THE IMPACT OF ENGAGED EMPLOYEES

# A Retailer's Guide to Understanding Employee Experience + Customer Experience

Now more than ever, retail employee experience matters.
And employee experience & customer experience are
inherently intertwined.

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# Improving employee experiences impacts a retailer's bottom line

**Inspired Employees Deliver Great Experiences**

How your employees feel about your company as an employer will impact the experience that your customers have with your brand. Retailers put their trust in their frontline employees to deliver the customer experiences and engagements that lead to purchase conversion, increased revenue and customer loyalty.

A Medallia Insights study on 11 retail brands consisting of 60k+ frontline employees shows the correlation between eNPS (how likely an employee is to recommend their company as an employer of choice) and your brands NPS score. In short – inspired employees improve customer satisfaction.
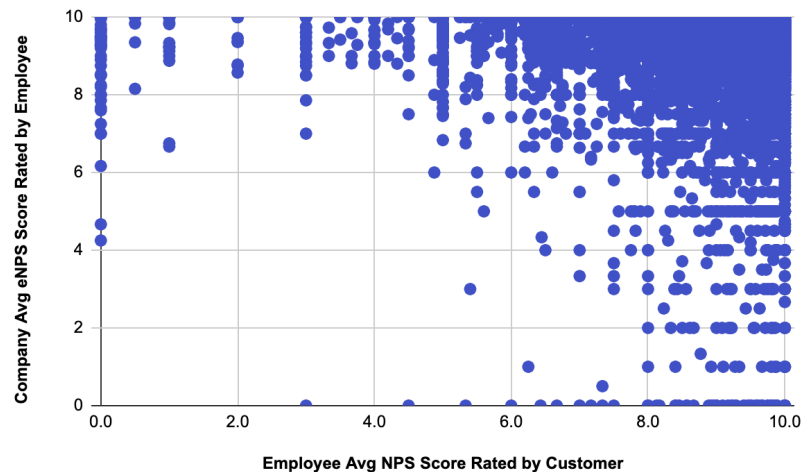


This data analysis compares 60k frontline retail employees eNPS to their Avg NPS rated by customers after making a purchase - 2021.

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**The Benefits of Employee Engagement are Widespread**

A Unique **Medallia Insights of 100+ Global Retail Brands** linked the impact of high-performing employees who deliver great experiences measured by how the customer rated their in-store experience with the employee had a direct impact on repeat purchases and lifetime spend with specific brands.

Research by Gallup shows that work units in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity — and they experienced lower employee turnover, absenteeism, and safety incidents.

Research by DecisionWise shows that companies with highly engaged employees experience 2x higher net income than companies with poor engagement scores.

Research by Jacob Morgan shows that companies that invest in employee experience outperform those that don't:

- They have more than 4x the average profit.
- They have more than 2x the average revenue.
- They outperform the S&P 500.
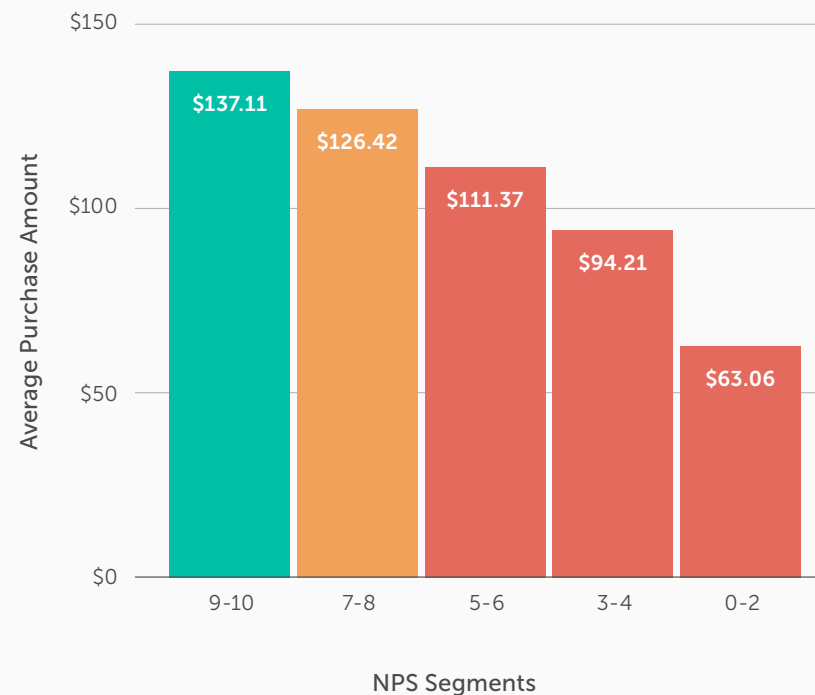
Utilizing the employee cohorts in the left chart, the insights show the average purchase amount per transaction. The impact of inspired employees is substantial to the retailer's top line revenue.

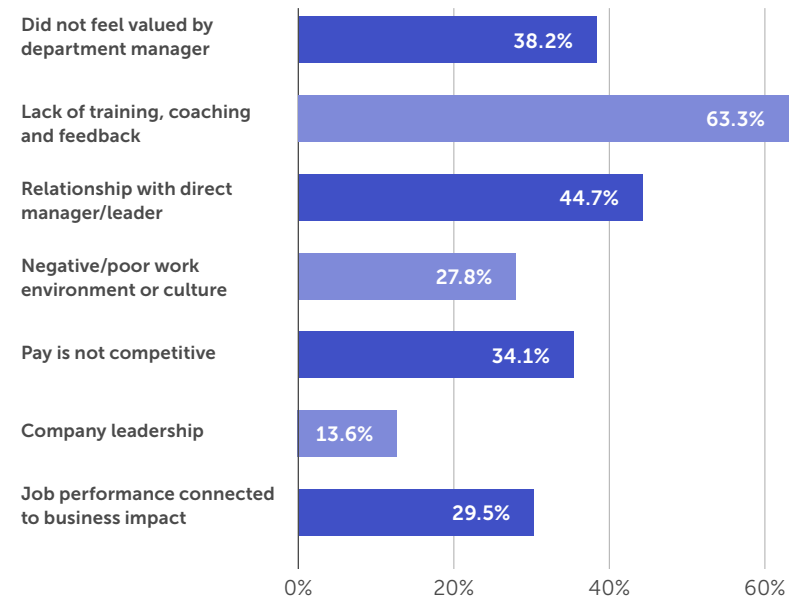# Managing employee turnover has never been more important

### Recent Events Have Made Hiring and Retaining Talent More Challenging Than Ever

Retailers around the world are competing to be the employer of choice, and overcome the ongoing challenge of attracting and keeping top talent in their stores.

It's no secret the impact of the pandemic had on frontline employees. At the beginning of the pandemic, retailers had no choice but to close stores and implement massive furloughs. During this time, frontline employees have been re-evaluating their careers. A June 21, 2021 article in the Washington Post detailed how retail workers are quitting their jobs at record rates with employees giving feedback such as, 'my life isn't worth a dead-end job.'

While a certain amount of attrition is normal, data can provide deep insights into the reasons why employees leave, and a greater understanding where companies can focus their efforts. These exceptional times point out the increasing need to no only to reduce turnover but also to increase employee engagement which ultimately leads to happier customers and increased revenue for the brand.

## Causes of Employee Attrition in Retail

| Cause | Percentage |
|---|---|
| Did not feel valued by department manager | 38.2% |
| Lack of training, coaching and feedback | 63.3% |
| Relationship with direct manager/leader | 44.7% |
| Negative/poor work environment or culture | 27.8% |
| Pay is not competitive | 34.1% |
| Company leadership | 13.6% |
| Job performance connected to business impact | 29.5% |

Frontline Retail Employees had a multi-select option during their offboarding feedback survey.

### Personal interactions can have a big impact

Frontline employees rely on department and store managers for upskilling and sales training. According to DDI, a global leadership consulting firm, 1 in 3 leaders are effective at building talent.* Retailers are faced with an upskilling crisis, and this crisis is having a direct impact on the customer experience.
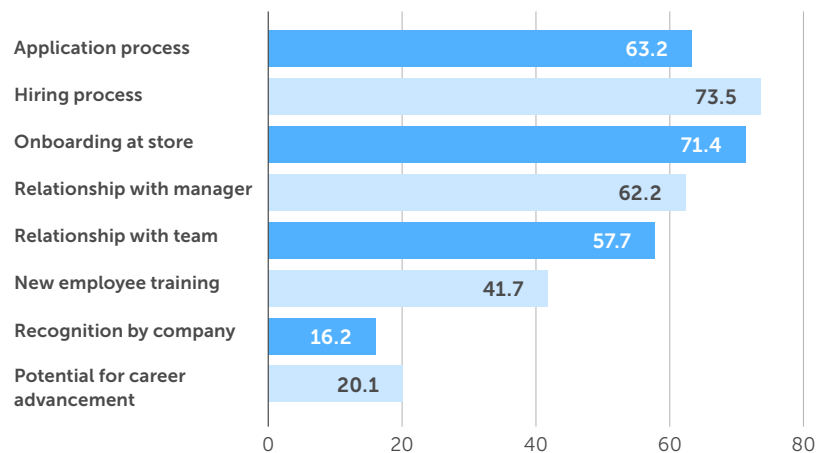
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# Retailers need to design a holistic, scalable approach to employee experience

## Listen to Employees and Engage Them Throughout Their Journey
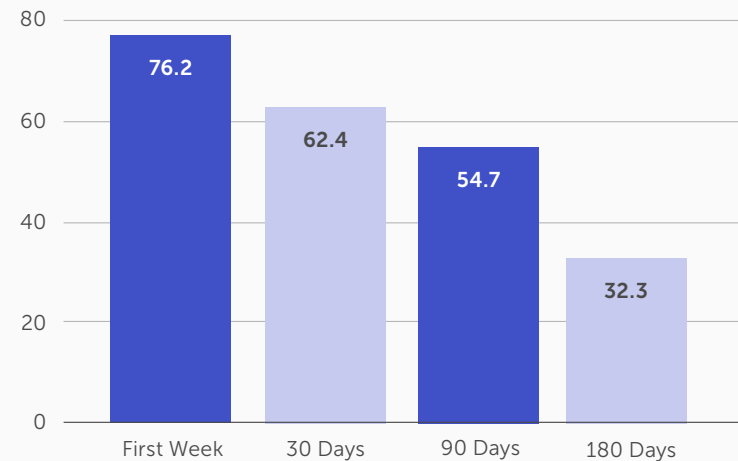
**Employee micro-experiences matter**

An employee experience strategy needs to engage employees in the micro-moments throughout their employee journey. This employee experience strategy will enable teams across the organization to understand the voice of employees and empower them to take action. Frontline department managers and store leaders need to manage onboarding and upskilling.

Employers need to provide increased employee satisfaction and engagement through all departments of the retail organization. Higher satisfaction and engagement means improved customer experience scores and business outcomes.

### The Retail Employee Lifecycle

| Category | Value |
|---|---|
| First Week | 76.2 |
| 30 Days | 62.4 |
| 90 Days | 54.7 |
| 180 Days | 32.3 |

| Category | Value |
|---|---|
| Application process | 63.2 |
| Hiring process | 73.5 |
| Onboarding at store | 71.4 |
| Relationship with manager | 62.2 |
| Relationship with team | 57.7 |
| New employee training | 41.7 |
| Recognition by company | 16.2 |
| Potential for career advancement | 20.1 |

Frontline Retail Employees provided feedback utilizing an overall satisfaction scale

**Frontline retail employees needs**

Store culture has a direct impact on the overall satisfaction of a new hire's journey. The relationship between the new hire and retail store leadership is a key component to employee satisfaction, reducing turnover and maximizing employee effectiveness.

Additionally, frontline employees want to work for an organization that focuses on a personalized learning experience. The traditional one-size-fits all learning management approach of numerous videos is not impactful. The training and development organization needs to pivot to a 1:1 personalized learning plan focusing on the skills of the specific employee versus a one-size-fits all approach with stale learning management system videos.

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# Leading retailer employee experience model

## How a Retailer Started and Evolved Their EX Strategy

A Leading Retailer's Best in Class Employee Experience Model

### Traditional Employee Listening - Company View

**Candidate Survey**
- Recruiting Experience
- Offer Accept/Decline

- Hiring Manager Experience
- Quality of hire
- Quality/ease of technology

**Engagement Survey**
- Employee Experience
- Drivers of Engagement
- Culture

**Alumni Survey**
- Regrettable losses only
- Referrals

**Q1 Pulse**
- Action planning
- Progress on KPIs
- Current issues

**Q2 Pulse**
- Action planning
- Progress on KPIs
- Current issues

**Q3 Pulse**
- Action planning
- Progress on KPIs
- Current issues

**Q4 Pulse**
- Action planning
- Progress on KPIs
- Current issues

**Pre-Start Employment** → **Employment (Journey & Moments)** — Employee Engagement Outcome Metric → **Notice-Post Employment**

1 weeks

**Always On** (what is on employees' minds)

**Entrance Survey**
- Feel welcomed
- Resources ready

30, 60 & 90 days

1 & 30 days post-training

30/60 days & Quarterly

**Exit Survey**
- Reason for leaving
- Drivers of turnover
- Types of Leavers (e.g. preplanned, impulsive, etc.)

**Onboarding Survey**
- Person/Job fit
- Organizational fit
- Proper socialization
- Manager effectiveness

**Post Training**
- Content quality
- Trainer quality
- Application of learning

**Performance Feedback**
- 180 feedback
- 360 feedback

**Pain Points:**
- Job portal difficult
- Unclear job descriptions
- Manual process
- Poor interview feedback

**Pain Points:**
- Wait for equipment
- Lag of training
- OTJ training only
- Lack of structure/consistency

**Pain Points:**
- Lack of trust/empowerment
- Unclear goals
- Lack of training/coaching
- Ineffective managers

**Pain Points:**
- Lack of development
- Subjective evaluation
- Unskilled coaching

**Pain Points:**
- No career path
- No visibility to growth options
- Poor career mentoring

*Medallia's Employee Continuous Listening Strategy is dynamic and customized to the industry and brand's specific needs. This is an example of a fully-matured retailer who began with exit listening and matured to a holistic strategy.

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**Just start...**

This retailer's best in class employee experience strategy started with an Employee Pulse regarding COVID health and safety protocols implemented in their retail stores. With the rich feedback and actionable insights, department leaders became more engaged and built strategies to continuously understand along the employee journey.

**An always-on, programmatic approach**

By capturing and understanding employee signals and by giving the right people visibility into these insights, this retailer enabled their organization to have an always-on and constant view from the employee's perspective at any given time.

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# Medallia's EX + CX philosophy

## EX + CX = Brand Experience

**Employee micro-experiences matter**

Inspired and motivated employees create better customers interactions that ultimately leads to great brand experiences. There is an undeniable virtuous cycle between happy customers and happy employees. As such, we view employee feedback - and the demonstrated ability for a company to take action on that feedback - as an integrated part of the company's customer experience program. Employee engagement is critical to customer satisfaction, and employee feedback is critical to engagement — it's as simple as that.

### How EX Impacts CX

| Company Culture | Employee Support | Customer Action | Inspired Employees |
|---|---|---|---|
| Leadership & Management Systems<br><br>Reward & Recognize<br><br>Customer Feedback: Available & Integrated | Empowerment<br><br>Enablement<br><br>Coaching | Actioning Feedback<br><br>Delight Customers<br><br>Innovate | **Create Customer Advocates** |

**The challenges for retailers enabling a holistic EX + CX**

While most organizations have started with CX, and eventually deploy some type of EX program, it is still a challenge to blend them for analysis and action. Some common challenges with a blended approach are that departments often operate in silos with the experience data, different software programs are used for customer and employee experience, and lack of understanding how each strategy impacts the other. Additionally there can be a lack of prioritization from executive leadership.

Complete understanding of how your customers and employees experiences intersect requires organizations to harness and make sense of all their experience signals. Often these signals are captured and stored in multiple, siloed systems.

### Why Don't We See More Companies with a Blended Focus

Estimated % of orgs doing this

| Employee Focus → | Blended Focus | ← Customer Focus |
|---|---|---|
| What do employees want? | Priority: Both employees' & customers' needs | What do customers want? |

Establishing standardization is key to creating a holistic picture of how employee and customer experiences impact each other. For example, employee onboarding won't be identical for every employee. Having a core set of standard practices will allow you to set up regular check-points during their first few months as an employee, and compare that across different groups. That data can then be cross referenced with customer feedback. If your newly trained employees are confident and empowered, this should be reflected in CX metrics and specific feedback around associate knowledge and helpfulness.

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# The benefits of a holistic approach

**Combining EX & CX, with actionable insights and workflows allows retailers to deliver world class experiences.**

**Get a complete picture of your experience management efforts in one single source of truth:**

- Getting customers' point of view is only half the picture. The full picture comes from both customers and employees. Your employees have a unique view of your processes and systems that your customers don't have.

- Have blended visibility into what's going on throughout the organization. If managers and leaders just view employee vs. customer data in silos, it's challenging to prioritize what needs to be done. Improvements should impact both areas.

**Understand internal root cause of customer issues:**

- Having both EX and CX data in one platform allows you to better understanding correlations between something showing in the EX data that may explain what's happening in the CX data, especially when layering in sentiment data.

- AI-powered text analytics becomes even more powerful when you can simultaneously combine customer and employee feedback.

- Leverage text analytics to uncover trends from employees and customers (e.g., Check-out lines are too long + internet connection is slowing down the cash register. Hold times are too long + not enough agents to support a spike in call volume).

**Understand external root cause of employees' issues:**

- How are employees treated by other employees?

- Is customer dissatisfaction causing disengagement among employees.

**Take quicker action:**

- Managers to have everything, all in one place to understand how to best respond and which action to take for the greatest impact.

- Identify areas of improvement independently of the source of the feedback (EX or CX).

**Increase user adoption:**

- A single platform makes it easier for employees to get up to speed on the technology.

- Create better alignment between HR and Operations/Marketing. There is less friction with a common, shared platform.

**The Medallia Employee Experience Cloud allows retailers to collect feedback, make sense of employee experience, and provides the tools so that cross-functional teams can take action.**

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**About Medallia**

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. www.medallia.com

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