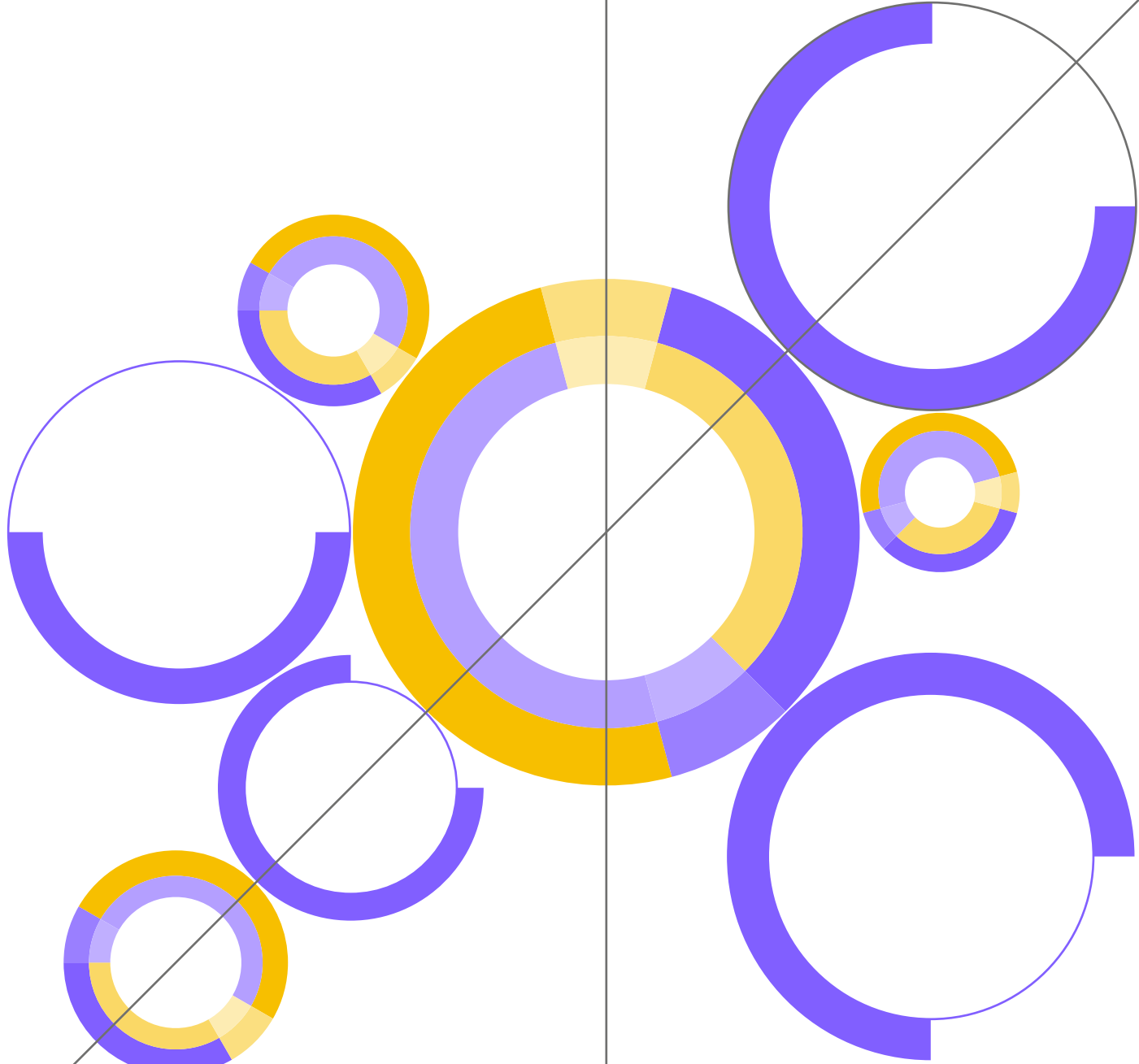


**RICOH**



# Accelerating the Power of Information\_ 2024

Industry report  
on technology's impact  
on **retail**



# Preface

The retail sector is a significant part of the nation's economy and a key indicator of its health. Few businesses can claim they are unaffected by what happens in retail. We are no different. As a leader in information management and digital services with many clients in the retail space, we see firsthand the seismic shifts. A core challenge for many is integrating technology to evolve the customer journey and improve the employee experience.

While technology in retail is powerful, improper implementation can overwhelm already overburdened staff and under-staffed management teams.

Our retail solutions team is always hard at work, understanding the factors at play and the available solutions that can bring businesses relief as well as competitive advantage. They've gathered the latest research and statistics on the state of the industry and are presenting them here, for you, in our retail industry report:

## ***Retail Technology to the Rescue***

Evolving the associate and consumer experience

“Retail is always in motion, so being at a crossroads is nothing new. To help leaders make that next leap, we're working together to reenergize one of their most valuable assets – employees. Ricoh is leveraging decades of insight into tech-driven customer experience to shape a more rewarding employee work experience, which translates into a competitive advantage.”

— Karen Clarkson, Vice President, Ricoh North America



**75%**  
EXECUTIVES WHO SEE GEN AI  
AS CRITICAL FOR GROWTH

**70%**  
CONSUMERS APPRECIATE STORES  
BLENDING ONLINE AND OFFLINE

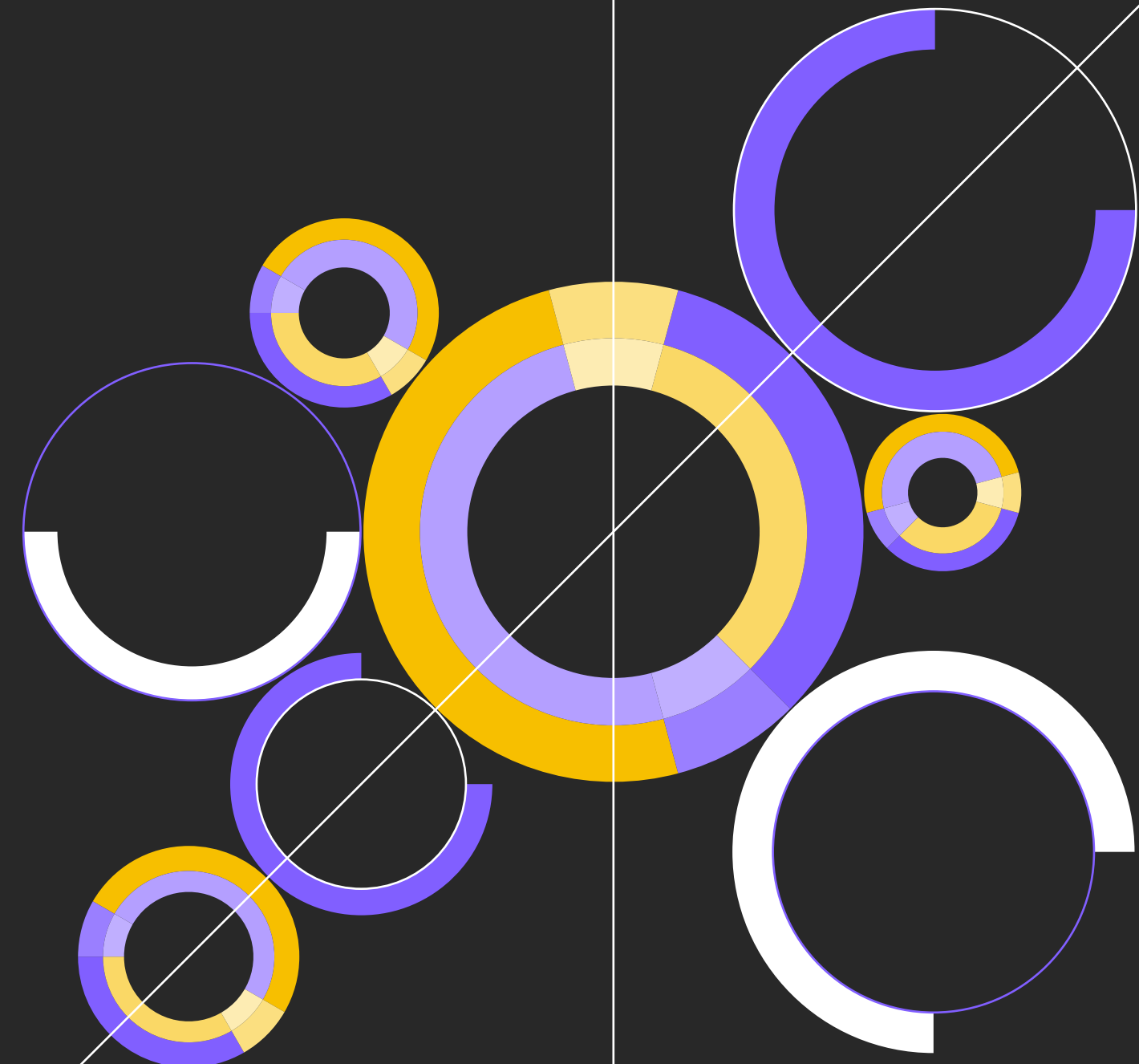
**76%**  
EXECS WHO WANT TO USE TECH  
TO SOLVE LABOR CHALLENGES

**2.91MM**  
FIVE-YEAR PROJECTED WORKER SHORTFALL  
ON TOP OF TODAY'S 2.5MM SHORTAGE

## Retail technology to the rescue

75%

Retail executives who see Gen AI as critical for revenue growth\*



\* Accenture, *Unleashing the Power of Generative AI in Retail*, June 21, 2024

# Retail and its workforce face unprecedented challenges today

If you work in the retail sector, you know that it has unique opportunities and a bright future. However, today, you're living with persistent labor challenges, higher customer expectations, and supply chain constraints. You've heard new digital solutions promise to raise profitability and efficiency. And you've felt the impact of tech that causes more grief than good. What's the answer? Success, driven by satisfied customers, starts with empowered and effective employees.

First things first: many retailers are grappling with labor challenges. How can you improve the employee experience, or the customers', without enough employees? Higher-than-normal attrition started during COVID, and years later its effects remain with 2.5 million unfilled positions.<sup>1</sup>

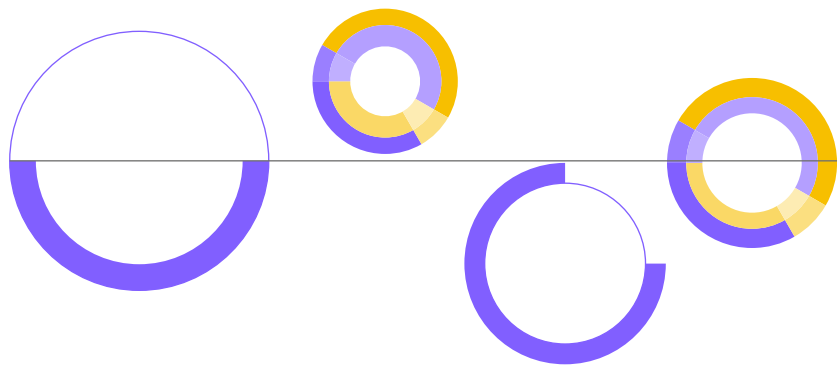
## Using tech to align the employee and customer experiences

The issue of employee experience is endemic. Engaged retailers know it takes more than hiring to fill the holes. The answer requires a fundamental reimagining of the space, the digital tools at workers' disposal, and support from in-store managers as well as from corporate offices. Winning the loyalty of frontline employees may require the same strategies used to retain customers. So, the question leaders should be asking is: How can some of the same technology solutions used to improve the customer experience help improve the worker experience?

### Retail workers want change<sup>2</sup>

**1.2X** More likely to quit vs other job categories

**44%** Workers considering a job change in 3 to 6 months



### Many retail workers believe in tech<sup>3</sup>

**46%** Believe tech will improve their jobs

**35%** Feel neutral

**19%** Worry about negative impacts

<sup>1,2</sup> McKinsey & Company, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 2024

<sup>3</sup> Quinyx, *2024 State of the Frontline Workforce*, April 2024

# What the associate experience should feel like

Let's take a step back to imagine a unified experience where customers and employees share the same goals and tools. The good news is you've likely already incorporated many of these attributes into your customer experience. Now, it's time to apply them throughout the journey.

As you may have seen already, technology itself cannot improve the experience unless it's designed to optimize human-machine interactions. This means streamlined processes, intuitive tools, the ability to accomplish tasks in a way that leads to satisfaction, even fulfillment. These are important attributes that people seek when shopping *and in their work*. Look at it this way, some brands are providing more, and better, digital tools to their customers than to their own employees.

## Associates love these mobile and scanning capabilities<sup>4</sup>

**70%** Ability to multi-task

**67%** Product data access

**52%** Device intuitiveness

When employees have access to technology that helps them do their jobs, the majority — 84% — feel more valued by employers.<sup>5</sup> That's a 6% bump from the previous year. And 41% of associates say easy-to-use tech is a loyalty driver.<sup>6</sup> By understanding motivational drivers, retailers can improve the employee experience while enhancing customer service.

## The tech associates say helps them enhance shopper experience

**85%** Real-time inventory awareness<sup>7</sup>

**70%** Familiar mobile devices<sup>8</sup>



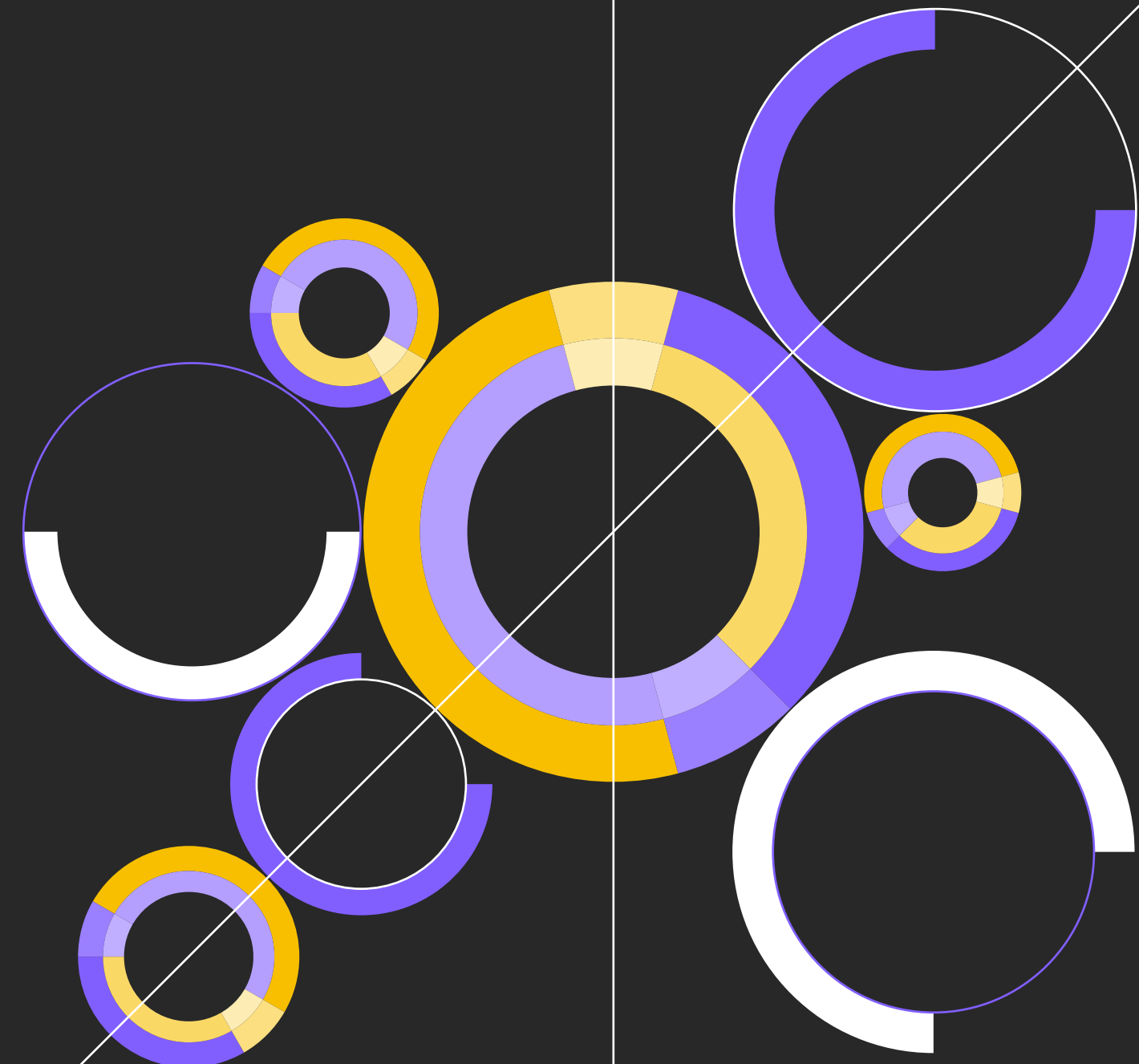
<sup>4,6,8</sup> ScandIt, *Frontline Retail Revealed: Motivations, Technology Attitudes and Insights*, 2024

<sup>5,7</sup> Zebra, *The Retail Pulse: Discoveries from 16th Annual Global Shopper Study*, 2023

On the corner of e-comm  
and main street

70%

Consumers appreciate stores blending  
online and offline journey\*



\* RSR, *Why the Retail Store Won't Survive as a 'Tech-Free Zone'*, April 2024

# Challenges merging e-commerce with brick-and-mortar

While 84% of sales happen in-store,<sup>9</sup> 71% of shoppers use a fluid “phygital” experience, discovering merchandise in-store, researching and ordering online, then purchasing or returning in-store.<sup>10</sup> The goal is to create a holistic experience with complementary tech to reduce “showrooming” where shoppers lay hands on your product, then buy it on their phone from a competitor.

## Missed the BIPOS memo?

Retailers were asked if consumer demand for BIPOS grew faster than anticipated. Among 'average' retailers, 44% said it was a top challenge.<sup>11</sup> The writing was on the wall for years, but many retailers did not invest in tech to meet changing needs.

## For shoppers, digital tools support in-store purchases<sup>13</sup>

**70%** Mobile shoppers who say ability to shop in-store affects purchase decision

**45%** Shoppers who research online before planned in-store purchases

## Your digital store is a tough act to follow

Eighty-seven percent of shoppers want the same access to product info while in-store as when shopping online.<sup>12</sup> But retailers just aren't scratching the clickable itch. Their legacy technology stymies customers' expectations of unified commerce and limits employees' ability to deliver at 100%.

## Consumer expectations moving faster than retail evolution

Don't take this the wrong way, but just 9% of shoppers are satisfied with your in-store experience. Online shoppers? It bumps up to 14%. Blame cutting-edge digital experiences elsewhere. The good news is the tech that they want to try already exists: 55% want virtual assistants, another 55% are eager for augmented and virtual reality and 59% want more AI. Shoppers aren't so much interested in the tools, but the results. Asked how they want in-store shopping enhanced, 37% said improved product variety. For online, the top area of improvement at 36% was making it easier to find what they want.<sup>14</sup>



<sup>9, 11, 12</sup> RSR, *Why the Retail Store Won't Survive as a 'Tech-Free Zone'*, April 2024

<sup>10</sup> Zebra, *Beyond the Basket: What Shoppers Really Want in Their Retail Experiences*, January 29, 2024

<sup>13</sup> Think with Google, *Marketing Strategies: Search*, 2024

<sup>14</sup> IBM, *Revolutionize Retail with AI Everywhere: Customers Won't Wait*, January 8, 2024

# A little handholding goes a long way

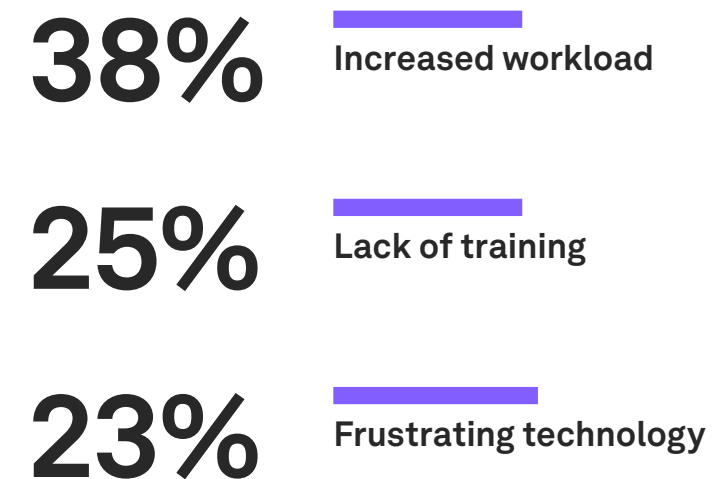
Retailers are in a tough position. At the same time consumers want more digital connection points, 70% want more one-on-one interactions,<sup>15</sup> and technology can help. Think about this – inventory levels have rebounded from COVID-era lows, yet the second most common reason customers leave stores empty handed is because they couldn't find what they wanted.<sup>16</sup> That should be a priority for all retailers. You've invested in brick-and-mortar locations and staff, stocked the shelves, and convinced shoppers to choose you over competitors. But once inside they can't buy because they can't find, even when using apps. This is where associates come in.



## Retail runs on shopper sentiment

You could chalk up some consumer dissatisfaction to a bit of “cluelessness” or impatience, but ultimately you need to adapt to their wishes, and associates need your help to provide a pleasant experience. When shoppers don't get the expected service, they take it out on associates. A recent study showed that in stores that employees themselves considered “always understaffed,” they experience frequent customer bullying – 25% vs. 11% in stores considered “not always understaffed.”<sup>17</sup> Stores need capable staff with the time, motivation and tech to support customer needs. Beyond being the human-centered thing to do, it's proven to boost the bottom line with 42% of retailers with top-quartile EX also achieving top-quartile CX.<sup>18</sup>

## Top associate pain points<sup>19</sup>



There's a worker shortage everywhere, but while all other sectors have increased employment by 6% since COVID lows, retail is barely above 2020 numbers.<sup>20</sup> To attract new workers, retailers should: 1) Increase career development opportunities with tech training, 2) Make roles more meaningful by fostering associate-shopper interaction, and 3) Enable forward-looking leadership to inspire by putting workers at the center of tech enhancements.

<sup>15, 16</sup> Zebra, *Beyond the Basket: What Shoppers Really Want in Their Retail Experiences*, January 29, 2024

<sup>17</sup> Shift – Harvard Kennedy School, *Please Wait, Help is on the Way: Self-Checkout, Understaffing, and Customer Incivility in the Service Sector*, August 2024

<sup>18, 20</sup> McKinsey, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 17, 2024

<sup>19</sup> Scandit, *Frontline Retail Revealed: Motivations, Technology Attitudes and Insights*, 2024

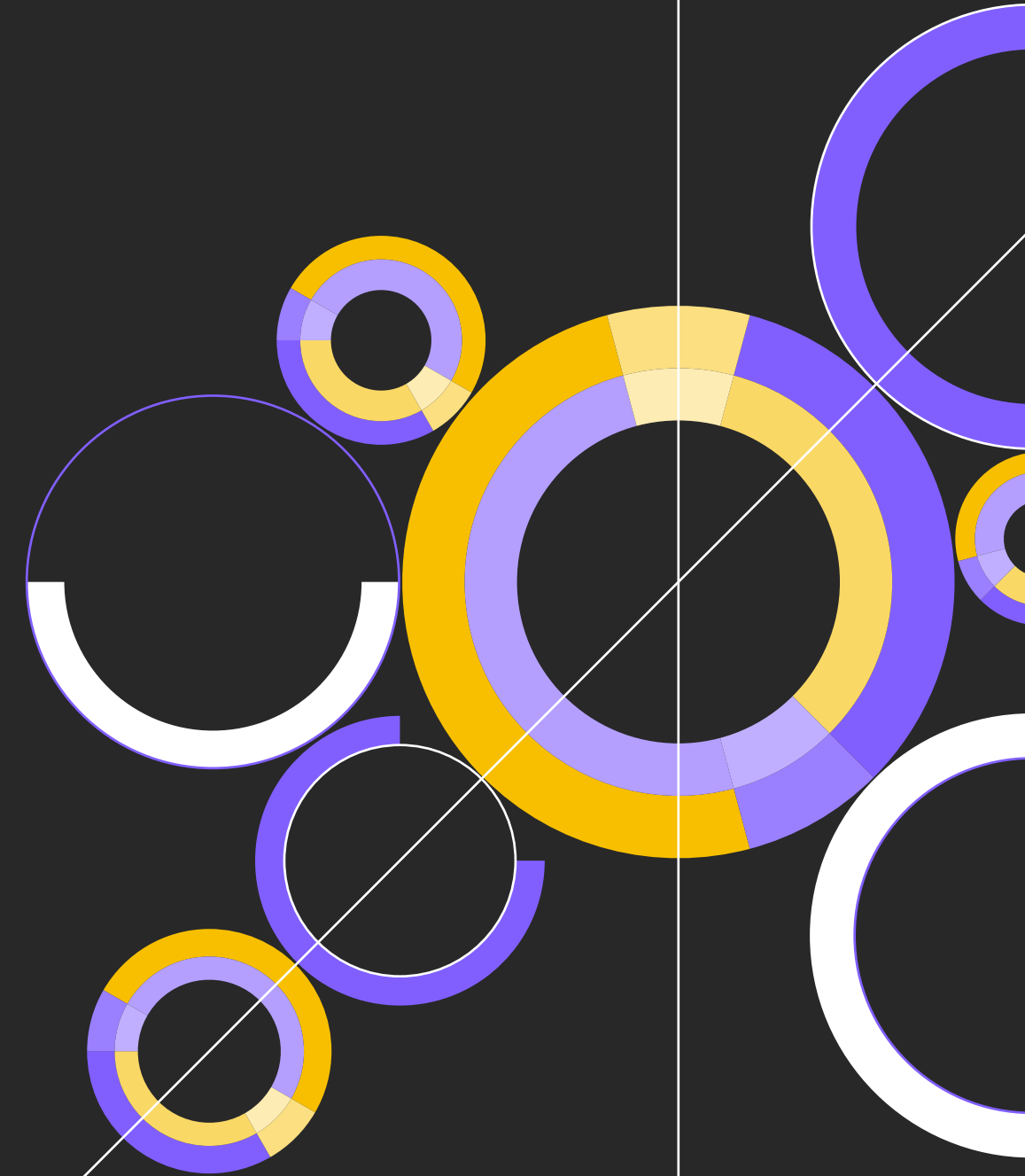


Checking the receipts, costs  
to the industry



# 76%

Retail execs who want to use tech  
to solve labor challenges\*



\* KPMG, Retail Finance Transformation: Unlocking Efficient Growth, July 2024

# Seeing the EX/CX connection

From our work with leading retailers and industry executives, we see the direct correlations. When you add technology that improves the worker experience, you also enhance the customer experience and reduce attrition, currently at 60%.<sup>21</sup> The common denominator? Solutions that reduce associates' time-consuming tasks, make work more enjoyable, and increase job satisfaction. It's worth the investment, as losing a single frontline associate costs retailers an average of \$10,000.<sup>22</sup>



## How fewer workers cost retailers more

Where does that \$10,000 show up on the balance sheet? First, there's the financial impact of talent acquisition, training new employees, and waiting for them to reach peak performance. Then, there are the opportunity costs of running under-staffed stores or constantly onboarding new hires.

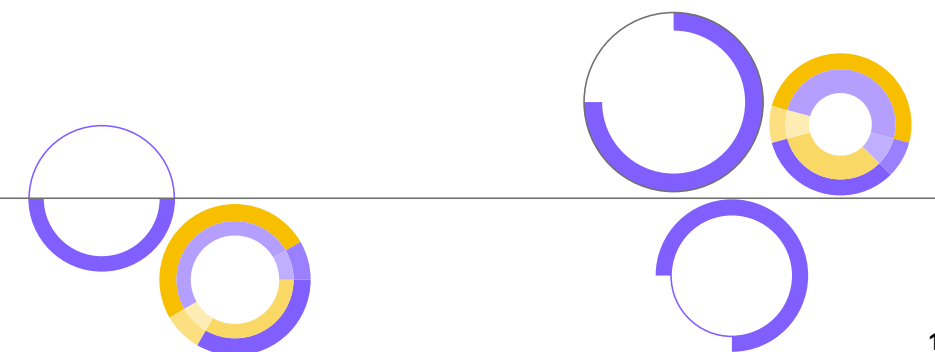
The costs of poor employer-employee relationships extend beyond the 60% turnover rate, leading to a potential 23% reduction in profitability and a 10% drop in customer satisfaction.<sup>23</sup>

### Engaged employees = better revenue

**3.8X** Customers are more likely to re-purchase after a good experience<sup>24</sup>

**23%** Better profitability<sup>25</sup>

**18%** Boosted sales productivity<sup>26</sup>

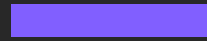


<sup>21, 23, 25, 26</sup> ReleSYS, *Retail Relationships Reset*, February 2024

<sup>22</sup> McKinsey & Company, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 2024.

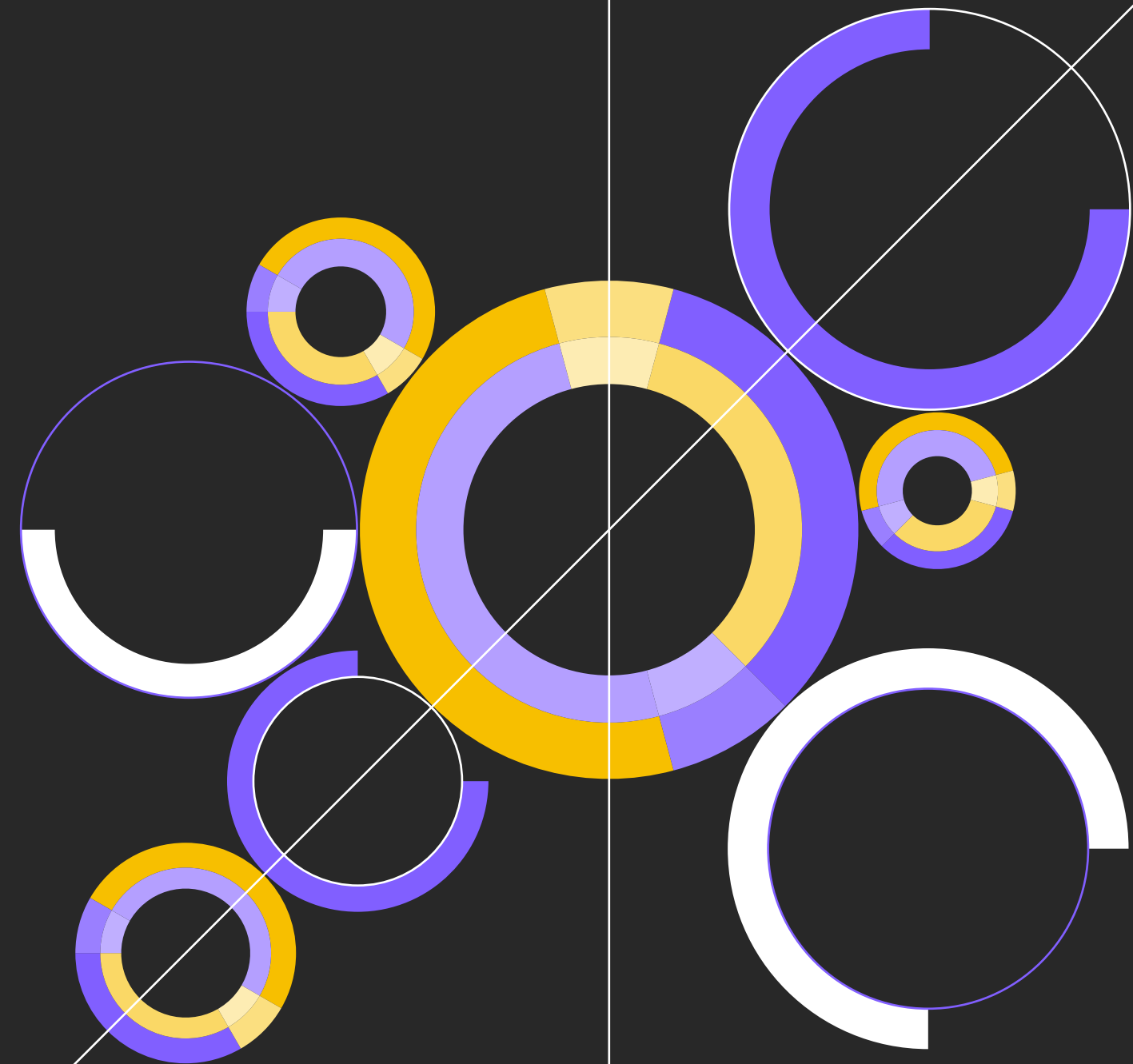
<sup>24</sup> EY, *Why You Should Rethink AI-Powered Customer Experience as Human Experience*, July 2024

Open for opportunities



# 2.91MM

Five-year projected worker shortfall  
on top of today's 2.5MM shortage\*



\* U.S. Bureau of Labor Statistics, *Retail Sales Workers*, August 29, 2024

# Employee experience must begin before “You’re hired!”

Brick-and-mortar stores aren't disappearing anytime soon, but a steady flow of eager workers can't be taken for granted. Retailers must adapt and improve to thrive. This means taking the opportunity to use technology to rethink how you find, recruit and hire. The situation is dire: 72% of voluntary retail separations lead to employees leaving the industry entirely.<sup>27</sup> The stakes are certainly high, yet the bar is low for in-store and organizational culture. Businesses that invest to improve their reputation with job seekers can stand out from the rest. There are at least two specific opportunities: recruiting and the onboarding processes.

## Recruiting

Hiring has been called “the war for talent” so it’s no surprise that 12% of retail executives say hiring and retaining frontline workers is their highest priority – above all else. Additionally, 7% of companies are exploring automation to reduce workforce skill requirements.<sup>28</sup> This may make it easier to find qualified employees, but more effort is needed to get candidates to complete the application process. Retail faces significantly higher rates of "candidate ghosting" than other industries, at 60% compared to the 46% average.<sup>29</sup>

## Putting the Z in easy

Given that many new hires are Gen Z, employers can make the processes more engaging with augmented reality (AR) and virtual reality (VR). Imagine how much easier it would be to schedule training if employees could participate from their living room or dorm. These technologies aren't futuristic to Gen Z – they're reasons to choose job A over job B.

## Onboarding and training

Once your recruit has committed to the position, it's essential to build that relationship. One way is through vibrant training sessions. Training is more than teaching job mechanics; it can build trust and affinity, with 53% of employees saying their training supports career growth.<sup>30</sup> Employees acknowledge and appreciate the investment into them. And more employers – 41% – are looking into AI tools that can assist with staff management and training,<sup>31</sup> while 77% of specialty and department stores plan to have video-based training in place by 2025.<sup>32</sup> Remember, tech pays off only when your customer-facing associates know how to use it. And today, 31% of retail executives are concerned that a lack of worker skills will hinder their ability to leverage Gen AI.<sup>33</sup>

## Associates require new skills<sup>29</sup>

**75%** Companies having somewhat/very difficult time finding qualified candidates

**55%** Missing skills to meet organizational growth

**51%** Missing skills for changing technology

<sup>27</sup> McKinsey & Company, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 2024.

<sup>28, 31</sup> Deloitte, *Deloitte Global Retail Outlook 2024*, March 2024

<sup>29, 34</sup> SHRM, *2024 Talent Trends*, January 2024

<sup>30</sup> UKG, *2024 Industry Insights Report Empowering Leaders through Workforce Analysis*, Retail Edition, 2024

<sup>32</sup> Incisiv, *Verizon Retail Study*, March 2023

<sup>33</sup> Accenture, *Unleashing the Power of Generative AI in Retail*, June 21, 2024

# A new way to define and support the retail team

Retail continues to evolve, yet the industry hasn't changed who it considers "an associate" and the activities those employees fulfill during a workday. The scope is being rewritten by changing needs, customer demands, and new opportunities. It's time to ask: Who are your new retail employees, and what roles should they fulfill?

## Digital staff become mission critical

As retailers shift toward greater digital integration, roles like cloud architects, data modelers, and systems analysts are becoming as essential as traditional merchandising leads or store managers. With an increasing emphasis on digital solutions and a compound annual growth rate of 9.3% for retail automation between today and 2030,<sup>35</sup> retailers will need the same resources as tech-advanced businesses—IT experts, data analysts, and cutting-edge technologists.



## Technology is a hardworking teammate

Retailers looking toward a more efficient future must focus more on technology and automation and less on physical labor. By 2025, IDC predicts that 50% of retailers will offer AI-enabled contextualized recommendations to enhance customer engagement.<sup>36</sup> This and other tech initiatives only have to boost revenue 2-4% to justify investments in large language models (LLMs).<sup>37</sup> Globally, 61% of retailers will extend "digital outreach" to significantly increase their data-sharing and collaboration with partners for better forecasting.<sup>38</sup>

Overall, the global retail automation market is expected to grow at a compound annual growth rate of 9.3% from 2024 to 2030, with in-store implementation accounting for 60% and POS solutions accounting for the highest area of growth.<sup>39</sup> Research shows that automating repetitive tasks can free up 20-30% of time for employees in finance, HR, IT, procurement, and legal roles. In fact, up to 40% of finance tasks can be automated.<sup>40</sup>

One of the most promising areas is with collaborative robots (cobots) and automated guided vehicles (AGVs) that are designed to interact with people bringing goods from warehouses or stockrooms to customers. This market is poised for even more explosive growth with a predicted 30% compound annual growth rate until 2028.<sup>41</sup>

## Interoperability wins from showroom to backroom<sup>42</sup>

**4-6%** Reduced supply chain operation cost

**2-5%** Increased gross margin via inventory forecasting

**1-3%** Increased revenue across core functions

<sup>35,39</sup> Grand View Research, *Retail Automation Market Size & Trends*, December 6, 2023

<sup>36</sup> IDC, *IDC FutureScape: Worldwide Retail 2024 Predictions*, October 2023

<sup>37</sup> McKinsey, *LLM to ROI: How to Scale Gen AI in Retail*, August 5, 2024

<sup>38</sup> Deloitte, *Deloitte Global Retail Outlook 2024*, March 2024

<sup>40</sup> Deloitte, *From Great Resignation to Great Reimagination*, April 2022

<sup>41</sup> Control Automation, *Beyond the Factory Floor—Robots for the Retail Sector*, December 2022

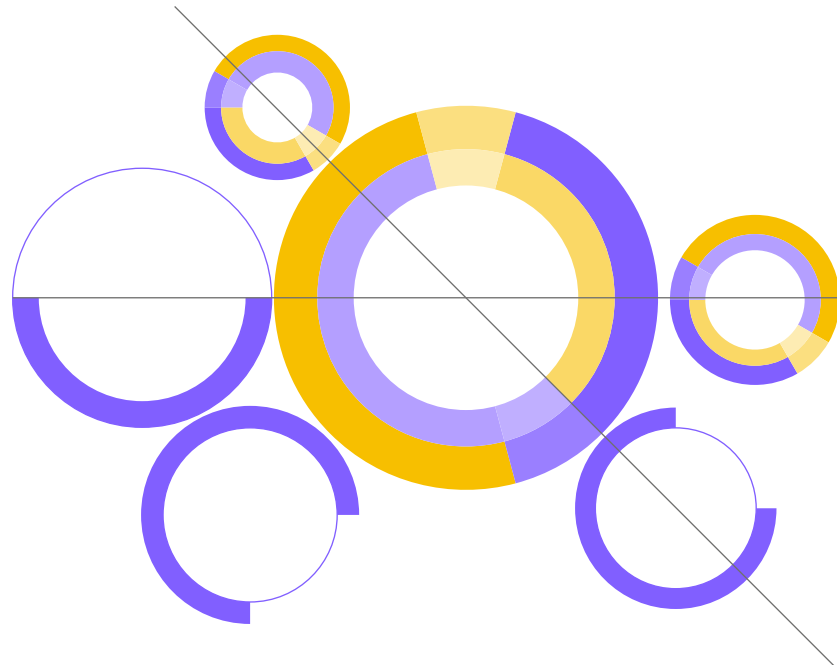
<sup>42</sup> Accenture, *How Smart Retailers are Leveling Up with a More Flexible Software Approach*, May 9, 2024

# Building a better storefront with tech

The true differentiators will show up through tech-focused improvements that enhance the nature of the work – reducing administrative tasks and streamlining workflow to improve employees' sense of fulfillment and meaningfulness. Together, they allow smart retailers to consider employee lifetime value in the same way they assess customer lifetime value. While retail worker attrition has historically been a given, it's time to recognize the true cost of losing team members and address the root cause.

## Unexpected item in the bagging area

Neither associates nor customers are opposed to technology, but it has to be easy to use as well as serve a purpose. Let's take self-checkout. Intuitive? Mostly. Does it serve a purpose? Yes – reduced labor costs and improved CX via shorter check-out lines. But it may exacerbate an issue it's intended to solve. One study found that employees in stores with self-checkout reported a 26% increase in understaffing compared to stores without self-checkout.<sup>43</sup> The reality may be that retailers have over-relied on this tech and that it's just not implemented to serve customer needs first.



## Keeping the line – and information – moving improves the experience

Streamlined workflows and better access to information can alleviate issues where 77% of workers feel “outgunned” by customers who know more about products than they do.<sup>44</sup> Currently, 73% of frontline associates are unhappy with the tech their employers provide them.<sup>45</sup> And if they're unhappy or frustrated, it likely comes across to patrons. Imagine scrambling for information in front of a customer. It's frustrating and embarrassing. But automated inventory tools with real-time image processing help employees answer customer requests more quickly, with less stress. And who doesn't want to look like a hero to the customer?



<sup>43</sup> Shift – Harvard Kennedy School, *Please Wait, Help is on the Way: Self-Checkout, Understaffing, and Customer Incivility in the Service Sector*, August 2024

<sup>44</sup> Zebra, *The Retail Pulse: Discoveries from 16th Annual Global Shopper Study*, 2023

<sup>45</sup> Quinyx, *2024 State of the Frontline Workforce*, April 2024

# Create retail jobs employees can care about

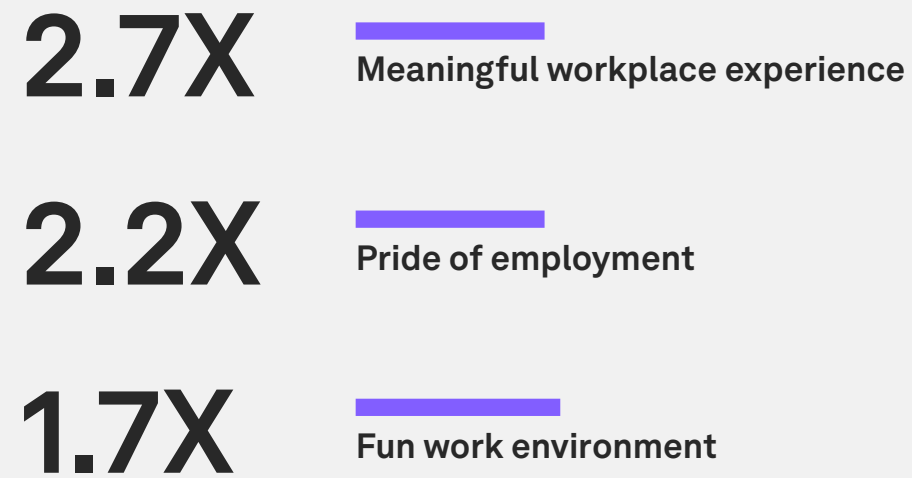
Just as retail space is being reimagined to deliver engaging customer experiences where shoppers are simultaneously entertained and educated, the role of retail employees has the potential to undergo a metamorphosis. Imagine a squad of empowered shopper advisors in this new commerce paradigm.

The associates core aim then is not transactional (in the negative sense), but stewarding the brand – floor associates, after all, are closest to the customer journey and directly feel shoppers’ joy and frustration. Retailers are accelerating the onset of this role with many executives planning to invest in technologies that support simplified collection and submission of shopper feedback to in-store managers and staff. By creating more rewarding experiences, you can transform an employee’s perception of their role and elevate their sense of purpose.

“The power of human-centered tech is that it’s designed to work for the associates and customers, not the other way around. It enables people to serve customers at a higher level and maintain dignity.”

— Jim Kirby, Vice President, Ricoh North America

## Factors that increase associate retention<sup>46</sup>



<sup>46</sup> Great Place to Work, *Unlocking the Secrets of Employee Retention*, January 2024

# Tech to boost customer and employee satisfaction: results we're bringing Ricoh customers

## The luxury of managed services and seamless customer service

**The Challenge:** Despite operating hundreds of stores worldwide and having an active online shopper base, this luxury retailer lacked standardized IT processes and faced inconsistent point-of-sale technology.

**The Solution:** To improve the executive management team's visibility into their technology, Ricoh conducted a rigorous POS assessment and implemented a standardized service model.

“One of the key reasons we selected Ricoh was the strength and global footprint of their Managed Services organization, having the distinct ability to deliver the necessary level of service at scale without the use of sub-contractors.”

— IT Leader, Luxury Retailer

**The Results:** Today, the retailer provides seamless customer service with new hardware and IT infrastructure, backed by Ricoh's 7-day support and enhanced 4–8-hour SLA targets.

## Over 90% Infrastructure uptime

## How Ricoh Managed Services allow this pet retailer to run at full speed

**The Challenge:** A well-known pet retailer processes 25,000-30,000 coupons per month, scanning to capture data and mailing the physical coupon. Unfortunately, manufacturers won't reimburse without this time-consuming, costly process, tying up revenue since the retailer has already applied the discount to the customer's purchase.

**The Solution:** Instead of an off-the-shelf solution, we developed a customized process, centralizing operations at a Ricoh facility. This allowed the retailer to reduce staff and equipment, letting all 1,400 stores focus on core operations.

**The Results:** Our work has helped the retailer claim more than \$12-million dollars in coupon reimbursements. The total process time was reduced from months to weeks, helping the retailer better deploy resources, reduce operating costs, and better manage cash flow.

## \$12MM Coupon reimbursements

## How data capture became sharpest tool in this furniture makers kit

**Challenge:** Twenty stores, thousands of lines of manually entered data, and 400-page paper invoices meant approving and issuing payments took 4 or more weeks for this family-run furniture maker. Vendors were not happy, experienced credit issues, additional costs and a damaged business reputation.

**The Solution:** We implemented smart data capture for both paper and digital invoices, followed by 1-click automated approvals via email. The solution, an affordable cloud-based system, reinvented the company's process.

**The Results:** The solution transformed the accounting team's workflow, cutting approvals from weeks to hours and reducing total invoice processing time from 27 days to fewer than 5. Seamless integrations, reduced errors, and improved decision-making saved the company nearly \$300,000.

## \$286,000 Projected cost savings



# RICOH

## The retail resurgence is on

There continues to be a great deal of retail reshuffling, and the dust hasn't settled yet. If retailers aren't reevaluating their path forward, it's time to seize the moment. Refocus on employees at all levels, in all locations, and ask how you can leverage technology so associates feel as valued and empowered as your best customers.

The organizations that best figure out how to reimagine the employee role and digitize store operations stand ready to reap rewards like more success in retaining workers and boosting customer satisfaction scores. They can even win their category and enjoy the 2-3X revenue spread that innovative retailers have shown to generate.

### We are accelerating the power of information in retail today.

Accelerating systemic change.

Accelerating operational efficiency.

Accelerating human-centered technology.

### For retail, this means that we are accelerating the...

Power to future-proof every function.

Power to increase revenue and brand affinity.

Power to improve the employee experience.

### That's how we accelerate the power of information.

## Ricoh, turning information into advantage

At Ricoh, we're revamping how businesses around the world collect, use and share information. To us, there's no such thing as too much information. And there is no such thing as too many ways to unlock its power. Partnering with our clients, we're harnessing the insights within information to help teams work more collaboratively. It's how we're using technology to unleash the full power of people.

**Our team of retail experts is ready to help transform your information into greater competitive advantage.**

