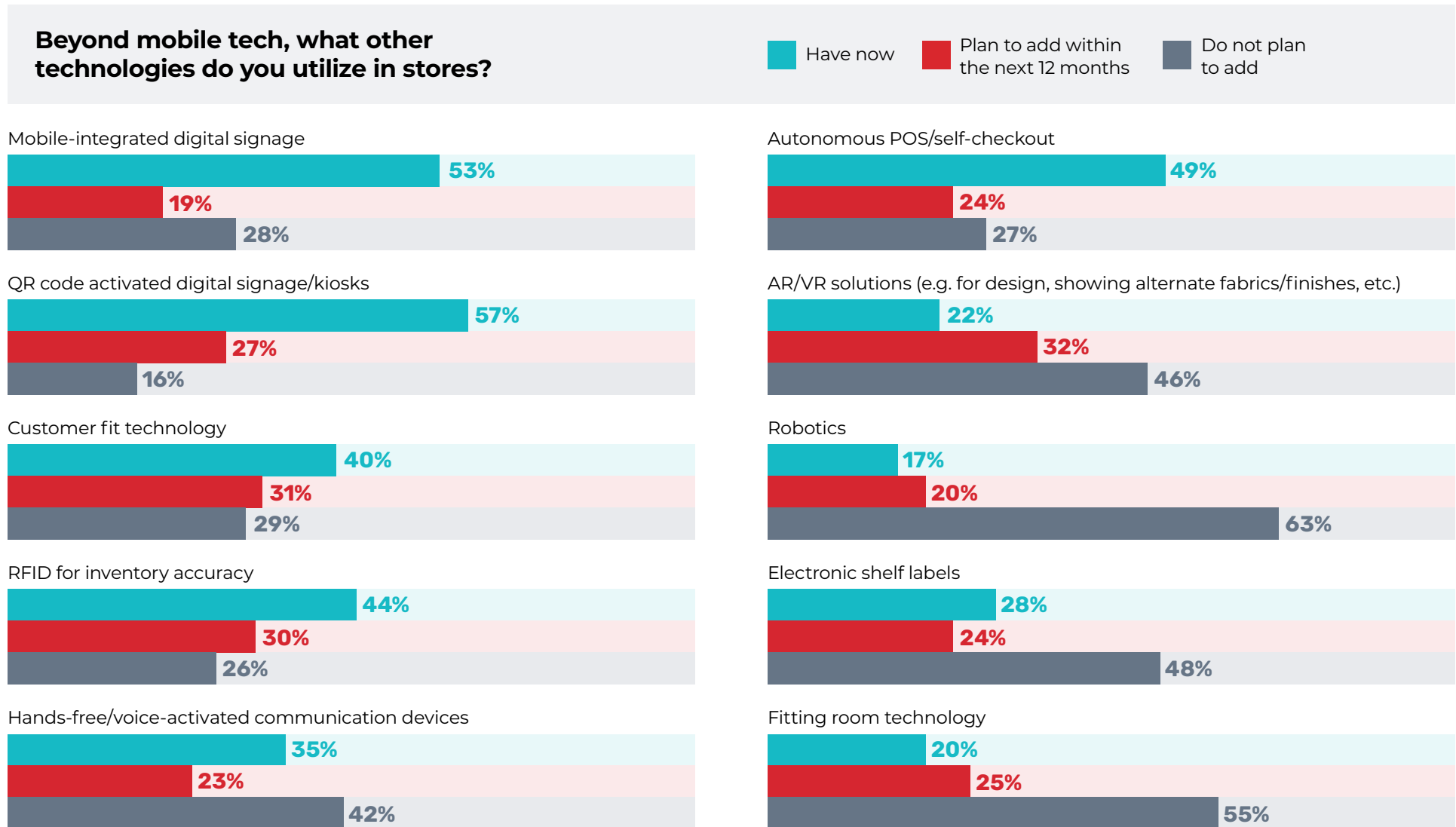
**27%**

Clienteling/assisted selling

**25%**

Retailers' focus on store-level productivity and performance carries through to other in-store technology decisions. For example, QR code-activated digital signage and kiosks, as well as mobile-integrated digital signage and autonomous POS/self-checkout, all are designed to give in-store shoppers a level of control over their experience. Rather than relying on store associates to provide product-level details and even complete transactions, consumers can use this tech to do it themselves.

Looking forward over the next 12 months, this focus on customer empowerment will continue, with retailers saying they plan to invest in AR/VR solutions (32%), customer fit technology (31%) and RFID (30%), which not only helps ensure inventory accuracy but can power invaluable in-store tech.



## SURVEY DEMOGRAPHICS

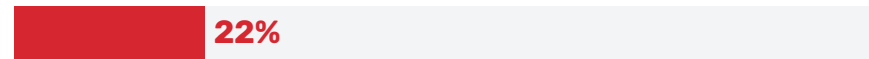
### Store Type

Respondents selected all that applied.

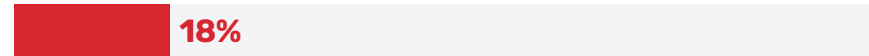
Operate traditional brick-and-mortar stores



Operate stores within stores



Have pop-up shops

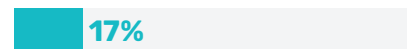


### Retail Vertical

Department Store



Supermarket/Grocery



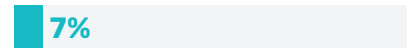
Big Box



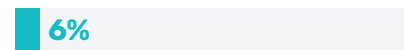
Specialty Hardgoods



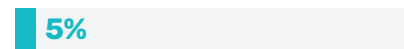
Specialty Softgoods



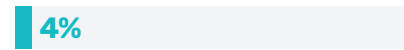
Convenience Store



Drug Store/Pharmacy



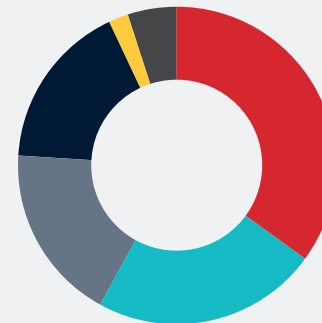
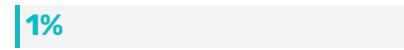
Electronics



Other

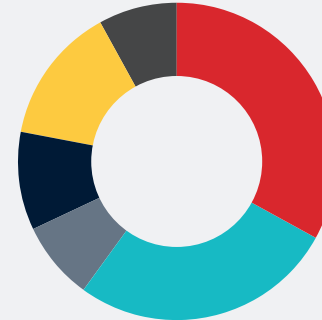


Office Supplies



### Store Count

0-20: **35%**  
 21-100: **23%**  
 101-1,000: **18%**  
 1,001-10,000: **17%**  
 10,001-15,000: **2%**  
 15,001+: **5%**



### Annual Revenue

Less than \$50M: **33%**  
 \$50M-\$100M: **27%**  
 \$100M-\$500M: **8%**  
 \$500M-\$1B: **10%**  
 \$1B-\$5B: **14%**  
 More than \$5B: **8%**

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### ABOUT THE AUTHOR

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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.