



# Workplace Transformation in Retail: Adapting to the New Reality

WRITTEN BY:



**Leslie Hand**  
Group Vice President, IDC Retail and Financial Insights, IDC

## KEY STATS:

The top 3 areas of improvement as a result of workplace transformation investments in retail are:

**Employee experience: 31%** improvement

**Engagement with customers and partners: 26%** improvement

**Cost savings: 30%** improvement

## KEY TAKEAWAY:

A digital-first and mobile-first approach to delivering service in retail provides the opportunity to transform the retail workplace, enabling hybrid work and improving customer experience.



## In this Industry Spotlight

*Click below to navigate to each section.*

Introduction .....	2
Retail Work Transformation Maturity and Investment .....	3
Definition .....	3
Benefits .....	4
Trends .....	5
Considering Cisco .....	6
Market Opportunities and Challenges .....	8
Conclusion .....	9
About the Analyst .....	9

## Hybrid work is helping to improve the economics of serving customers better amidst a long list of changes that the industry is experiencing.



### Introduction

Retailers recognize the need to empower the workforce to provide consistent and efficient day-to-day operations, communicate internally and with customers across channels, and enable seamless engagement within new business models and marketplace relationships. Pandemic-induced challenges—including forced store closures, uneven demand surges, capacity reductions, and operational health and safety constraints—escalated the digitalization of the workforce in stores, distribution facilities, corporate offices, and customer support centers, yet also put pressure on retailers to reduce costs and improve productivity across the board. The transformation of work and employee engagement is occurring broadly in retail; in areas where employees are not tied to physical work in stores, distribution centers, or warehouses, hybrid work is helping to improve the economics of serving customers better amidst a long list of changes that the industry is experiencing.

#### The factors contributing to the transition to hybrid work scenarios in retail include the following:

**Historic business change:** Retail organizations are reimagining business models, physical and digital footprints, employee engagement, and customer service, with a focus on automating and enabling seamless communications within the organization and with customers and partners.

**Security threats:** Technology is enabling retailers to avert and avoid security threats amidst an environment where customers, partners, and associates engage in various ways on corporate networks. Consumers, partners, and employees are using publicly available Wi-Fi more than ever, impacting operational bandwidth requirements and security, and threat actors are increasingly changing tactics and methods to interfere with business.

**Customer service complexity:** Customer care teams must be able to respond to customers anywhere in the shopping journey, and this has become more complex as new paths to purchasing, fulfillment, and support emerge. Technology plays a key role in automating and in connecting employees to customers seamlessly. Leveraging a hybrid workforce lowers the cost of these services while extending the value with automation. The hybrid workforce can participate in a broadening array of care scenarios that includes opening communications with chat, video chat with store employees, person-to-person from stores, and via automated response systems. The engaged employee with the right access to tools and data is a more satisfied employee, and this improves productivity, operational efficiency, customer service, and employee retention.

**New guiding principles:** Sustainability and resiliency have risen to the top of retail business priority lists, and a hybrid workforce checks both of these boxes. The number 1–ranked driver for implementing work transformation is business agility/continuity/resilience, according to the *Hybrid Work Maturity Study* conducted by IDC in March 2022. Retailers are putting the capabilities in place to extend hybrid work to reduce physical footprints and to improve corporate agility.

**Scarce resources:** Salaried employees in retail needed the flexibility to work from anywhere during the pandemic to keep products flowing through the supply chain, guide staff, solve IT problems, and run corporate, warehouse, datacenter, and store operations. Surprisingly, productivity improved as employees were able to focus on the job to be done, and as a result, leveraging a hybrid workforce is seen as more tenable than it was a few years ago.

**When we asked retailers about the measures they are putting in place to create a sustainable and resilient workforce, the top responses were:**

1. **47%:** Digital tools to drive creativity and innovation, such as virtual whiteboards, that better support brainstorming and ideation with distributed teams so no ideas are lost
2. **43%:** Common communication tools with presence awareness that have the ability to connect all employees (call, meet, message, etc.) and understand who is available and how best to reach them (global responsiveness and bridging time zones/work hours)
3. **42%:** Integrated workflows to facilitate use of multiple applications and rapid decisions, troubleshooting, and more coordinated work

Source: Hybrid Work Maturity Study

## Retail Work Transformation Maturity and Investment

In support of factors driving the transition to a hybrid workplace, retailers are focused on increasing their transformation maturity levels and making investments in relevant areas of transformation.

In terms of retail work transformation maturity, 42% of retailers reported that they are delivering employee experiences at maturity level of 4 or 5 (applications that empower or engage employees are integrated and automated), but they are still hard at work in advancing work transformation initiatives (74.4 work transformation initiatives are currently underway and/or completed).

When work transformation is complete is a bit ambiguous, however, as retailers also reported that the top 3 obstacles to advancing workforce and task management programs are making data accessible across the value chain (31%), the complexity of enterprise user interfaces (29%), and integration with other applications and systems (27%). In other words, unifying communications, securing a complex retail environment, and automating business processes is still a work in progress.

When it comes to maturing capabilities to enable a hybrid workforce, most retailers reported that a majority of their applications can be accessed remotely, though some access is still disjointed or hampered by a poor user experience. Forty-one percent believe that their capabilities are on par with their retail peers. The majority of organizations continue to invest and have a dedicated budget, applying a top-down approach to work transformation: 69% have a dedicated budget for work transformation initiatives, and 62% drive these initiatives top-down, findings that are consistent across regions, company sizes, organizational roles, and segments.

## Definition

Work transformation is defined as a fundamental shift in the work model to one that fosters human-machine collaboration, enables new skills and worker experiences, and supports work across and within a (hybrid) spectrum of field, remote, and onsite environments. Work transformation is driven by the need for greater employee productivity, and organizations are redesigning policies, culture, technologies, and facilities to enable hybrid work. Retailers employ a majority of their non-salaried workforce in stores and distribution centers, and this workforce churns continually, making improving efficient distributed hiring and training processes imperative. In efforts to reduce churn, improving employee productivity and engagement is critical. Corporate employees are increasingly hybrid workers, with more flexibility to work from home at least part time.

## Benefits

Because of the unprecedented marketplace challenges, particularly the significant business model shifts (new opportunities, a shifting digital-physical retail balance, and technology-driven process improvements), retailers are seizing every chance they can to improve service, secure digital engagement, and reduce costs. The top-ranking reason for implementing work transformation is to improve business agility/continuity/resilience, the second-highest ranking is to improve employee productivity, and the third highest is to improve employee experience. Note that overall (in aggregate), almost 50% of retailers ranked employee productivity as the biggest driver of work transformation initiatives. On average, organizations experienced a 26% improvement in key performance indicators (KPIs) as a result of investments in work transformation (see **Table 1**).

**TABLE 1**  
**KPI Improvements**

**Q In 2021, what percentage improvement did your organization experience in each of the following as a result of investments in work transformation?**

Benefit	Improvement
Improved employee experience	31%
Improved engagement with customers and partners	26%

### Explanation

Improved employee experience (EX) → improved customer experience (CX) → improved business outcomes: A recent IDC retail survey found that customer satisfaction outranks all other business priorities, including driving revenue and profitability. While there are many contributors to overall customer satisfaction, a positive employee experience has a significant impact on CX. Customer satisfaction is dependent on a number of factors, including convenience, value, products, and the service received anywhere and everywhere along the customer journey. Workforce transformation impacts customer care/service centers, as artificial intelligence (AI) helps employees anywhere access necessary information precisely how and when the need surfaces. In IDC's *Future Enterprise Resiliency & Spending Survey*, Wave 6 (July 2021), 81% of retailers agreed that there is a strong relationship between CX and EX.

Benefit	Improvement
Cost savings	30%
Improved productivity	24%

### Explanation

Costs are reduced by reducing physical footprints and various additional factors, including improved productivity and staff retention.

Additionally, 30% of respondents to IDC's *Future of Work Survey* (March 2021) said that improved customer experience is an important business driver behind the work transformation initiatives in their organization, and 78% reported that they will make investments in workplace transformation programs a priority to increase employee experience and productivity during the next two years. IDC research shows that organizations with the most mature EX programs have employees who are invested in better business outcomes, thereby providing better CX.

Benefit	Improvement
Improved employee retention and hiring capabilities	24%

### Explanation

Improved workforce satisfaction/higher employee retention rates alleviate staff hiring challenges. Transforming workforce engagement has many benefits for retailers and their workers: An engaged employee with the right access to tools and data is a more satisfied employee, which improves productivity, operational efficiency, customer service, and retention.

27% improvement due to expanding talent pool beyond existing geographical constraints.

Benefit	Improvement
Improved business agility/resilience/sustainability	24%

### Explanation

Business agility and resilience improve sustainability metrics related to building operations and workforce travel.

n = 105, all retail respondents.  
Source: *Hybrid Work Maturity Study*, IDC, March 2022

## Trends

A majority of retailers continue to report that they are spending more on technology investments than they typically do: 31% of retailers told us that this additional investment is advancing innovation, and 34% told us that the additional or shifted dollars will be spent on adapting to the new reality. This new reality involves proactively addressing areas that require sustained increases due to long-lasting changes in areas like workforce and customer experience, as well as projects that accelerate growth and business model innovation.

Retailers are very focused on becoming a more sustainable and resilient operation, which in the broadest sense means driving growth and profitability while maintaining agility, securing the digital/physical footprint, and minding customer expectations for trusted relationships and environmental, social, and governance (ESG) concerns. For example, retailers are shifting real estate utilization strategies. Forty-one percent of retailers already have a strategic real estate strategy in place, including some focus on ESG leadership, and 19% have a strategic and global real estate strategy with evolving or well-established leadership in ESG (e.g., carbon zero). Retailers will focus on creating unified experiences for employees irrespective of location.

The most important reason for accelerated tech investment? The consumer journey is decidedly omni-channel, with an acceleration in digital shopping and greater variability in customer and employee engagement.

Secondly, the standard retail business model is not standard and predictable anymore, and therefore retailers need to work much harder to provide the customer with the value, convenience, products, and service they expect. This unpredictability is further complicated by an expectation that retailers will need to continually adapt as customers continue to evolve their shopping habits and adapt themselves to new modes of shopping, fulfillment, returns, and customer care. Data will become more visible, and AI will make it more actionable, allowing retailers to improve the productivity of their people and systems and to improve collaboration and experiences for employees.

The “omni-channel everything” theme of recent years has shifted to the logical next level: enabling the best hybrid experiences. This theme is coming through loud and clear as the importance of integration and interoperability in this new hybrid world — making everything work well together — enables retailers to operate at peak performance levels.

**The need for modern digital infrastructure to offer this blending of physical and digital retail smoothly is paramount and will enable the following capabilities:**

- ▶ Commerce and order fulfillment and returns anywhere — omni-channel convergence of digital and physical
- ▶ Omni-channel contact centers with an increasing number of engagement strategies
- ▶ Engaged workforce
- ▶ Sustainable and resilient operations

**The standard retail business model is not standard and predictable anymore, and therefore retailers need to work much harder to provide the customer with the value, convenience, products, and service they expect.**

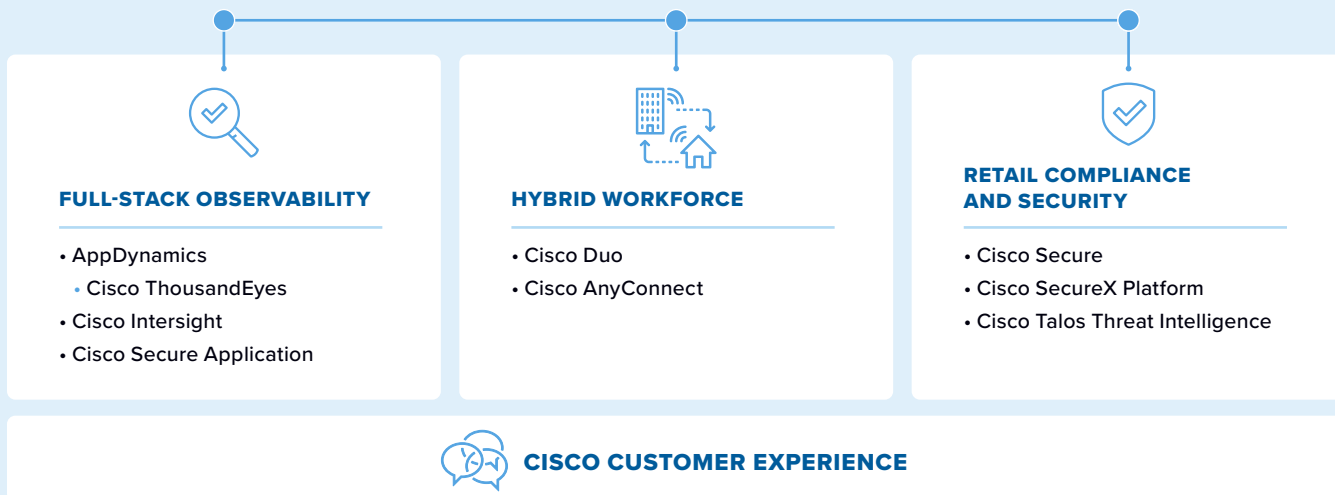


## Considering Cisco

Cisco has a strong presence in the retail industry. For decades, its core networking technology has been part of the technology stack found in retail organizations worldwide. Today, Cisco's expansive portfolio of products and services enables retail organizations to securely connect corporate and retail physical spaces, products, employees, customers, and customer care centers. Cisco's foundational technology platforms enable digital transformation across retail enterprises, building off Cisco's collaboration, mobility, networking, datacenter, security, and customer engagement technology. Products and solutions for retail organizations looking to implement hybrid work focus on the solution areas discussed in the following sections.

Cisco securely connects associates to information and enables transaction processing in the store, in contact centers, and anywhere associates connect to corporate networks. In addition, Cisco technology helps retailers mitigate cybersecurity risk, detect attacks, and reduce the impact of breaches. Retailers depend on Cisco for secure, flexible, resilient, and scalable networks between the stores, corporate locations, and the cloud while enabling point-to-point, multi-cast, and broadcast distribution of information. Cisco's retail products are depicted in **Figure 1** and discussed in the sections below.

**FIGURE 1**  
**Cisco's Retail Transformation Portfolio**



Source: Cisco, 2022

### FULL-STACK OBSERVABILITY

As retail IT environments become more complex, solutions that simplify end-to-end application and infrastructure visibility, insights, and actions have become critical enablers of seamless end-user experiences. Retailers can respond quickly and proactively to prevent or correct potential performance issues stemming from infrastructure, security, and networks efficiently with the right tools.

Cisco solutions that enable retailers to have an observable and optimizable technology stack in order to streamline the operations of the teams supporting retailers' technology include AppDynamics, Cisco ThousandEyes, Cisco Intersight, and Cisco Secure Application. These solutions enable IT teams to better collaborate to isolate issues and optimize application experiences, and combined with Cisco telemetry solutions, companies can prioritize actions and focus on the business to drive growth. Cisco solutions can monitor more than perhaps the expected network and IT security stacks; the following products provide application monitoring, including hybrid cloud applications, customer digital experience monitoring, application dependency monitoring, and application security:

<p><b>Cisco ThousandEyes</b> integrations enable application performance to be correlated to the network and internet that connects users and services.</p>	<p>Application performance integrations with <b>Cisco Intersight</b> optimization services proactively ensure performance for application experiences while minimizing cloud costs.</p>	<p><b>Cisco Secure Application</b> in AppDynamics protects business-critical applications no matter where they run, from the inside out at runtime, to maintain speed and uptime while balancing risk.</p>
---	---	--



## HYBRID WORKFORCE

As retail employees shift to working from home when possible, secure remote access to retail IT systems becomes even more essential, because staff may be using personal devices with varying levels of security and networks not controlled by the retail organization. The following are among the technologies that retailers can deploy in support of a hybrid workforce:

<p><b>Cisco Duo</b> uses multifactor authentication to verify user identity and that the device passes security requirements before granting access to retail IT systems and sensitive patient information.</p>	<p><b>Cisco AnyConnect</b> provides virtual private network access from any device, at any time or place, to ensure secure access to critical IT resources.</p>
---	---



## RETAIL COMPLIANCE AND SECURITY

Demonstrating a laser focus on security, Cisco annually invests billions of dollars in research and development (R&D) and company acquisitions across all industries. In retail, Cisco provides end-to-end security services that span assessing the current environment, developing and implementing security strategies, optimizing investments, and providing ongoing investments. Built on a strong network foundation, security is baked into Cisco products and software solutions, helping retail organizations protect organizational and customer data.

The following are among Cisco's data protection products:

**Cisco Secure** offers unified visibility, automation, and stronger defenses.

**Cisco SecureX Platform** combines Cisco products to help safeguard networks, users, endpoints, cloud edge, and applications.

**Cisco Talos Threat Intelligence** offers threat intelligence researchers, analysts, and engineers to detect and stop threats.



## CUSTOMER EXPERIENCE

Cisco Customer Experience (CX) is an organization within Cisco dedicated to helping customers optimize their technology investments by delivering technical support, advisory services from Cisco's Critical Business Services team, IT managed services, professional services, and training and adoption services. In addition to the leading expertise of the organization, Cisco also has a dedicated retail practice within Cisco Customer Experience, providing tailored guidance specific to the retail industry.

Cisco can support a retailer's need to deliver personalized and contextual product and service information and personalized customer engagements through workflows that activate both digital and store resources. Through a series of investments including imimobile in 2021 and CloudCherry and Voicea in 2019, Cisco is now able to leverage an understanding of customer activity to inform interactions anywhere.

## Market Opportunities and Challenges

**The market challenges that providers face present opportunities for a vendor such as Cisco, which delivers a broad portfolio of technologies that enable transformation.**

**Rapid pace of change:** While there has been significant change in retail over the past decade as a result of the digitalization of retail, the pandemic accelerated the pace of change. Driven by the mass adoption of digital engagement and productivity capabilities for consumers, retailers, and the broader ecosystem, change has impacted the need for scalability and flexibility in how work gets done and how a customer is served at every point on the customer journey.

**Security:** The swift deployment of technology to enable staff and customers to engage securely from anywhere on any device means store associates can utilize company-owned or personal devices without increasing the risk of security incidents or placing additional strain on IT security teams. Cybercriminals wasted no time in exploiting the crisis to launch their attacks, ranging from phishing and stealing credentials to deploying malware and ransomware to hijack mission-critical systems.

**Intense financial cost pressures:** Retail organizations have long been under extreme pressure to do more with fewer resources. Responding to the crisis further complicated operational processes and customer care needs, resulting in swift adaptations that added cost in the short term but are now being addressed holistically as part of efforts to improve profitability and revenue growth.



Careful consideration of the total cost of retail-IT ownership is essential. More efficient IT operations can enable organizations to reinvest IT cost savings in more innovative technologies to support transformation initiatives.

**Competitive portfolio:** Cisco's competitors are focused on expanding their solution portfolios in terms of breadth and depth of product capabilities, professional services, cloud computing options, and Internet of Things (IoT) services. For Cisco, successful strategy execution to broaden the portfolio requires a reinforcement of positioning in the enterprise space without alienation of the channel that has been so beneficial to the organization.

## Conclusion

Many retailers have recognized the need to invest in workforce transformation. Yet as the demands of store operations and omni-channel customer service become even more complex with the introduction of in-store customer support and added operational demands (due to greater velocity in omni-channel sales and fulfillment from store), retailers will consider what else needs to be done to meet the hybrid workforce needs of the future.

In addition to their hybrid workforce needs, retailers must consider the communications and AI-enabled automation and productivity requirements that need to be implemented to meet the challenge.

However, investments are not where they should be in retail, yet. Only 25% of retailers are cloud-first and mobile-first, proactively seeking to transform operations and drive customer experience improvements. Forty percent of retailers have a tech road map for digitalization in place and work is underway, but the focus is on the short term and is not yet adopted enterprise-wide.

With hybrid work, retailers need to be proactive and responsive to workplace needs. In a cloud-first and mobile-first environment, retailers will also need to be diligent about security as they transform work and move toward a hybrid workplace. Retailers told us that their greatest vulnerabilities are securing work devices communicating over unsecured and unmanaged networks (e.g., public hotspots, home networks), protecting sensitive information accessed or saved on unmanaged devices (e.g., personal devices, USB thumb drives), thwarting the rapid growth in the number of new security threats and attacks, and managing for the increasing complexity of securing a hybrid enterprise environment (e.g., securing endpoints).

## About the Analyst



**Leslie Hand**

Group Vice President, IDC Retail and Financial Insights, IDC

As group vice president, Leslie Hand is responsible for the research direction and teams supporting IDC Retail Insights and IDC Financial Insights. Hand works closely with the teams to help guide technology suppliers and buyers to develop best practices and strategies, aligned with where they are and where they want to go, leveraging IDC quantitative and qualitative data sets. Leslie's specific research focus includes a particular emphasis on the digital transformation of the future "store," which operates in real time, is AI-enabled, and connects omni-channel customers to the frictionless, "touch-free," and secure experience they desire.

[More about Leslie Hand](#)

## Message from the Sponsor

For over 20 years, Cisco's comprehensive approach to retail has been empowering organizations to take on new challenges and adapt to the ever-shifting retail environment.

Technology is transforming every aspect of the retail industry, from the customer journey and associate experience to store operations and supply chain management. Cisco not only understands this new world of retail, we make it possible. Our solutions provide retailers with unrivaled end-to-end visibility across devices, applications, networks, multicloud infrastructure, and the internet to deliver insights that drive powerful role-based action, enhanced automation, and faster, better decision making. With Cisco, retailers have the agility to innovate faster without sacrificing the security and privacy that are critical to building and maintaining customer trust.

No matter what your business objectives are, we can help build the bridge to get you there.

[Explore Cisco retail solutions](#)

## IDC Custom Solutions

This publication was produced by IDC Custom Solutions. As a premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets, IDC's Custom Solutions group helps clients plan, market, sell and succeed in the global marketplace. We create actionable market intelligence and influential content marketing programs that yield measurable results.



 @idc

 @idc

[idc.com](https://www.idc.com)

© 2022 IDC Research, Inc. IDC materials are licensed [for external use](#), and in no way does the use or publication of IDC research indicate IDC's endorsement of the sponsor's or licensee's products or strategies.

[Privacy Policy](#) | [CCPA](#)