Where Does AI Fit into Your Retail Store Operations Strategy?

Where Can Retailers Look for Artificial Intelligence Opportunities?

Retailers have a long list of challenges to manage: improve employee engagement, streamline omnichannel services, optimize shelf space, leverage associate hours, and dozens more. Many retail pundits are looking to one thing as a cure-all to retailers' myriad of challenges: artificial intelligence. Hype aside, there are many functional areas where the application of AI technologies will yield definitive, operational benefits.

AI and machine learning are quickly becoming a priority investment for retailers. With 40% of retailers already using artificial intelligence in some capacity, and with a majority of retailers planning to implement AI technology in the near future, those who don't have an investment plan for this technology are at risk for falling behind their competitors.

Some retailers are already finding places in their tech arsenal to leverage AI at the store level. A few are using AI technologies to obtain a more personalized snapshot of their customers and predict future customer behavior. Some have used AI to evaluate sales data at stores, using these insights to determine what items to stock and what promotions to implement at certain locations. And other retailers are using these AI technologies to help them optimize prices by analyzing historical data and simulating pricing scenarios.

Let's review three potential areas in store operations where the specific application of AI would yield benefits to the store, associate, and customer:

1. Labor Forecasting & Scheduling

AI solutions help retailers detect these anomalies and designate them as outliers, either suggesting more accurate labor forecasts based on other data or even using thisn outlying data to forecast during simliar disruptions.

From fires to hurricanes to power outages, unexpected events can cause dips and spikes to store sales, traffic, schedules, and other drivers for labor and sales forecasts. Even more routine events, like special promotions or roadwork outside the store, can skew forecasts as well. With traditional forecasting models, it can be hard to filter out these anomalies when creating future projections, or to utilize them to more accurately forecast for similar events in the future.

Take grocery stores in Houston, for example. Tropical Depression Imelda had a dramatic impact on in-store sales, with heightened sales before the storm hit, little or no sales during the storm, and then heightened sales again after the storm ended. Additionally, these impacts weren't uniform. In communities with more flooding, stores went longer with limited sales; some stores might even have been flooded themselves. For a nationwide retailer with stores in Houston, this data is not useful for year-over-year projections, short-term forecasts, or like-store comparisons. If this bad data is used in the future to generate labor forecasts, these inaccurate forecasts will lead to a worse customer experience and lower sales.

AI solutions help retailers detect these anomalies and designate them as outliers, either suggesting more accurate labor forecasts based on other data or even using this outlying data to forecast during similar disruptions. This produces better, more accurate labor schedules.

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2. Capacity Planning

AI solutions can then suggest how many store associates should be hired, in what departments they need to work, and what their availability needs to bein order to manage the projected workload and maximize sales during the holiday season.

How do you know how many store associates you will need for the holiday season? There are so many variables that factor into capacity planning over the holidays, from employee availability to planned promotions to fluctuations in customer traffic, that matching holiday staffing to the store workload can be incredibly difficult.

And this is the time when the stakes are highest: failure to plan staffing correctly over the holiday season can quickly overwhelm your store associates and cost you millions in sales. It's essential for retailers to gain an intelligent view of their staffing needs over the holiday season in order to maximize profits and provide an excellent customer experience.

Solutions utilizing AI technologies are well-suited to handle this challenge. By analyzing previous sales and labor scheduling data during similar holiday periods, as well as current data about employee performance and availability, AI solutions can help you gain a better understanding of your staffing requirements for the holiday season.

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3. Employee Performance and Behavior

With AI technologies, operational and associate-level data can be analyzed in real time, compared against peer stores to identify trends, and assessed by day to figure out what days and shifts are at high-risk for unplanned absence.

All retailers have to contend with unplanned absences. While the effect of these absences can sometimes be minor, they have the ability to leave a store understaffed during critical sales periods, depressing sales when they matter most. By themselves, store managers can only do so much to resolve this issue. They can review absence logs to see who is calling in frequently, but even then, it's very difficult to draw actionable conclusions just by manually looking through the data.

With AI technologies, operational and associate-level data can be analyzed in real time, compared against peer stores to identify trends, and assessed by day to figure out what days and shifts are at high-risk for unplanned absence. Once that has been established, AI-powered solutions can then suggest that store managers either schedule additional employees or ask associates if they could be on call for those shifts, minimizing the risk that unplanned absences pose to your sales and employee morale. AI can also recommend where and when associates are needed most, placing them in the departments where they would be most beneficial, at the times most critical to maximizing sales.

Summary

Artificial intelligence has specific applications within retail store operations, and properly applying AI and machine learning to specific store operations challenges can yield outstanding benefits. With AI solutions, you can better understand collected data and can use that understanding to make more informed decisions, streamline store execution, and optimize labor decisions.

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About Reflexis Systems, Inc.

The Reflexis cloud-based Real-Time Store Operations Platform helps retailers:

Simplify
store operations.

Optimize
labor spend.

Improve
store execution.

Reflexis is the leading provider of real-time store operations solutions, having been selected by more than 280 global retailers to simplify store operations, optimize labor spend, and improve store execution.

The Reflexis ONE real-time work platform helps retailers drive simplification for stores and improved line-of-sight for field management resulting in significant time savings, precise execution, and a superior customer experience.

Reflexis: Unleash the Power of Your Store Associates. Learn more at www.reflexisinc.com.

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