OMNI-CHANNEL RETAILERS NEED TALENT WAKE UP CALL

Insights

Retailers have yet to recognize that they need to change their talent and organization to win in an omni-channel world.

COVID-19 has turned the retail sector on its head. But a recent Korn Ferry survey, and our own experience with retail executives, suggest US companies aren't doing enough to respond to the changing dynamics.

There's no denying that there's been a massive shift from in-store to online shopping. According to McKinsey & Co and The Wall Street Journal, three-quarters of US consumers have changed something about the way they shop since the crisis began.

That includes one-third who have tried a new shopping method such as delivery or curbside pickup. Almost a third have chosen a different retailer.

These changes are here to stay: more than half of US consumers say they intend to continue using a "buy online, pick up in-store" model after the pandemic, and just under half will keep having their groceries delivered.

Yet, while retailers recognize the changing demand, a recent survey by Korn Ferry implies they aren't responding with the speed, scale and fresh thinking that's needed. That's either because they expect consumer behavior to "go back to normal" or because they're having trouble operating in a radically different way.

Here, we've shared some survey results we found eye-opening and conflicting. And we've posed two questions retailers can ask to establish if their talent and organizational structure align with what the changes required.

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1. Do we have the right post-pandemic strategy and the talent to deliver it?

In our survey, 85% of respondents report seeing a significant or transformational change in post-COVID-19 shopping patterns. Yet the majority – around 57% – have either kept their omnichannel strategy the same or just made tweaks to it.

These findings suggest that many retailers expect life to return to a pre-pandemic "normal" rather than preparing for a very different future. A smaller number have changed their strategy substantially, and now face the challenge of keeping the momentum going.

But whose job is it to decide what the future of retail looks like and devise the right omni-channel strategy to meet it? You could argue it's the Chief Digital Officer, as the top digital skills priorities in our survey, "user experience" and "site optimization", are typically in their remit. But this role is languishing in many retailers and has the highest turnover in the C-suite.

More encouragingly, our survey showed that retail leaders recognize innovation, flexibility, and a consumer-first mindset as requirements for success. And more than half saw a need to bring in new talent, restructure roles to reduce layers, and add positions with new responsibilities. But a generally slow pace of change in the sector means there's a gap between ambition and reality.

2. How can we drive traffic to our brand through all channels and deliver an experience for our customers in an omnichannel world?

Despite closures and bankruptcies, the retail market is still saturated in the US. So it's no surprise that the top challenge our survey respondents cite is "driving traffic".

Having and communicating a clear brand message and mission can help to attract customers to your brand. But you'll also need to rethink how you use your biggest physical asset – your stores – to deliver what your customers want, when and how they want it. And as our survey suggests, when it comes to assessing the size, number and location of their stores, many retailers aren't as forward-thinking as we'd expect.

For example, 43% of respondents feel they need more stores, and 71% think their stores are the correct size. And despite the number of consumers moving out of big cities, and the closing of malls, most respondents believe their stores are in suitable locations.

Reassuringly, respondents' views on the highest priority skillsets for in-store talent are attuned to customizing the customer experience to suit current needs. Product knowledge comes top, followed by order fulfilment (never in the remit of stores before) and clienteling. Sadly, despite the drastic changes to bricks and mortar retail, upgrading retail talent comes in last.

So, our challenge to retailers would be: how do you recruit, train and reskill – especially when in-store roles can be hard to fill?

### Omni-channel Strategy Changes Post-Covid

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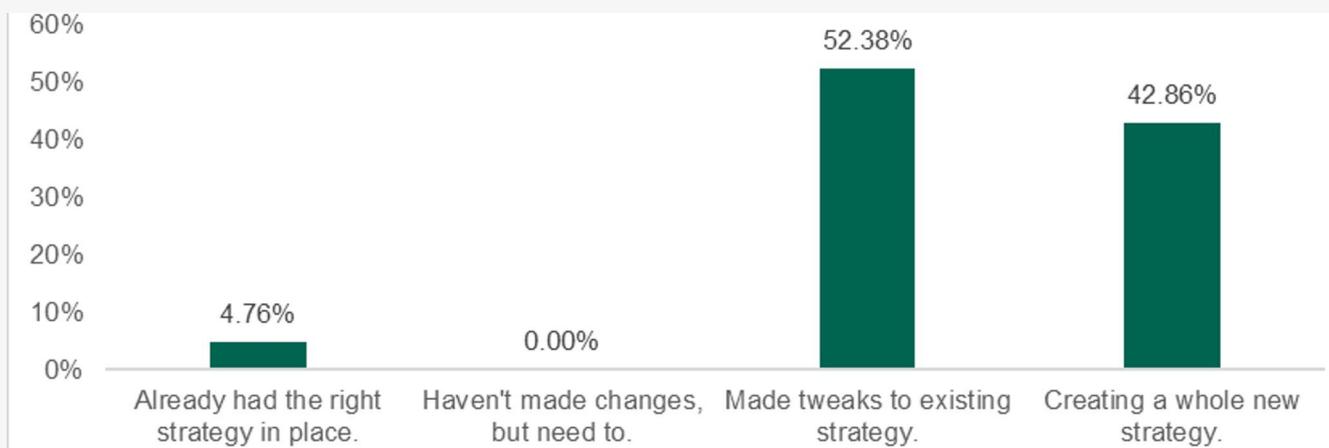
Here are a few considerations:

- Design your stores to flex around your customers' needs, then let them decide how they interact with you. Why have fixed store hours and late-night opening, for example, if customers can call someone to set up an appointment? And should your inventory be in your stores or your distribution centers? In fact, should your stores become distribution centers?

- Use technology and the customer demand for choice to fill the talent gap. Geo-mapping, QR codes and sustainability or provenance information can direct people when they're in store. And searching for availability online can help them decide where to collect or buy from if they want something straight away.

Perceived State of Brick and Mortar Exposure
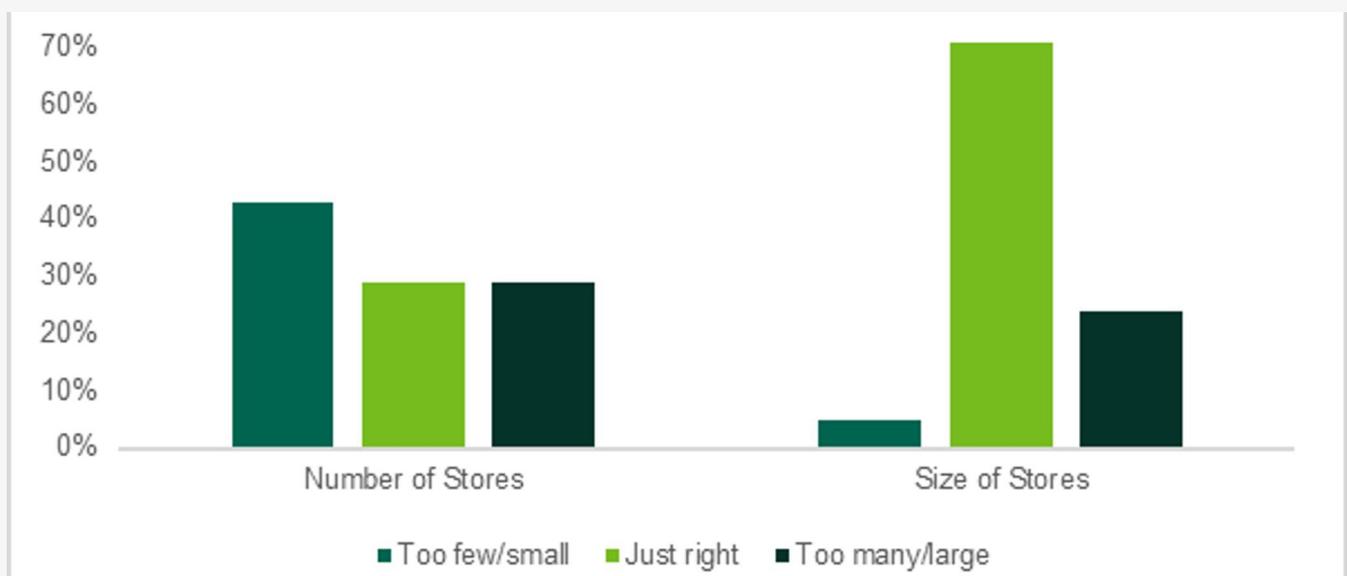
Functions Rank Ordered as Critical to New Omni-channel Strategy

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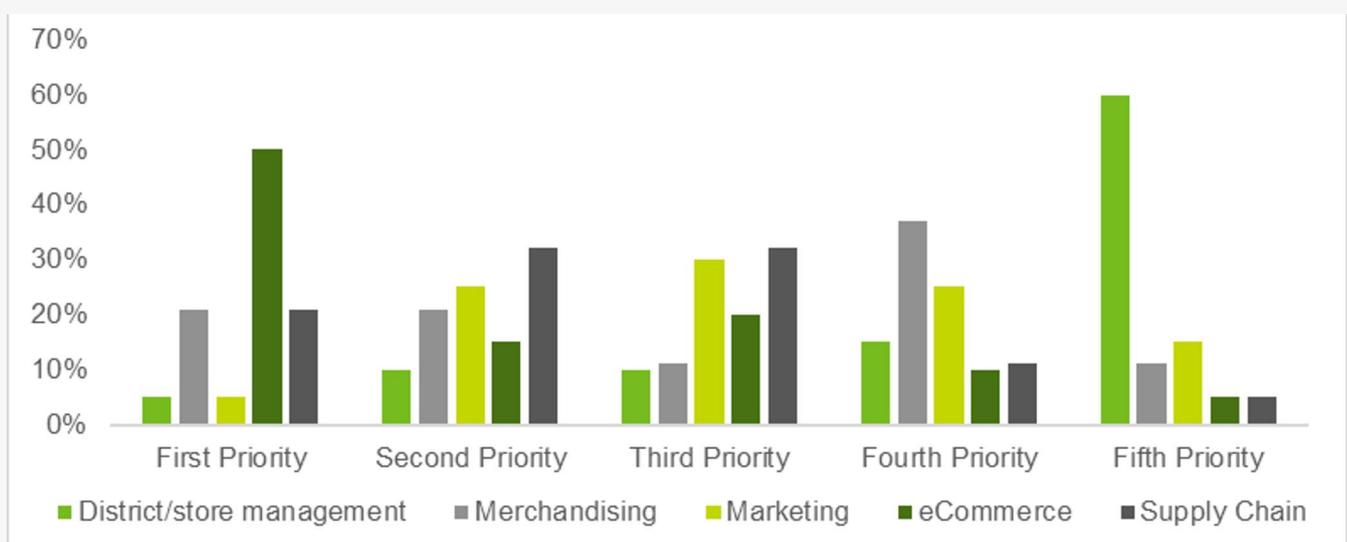
It's time for retailers to see the bigger picture

In our view, tackling the challenges we've raised in this piece goes beyond ensuring you have the right people in the right places. It's about rethinking the structure of your organization to make sure you have the right roles, supply chain, systems and technology to deliver on an omni-channel strategy fit for a new world.

For more results and recommendations, or to see the full findings of the survey, email denise.kramp@kornferry.com or bridget.weishaar@kornferry.com

About the survey

We invited more than 100 senior executives in US-based retail companies to tell us about their bricks-and-mortar and eCommerce strategies after COVID-19. The companies they work for have turnovers from $100m to over $5b. 22 senior leaders took part, including Chief Executive Officers, Chief Human Resource Officers, Chief Merchandising Officers, and Chief Financial Officers.

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.