4 solutions to your top retail challenges

Empowering retailers for success.

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A new era of shopping experiences

Business is in a constant state of change. Five-year plans seem like a vestige of another era. Annual forecasts get adjusted on a quarterly basis. Customer preferences and demand shift like the wind.

This is true in just about every industry, but retail seems to be leading the charge in this perpetual evolution. The past few years have put even more strain on the industry, forcing retailers to face new and unprecedented challenges: store closings (or delayed opening of new locations), significant increases in employee turnover (coupled with a tight labor market), unexpected supply chain disruptions, price inflation and more.

Meanwhile, customer expectations have never been higher. As consumers toggle between online and in-person shopping experiences, there's increased demand for retailers to be more flexible, more personal and more responsive. With razor-thin margins already an ongoing challenge, meeting these increased demands — often with fewer resources — can seem insurmountable.

But there's good news. An influx of emerging technologies offers retailers an unprecedented suite of tools to keep pace and succeed in the future. Companies are reexamining legacy systems and strategies that have defined the industry for years. They're being replaced with innovative — and integrated — technologies that will usher in a new era of retail shopping experiences.

This long overdue reset can help many retailers move into potentially more stable and profitable positions. The key is to identify and implement the right technology solutions for each challenge.
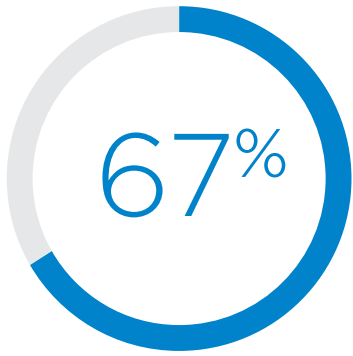
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67%

of respondents reported that use of data, analytics and automation will continue to play an increasing role in merchandising in the next 3-5 years. However, only 27% reported that they are prepared for it.[4]

Challenge #1: Staff shortages

According to a report from Deloitte, 74% of retailers are expecting shortages in customer-facing positions, while 56% expect shortfalls in hourly supply chain, distribution and logistics positions.[1] What's more, according to McKinsey & Company, only 14% of retailers said they were prepared for these staff shortages, but around two-thirds are prioritizing talent over the next 12-18 months.[2] The labor market continues to be surprisingly tight with more open positions than available workers.

Many retailers have used the labor challenge as an opportunity to expand their ecommerce capabilities. According to the U.S. Bureau of Labor Statistics, the increase in online sales is expected to reduce the demand for retail sales workers.[3] While this may ease some of the talent crunch, retailers can employ sound digital strategies — such as seamlessly connecting corporate, warehouse and retail store infrastructures — to meet customer expectations. For example, as retailers were forced to embrace contactless interaction during the height of the pandemic, new technologies emerged to enable better omnichannel customer experiences.

One solution many companies are deploying is a unified communication platform. These technologies allow companies to efficiently communicate with employees and customers wherever they're located. What's more, they integrate with customer relationship management (CRM) applications for seamless communications via phone, SMS, online chat and more — delivering a better customer experience.

The McKinsey report showed that retail companies believe technology will be an integral component to shape the industry's long-term future. In fact, 67% of respondents reported that use of data, analytics and automation will continue to play an increasing role in merchandising in the next 3-5 years. However, only 27% reported that they are prepared for it.[5]

Solution: Self-service and automation

Customers are increasingly embracing in-store self-service models. These include handheld scanners (and apps that allow the same functionality through smartphones), ordering kiosks, price checking stations and self-checkout areas.

These technologies can ease some of the burden created by staff shortages, freeing existing retail workers to focus on checkout, customer service, inventory management and other essential functions. Of course, they do require technology investments and ongoing management. In a multi-location operation, you need all that technology to work together, connecting front- and back-end systems across the entire retail footprint.

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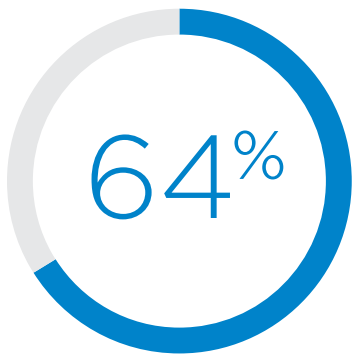
Challenge #2: Supply chain disruption

It's no secret that companies across the world were blindsided by supply chain disruptions over the last several years. It affected nearly every industry and retail was no exception.

While many of those impacts have subsided, or are beginning to do so, the need to improve inventory control and supply chain management remains. McKinsey & Company surveyed merchant leaders and found that 74% believe that increasing fragility in the current supply chain systems will shape the retail sector in the next 12-18 months. Yet only 4% reported that they are prepared for that reality.[6] The status quo needs to change.

Solution: Stronger network and systems integration

While we can't easily predict a global supply chain disruption, retailers can help take steps to strengthen their own systems and mitigate the impact. A good place to start is by looking at your IT network and infrastructure. Make sure it has adequate bandwidth and scalability, including direct fiber connections to the cloud where so much operational data is stored.

As online and in-store sales continue to converge, you'll also want your entire retail ecosystem to be in sync. Retailers need to seamlessly connect multiple systems across corporate, ecommerce, store locations, warehouses/distribution hubs, shipping and logistics. Having your entire footprint connected can save money and make better information available across the entire enterprise — helping retailers identify supply chain issues faster and respond more efficiently.

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64%

of consumers want companies to respond faster to their changing needs.[7]

When data is paired with AI and machine learning, the results can be game changing.

Challenge #3: Shifting consumer demand

In many ways, inventory challenges have been the result of two separate, but related, market factors: supply chain disruption and rapidly shifting consumer demand. In regard to the latter, consumers rapidly shifted their purchase behaviors during the pandemic, opting for more durable goods over services and experiences (like travel and dining out).

As the world slowly returned to some state of normalcy, those behaviors began to shift back, leaving many retailers with excess inventory. But shifting consumer demand isn't new to the retail industry. Whether it's durable goods vs. services, soft drinks vs. bottled water, in-store vs. online, the evolution of consumer behavior has always been a business consideration — and it's showing no sign of slowing down. In fact, according to a report by Accenture, 64% of consumers want companies to respond faster to their changing needs.[8] So what can retailers do to respond faster? The key may be getting ahead of that shifting demand.

Furthermore, as customers have become more digitally literate, they move seamlessly between online and in-person shopping, expecting retailers to be in lockstep. Researching online, testing in-store, buying online, returning in-store, buying in-store, talking to a salesperson in-store for more information — all of these processes that seem siloed to a retailer are fluid and interconnected for the customer.

McKinsey & Company reports that organizations face an urgent need to overhaul their tech architecture and operating model to keep pace with the changing landscape.[9] Retailers need an integrated, omnichannel approach to their products and sales to ensure they keep customer attention and brand loyalty.

Solution: Sensors, artificial intelligence and enhanced in-store experiences

The previous IT solution suggested the need for better integration and communication between business units and systems. Of course, you need data to power that communication. One way many retailers are achieving this is by deploying sensors and artificial intelligence (AI) in their brick-and-mortar store locations. Today's advanced sensor technology allows retailers to collect a wide range of shopper data that can predict changing consumer behavior — and inform better business decision making.

When data is paired with AI and machine learning, the results can be game changing. Retailers can uncover insights that would previously take much more time or were completely unavailable. These insights can include everything from real-time sales data at the SKU level, patterns of customer foot traffic, time spent in specific store aisles and more. Predictive models can then help uncover shifting trends in buyer behavior, identify connections between store layout and sales, help optimize inventory and enable the more customized shopping experiences that today's consumers want. Those insights can also help companies provide a more seamless experience between online and in-store and inform strategic decisions around marketing and pricing.

It's important to make sure the data is connected across all channels to guarantee that there are no silos. Developing a data strategy that engages the right technology to empower an omnichannel customer experience will

allow consumers to interact wherever and however they wish. This, in turn, establishes a real-time feedback loop across channels and devices, engaging the customer wherever they are and bringing authentic personalization into play.

Mobile devices for employees
There are two things that customers loathe: waiting in long lines and stores not having the goods they want. When employees are equipped with tablets or mobile devices that are connected to product information and real-time inventory across stores and warehouses, they can be more informed and responsive. Mobile payment devices can also foster faster checkout, improving the customer experience.

Mobile apps for customers
Customers are looking for personalization and a seamless transition from online to in-store. Mobile apps create an avenue for customer loyalty and a direct connection between those two retail worlds. For example, products in a customer's online cart can be seamlessly transferred to a store's POS system so customers can purchase online and pick up in store.

Challenge #4: Security concerns and data protection
Once you have all that useful data from sensors and AI technologies, the next challenge is protecting it. Today's retail industry looks a lot different than it did even a decade ago. There's a remote and hybrid workforce (with all sorts of mobile devices connected to the network), self-service kiosks, self-checkout, online to in-store shopping, mobile payments, AI sensors and more. It all means more access points to an organization's network and data — and hackers have taken note.

In data breaches experienced by a variety of retailers, the entry point for the attacks varied from POS systems and corporate IT networks to payment systems and online accounts. The attacks affected millions of customers, cost millions of dollars — and caused lost goodwill. You can't keep your eyes on every access point, but you can find ways to shore up your defenses.

Solution: DDoS protection
Cloud-based DDoS protection can shield your applications and systems from attacks. Typically offered as a subscription-based service from IT security and enterprise networking firms, DDoS solutions help protect your network against volumetric attacks by automatically identifying and mitigating threats using a three-tiered approach:

Comprehensive traffic evaluation
Service providers use ML and advanced analytics to identify anomalies in traffic flow at each of your locations. This helps to quickly mitigate attacks before they can negatively impact your organization.

Faster detection and resolution
DDoS protection quickly detects, redirects and mitigates any malicious traffic, minimizing the impact of an attack while ensuring availability of your network assets.

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Continuous support

Look for DDoS services that feature 24/7/365 support for fast and easy resolution of any security issues and coordination with your organization's internal IT team.

Putting it all together with managed services

All this added technology can mean increased cost in terms of hardware, software, network enhancements and IT management resources. But more and more companies are choosing a solution that doesn't require adding extra IT staff at individual store locations or even at corporate headquarters.

With a managed services model, a third-party IT vendor sets up all the systems and manages them — often in partnership with the retailer's in-house IT staff. The managed services approach can not only be cost-effective in the short term, but it can also help your organization be more agile, especially as the retail industry continues to evolve. Best of all, managed services can cover a range of important, day-to-day IT functions, freeing CIOs, CTOs and IT managers to focus on the enterprise's larger technology strategy.

Here's a look at some of the most widely used managed services offerings:
Fiber connectivity

It's the high-performance backbone needed to support everyday retail operations as well as the advanced new technologies that demand more bandwidth with low latency. You can find symmetrical internet speeds up to 100 Gbps delivered on a private, secure network. And be sure to ask about service-level agreements (SLAs) that guarantee availability without downtime.

Managed networking

These are platform services to support hybrid networks, multi-cloud strategies and multi-location, distributed enterprises with high levels of performance and security. Services like software-defined wide area networking (SD-WAN) and LAN switch operations can simplify IT operations and make your network more secure, reliable and efficient. What's more, SD-WAN offers visibility across all connected locations, giving IT managers the ability to troubleshoot issues and reallocate bandwidth — no matter where they are. Service providers can offer expertise including network design, implementation and ongoing support. Plus, they can help to simplify IT management by consolidating multiple network functions into a single platform.

Managed services are also a great solution to minimize cost and maximize your internal IT staff. Service providers typically supply the equipment and manage the installation and ongoing management and updates. This outsourced model can cover a range of services such as your WiFi, routers for your WAN and security for your users, applications and network. Look for providers that offer support services that include dedicated teams with 24/7/365 customer care, proactive monitoring and onsite technical expertise when needed.

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Direct cloud connections

With the explosion of retail data that is stored in the cloud, companies need secure and reliable connections to their cloud service providers. For those retailers with Ethernet, the addition of a private cloud connection offers direct access to key cloud service providers (CSPs). Alternatively, networking SD-WAN platforms, such as Enterprise Network Edge by Spectrum Enterprise, can also provide direct multicloud connections to major CSPs. The benefits are twofold: rapid, high-performance data access and enhanced security.

Security management

Fielding the expertise and resources to protect your network is a constant challenge. To help protect your business, the right partner can design, implement and monitor security solutions. This frees your internal teams to focus on other tasks while the managed services provider handles state-of-the-art protection for your network and data.

Benefits of managed services

With an influx of new technologies, IT management in the retail sector has grown increasingly complex. Plus, with the distributed nature of retail operations (corporate, store locations, distribution centers, etc.) the managed services model offers a variety of benefits to organizations. Here are a few of the core advantages:

Address staffing challenges

Facing staffing or skills shortages? With the managed services approach, there's no need to source additional staff, retrain current employees or add employee overhead costs.

Empower your IT staff

The managed services provider offers day-to-day troubleshooting and security expertise, freeing your staff to focus on larger IT initiatives.

Prevent downtime

Ensure uninterrupted service with a network that is always monitored and managed.

Lower TCO

Managed services eliminate the need to invest in, and continually update, your hardware.

Simplified security

Managed services providers automatically update security policies for you. What's more, this outsourced model eliminates the need to hire your own IT security experts. Managed service providers can add bandwidth remotely. So you can scale as needed — across your entire enterprise — with no business interruption. Plus, with SD-WAN services, you can easily add new locations. You also have access to fast fiber connectivity with exceptionally high throughput and low latency across your locations.

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Conclusion

It's clear that evolving market conditions will require retailers to think differently. Labor shortages, supply chain disruptions, changing consumer demands and increased security risks are highlighting the fact that legacy systems and business strategies need to be reevaluated.

Retailers who want to stay competitive and thrive must embrace these challenges and leverage the latest technologies. The result can be better use of data and more connected, omnichannel customer experiences. The good news is that there's an impressive array of tech-based solutions for retailers — and service providers that can simplify the process of implementing and managing them.

Modern companies rely on scalable, high-performance connections to retail locations, data centers and the cloud. Customers want fast and interactive experiences — often blurring the lines between in-store and online shopping. Digital innovations enhance customer service and drive the need for improved data security. Partner with Spectrum Enterprise to meet these growing demands so you can:

- Adapt to new shopping behaviors and personalize the retail experience.

- Analyze your data to understand your customers and communicate efficiently.

- Optimize your supply chain and empower your employees.

Learn all the ways that Spectrum Enterprise solutions can support your retail organization.

Learn more

1. "2022 Retail Industry Outlook: The Great Reset," Content by Deloitte, The Wall Street Journal, 2022.
2. "Six strategic priorities for modern merchant leaders," McKinsey & Company, 2022.
3. "Retail Sales Workers, U.S. Bureau of Labor Statistics," 2022.
4. "Six strategic priorities," McKinsey & Company.
5. "Six strategic priorities," McKinsey & Company.
6. "Six strategic priorities," McKinsey & Company.
7. "The human paradox: From customer centricity to life centricity," Accenture, 2022.
8. "The human paradox," Accenture.
9. "The tech transformation imperative in retail," McKinsey & Company, 2022.

About Spectrum Enterprise

Spectrum Enterprise, a part of Charter Communications, Inc., is a national provider of scalable, fiber technology solutions serving many of America's largest businesses and communications service providers. The broad Spectrum Enterprise portfolio includes networking and managed services solutions: Internet access, Ethernet access and networks, Voice and TV solutions. The Spectrum Enterprise team of experts works closely with clients to achieve greater business success by providing solutions designed to meet their evolving needs. For more information, visit enterprise.spectrum.com.

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