



# Navigating Business Challenges in Retail and Hospitality: Insights and Strategies for 2024





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# Hi there,

## I'm Jacob, CEO and Founder of eduMe.

We have worked with many Hospitality & Retail businesses over a number of years. Both the state-wide store and the 4000+ branch mega-chain. Everyone from the multinational hotel chains to the locally known boutiques.

Businesses like yours. We work with them to achieve improved sales, quality of service, more effective onboarding, fewer no shows. To move the needle on these metrics, by making sure their frontline employees - the public face of the brand - are equipped with the right knowledge, in the right place, at the right time. So they can excel in their role, and see the reward.

Looking at the market however, there are a large number of companies who aren't seeing progress in these areas. To better understand what is happening, and why, we took a series of questions to the very individuals with firsthand experience of the situation on the ground. We asked them about their frustrations, priority areas, ways they're addressing these issues.

The data is stark. It shows two industries still reeling from the aftershocks of record employee turnover rates post-pandemic. It pinpoints employees as the true bedrock of a successful customer experience operation, but who lack necessary empowerment. It shows leaders' well intentioned attempts to rectify this, and exposes the low hanging fruit within reach that can propel them forward.

We hope you find what we uncovered insightful, if not resonant. Perhaps it will spark an idea or two.

If you'd like to speak to me directly about how we can support your business drop me a line at [hijacob@edume.com](mailto:hijacob@edume.com). But in the meantime, enjoy the findings.



# Methodology

**For this report we surveyed over 300 individuals at General Manager level within Retail & Hospitality businesses sized 50-500 and 501-10,000, across the food & beverage, accommodation, entertainment and recreation sub-sectors in the US.**

The data presented was collected through Centiment, in a combination of surveys and free text responses distributed between 8th-15th of August 2023. Responses were subject to quantitative and qualitative analysis and have been visualized to highlight key trends.

The findings in this report are presented in accordance with the survey results, and specific to the time frame in which the survey was conducted.



# KEY FINDINGS



1

## The Great Resignation continues to trouble Retail & Hospitality

**66%** of R&H leaders report employee turnover & turnover-related fallout as their biggest problem.

Staff shortages and retention were a pain felt by R&H leaders

**5x greater** than any other, including loss prevention, no call no shows & digital transformation.



2

## Employees lie at the heart of customer experience, but lack knowledge

“Employees who go above and beyond” were judged more important than any other factor in improving CX, ahead of even product quality and pricing.

But **83%** of R&H leaders lack confidence in employees’ ability to interact with customers, despite 79% focusing on customer-related training.

“Employees are afraid to engage with customers”



3

## Training is being used as a strategic lever, but inefficiently

**93%** are delivering employee training BUT **92%** still don’t use modern training systems for staff, relying primarily on face-to-face delivery.

As a result, for over **50%**, training sessions take more than one day.

This is in spite of leaders believing “training that was quicker to complete” would improve learning outcomes.

“Employees don’t retain information”



4

## Easy opportunities to improve training engagement are being missed

R&H leaders felt making training “easier to access” as well “more fun” would improve its appeal among a **71%** Millennial & Gen Z workforce.

Though **89%** say employees access softwares like HCM systems daily, **62%** do not have their employee training embedded in these high touch surfaces.



# Challenges & Priorities for 2024

First, let's look at the problems outlined. Respondents were posed the questions "what is the biggest challenge to your business goals?", "what is your biggest pain point?" and "which of the following is of greatest importance to your business this year?".

Though more than three challenges and resultant areas of focus were put forward by respondents, the top 3 shared included: **employee turnover, customer experience, and sales.**

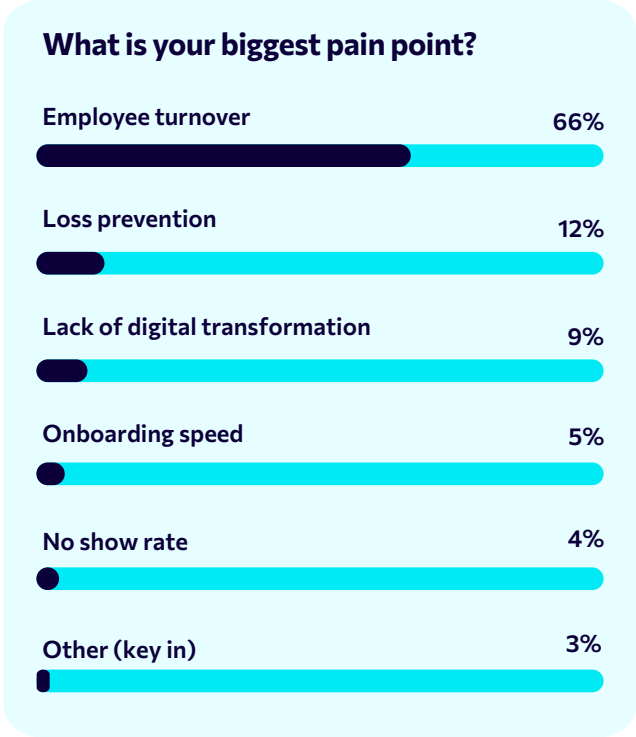
**CUSTOMER EXPECTATION •**  
**SUPPLY & DEMAND • LACK OF LEADERSHIP**  
**• KEEPING EMPLOYEES GOAL ORIENTED •**  
**INFLATION • COST OF GOODS AND LABOR •**  
**EMPLOYEES DON'T RETAIN INFORMATION •**  
**EMPLOYEES ARE AFRAID TO ENGAGE WITH CUSTOMERS**

# 1 Employee turnover

According to respondents, once hired, there lies little issue in getting new employees upskilled or in assuring employees show up - onboarding speed and no show rate ranked lowest on the list of pains felt by businesses, at 5 and 4% respectively.

This highlights confidence in the efficacy and quality of current onboarding processes, onboarding being a vital stage in the employee lifecycle that influences all manner of things from sales to long-term retention.

Whether a case of optimized shift scheduling on employers' parts, or a high commitment to scheduled work on employees', business leaders did not feel members of their workforce were likely to leave them short staffed with insufficient (or no) notice either.



**66%**  
of R&H leaders cite employee turnover as their biggest pain point

Another positive, given the ripple effect high rates of absenteeism can wreak, compromising the performance of remaining employees by placing undue stress on them to make up the shortfall, leading to a degraded quality of service, deprioritization of other key tasks, and increased risk of theft.

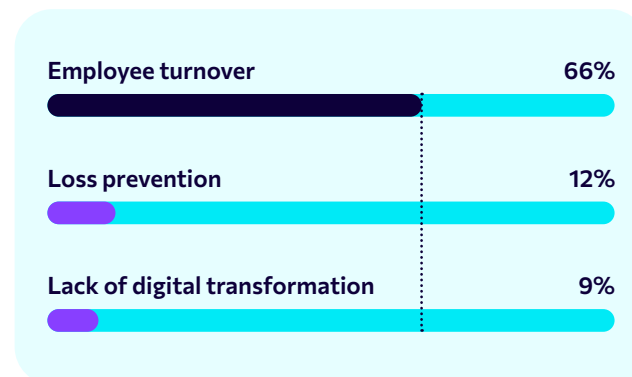
However, while businesses did not feel concerned regarding getting new hires to a satisfactory point of service quick enough, nor about absenteeism, confidence in their ability to keep employees invested in the company longer-term, and in their ability to replace employees, was another story altogether.

By a large margin, it was employee turnover, shortages and retention that were identified as both the biggest challenge to business goals and the biggest pain point faced by Retail & Hospitality currently.

So much so that leaders were shown to be concerned about employee attrition **more than five times as much** as any other factor - more so than loss prevention, operating

costs, inflation, competition, lack of budget, digital transformation, onboarding speed and no show rate.

This is testament to the severity of the retention issue to Retail & Hospitality, and of its persistence. Shortages may have abated since 2021's 'Great Resignation' and record job opening peak, but remains an ongoing point of contention two years later - not quite yet slowed to a halt, and still very much top of mind for leaders in these industries, according to respondents.



### eduMe says...



What's at the root? Acquisition can be a perception issue - of the industry as a whole, or your brand in particular. As one with long, antisocial hours, low wages, difficult customers, inadequate training, lack of recognition, and few opportunities for growth. Ultimately, high effort for low reward, and where energy expended is not adequately repaid. Another element is competition - why you over anyone else? Today's employees, like consumers, are more values-driven than ever before. What is your brand doing to differentiate?



## 2 Customer experience

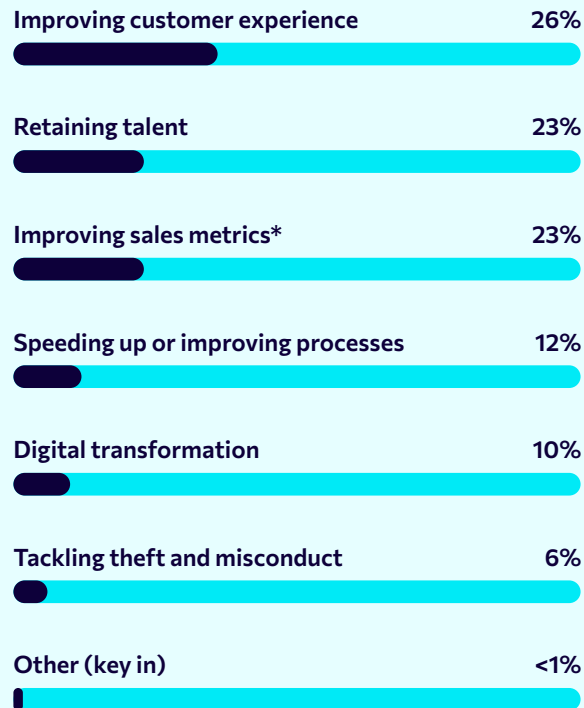
**Though labor shortages and retention issues came out tops as problem areas, what was deemed most *important* to businesses this year, over even retaining talent, was improving customer experience.**

Just as employees' standards in relation to employers have raised, leading to higher quit rates, job hopping and staff shortages, customers are an equally increasingly tough crowd to entice and secure loyalty from in the form of repeat business and word of mouth recommendations.

*What is your biggest pain point?*

**Customer expectation**

### Which of the following is of greatest importance to your business this year?



\*units per transaction, average transaction value, conversion rates

“

Being smart about investing in the employee experience should net greater returns on the customer side. Customers expect more personalized products and services, and they're also expecting more information about what they buy. Companies are trying to keep people employed and trying to keep customers happy. And you can't do one without the other. If there's a high employee turnover or disengaged employees, you can't offer these things to the customer. So the interconnectedness of those two things is really important. And that's where employee engagement and retention - keeping people employed with a company and giving them the tools to give a really personalized customer experience, and to provide more information for customers about what they're offering - is really crucial for the next generation of retail.



MEGAN HELLSTEDT  
Strategic Advisor

With the rise in omnichannel and fewer businesses operating exclusively in the brick & mortar realm, there is a greater surface area businesses must cover - a surface area that extends to the digital as well as physical.

As a result, customer experience has grown more complex. It is no longer limited to working hours and in-person interactions, but is 24/7 and exists across multiple touchpoints.

Businesses can't satisfy customer expectation simply by making sure employees at a location are sufficiently upskilled.

It's a case of ensuring employees are sufficiently upskilled, *and* ensuring your website's design is appealing, *and* ensuring the navigation is simple, *and* that you have the customer support resource to meet them with should they need help, *and* that

customer support resource is well trained, *and* that the service is timely, *and* that follow-up communications are frequent enough (but not too frequent), *and* that they're personalized.

### Or, is it?

In spite of a broadened expanse of touchpoints across which businesses can both acquire and lose customers, the biggest influence on customer experience, according to respondents, was not the "quality of the product or service", nor "easy access to customer support", nor customers receiving "personalized digital communications".

It was in fact the **human element**. 46% believed it was employees that go above and beyond (46%) to be the greatest determinant of customer experience, which polled neck and neck with speed of service (45%).

### Which do you consider most important to customer experience? (Multi-select)



\*e.g. how quickly they are attended to, delivery times

Considering leaders' belief that it was employee performance that moved the needle on customer experience ahead of competing factors, it was no surprise that they also saw employee training as the most obvious strategic lever to pull to improve their own customer experience - ahead of activities like improved customer segmentation, personalization and improving omnichannel strategy.

This indicates that though businesses have gone omnichannel, and that there's an awareness of the importance of omnichannel optimization, **leaders perceive employees as most critical to impacting customers' experience of a brand, negatively or positively.**

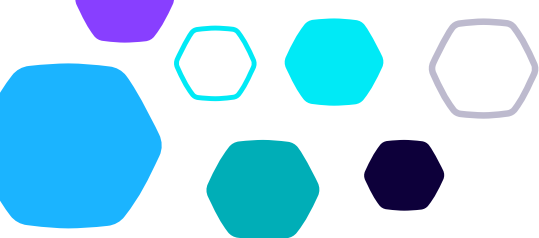
### What action are you taking to improve customer experience?



\*more frequent/higher quality

### eduMe says...

This is telling of the power of in-person interaction and its ability to leave a lasting impression that cannot be surpassed by factors like a navigable website, or complementary offers. A navigable website is an expectation, an employee that goes above and beyond is an experience that builds brand affinity - a differentiator.



There's an established importance of customer experience among Retail & Hospitality leaders, as well as action being taken to improve it via an increased focus on training. But, how is this translating materially, in terms of employee performance and ability to deliver 5\* customer experiences?

Of respondents who were not confident in employees' abilities to execute customer interactions effectively, 65% felt so because "we have many new employees often" and 18% because "employees aren't sufficiently skilled and lack relevant knowledge".

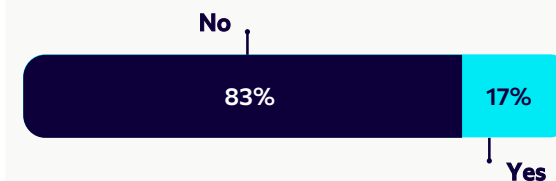
**83%**

**of R&H leaders lack confidence in employees' ability to interact with customers**

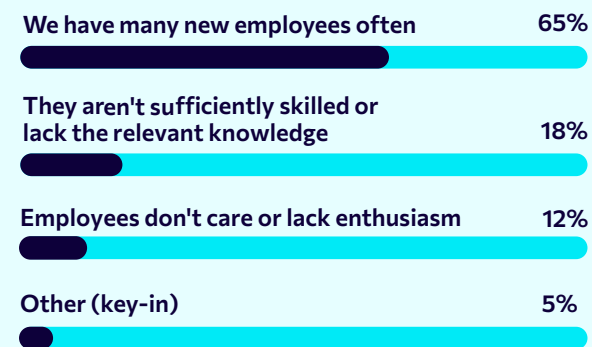
This highlights not only the destabilizing ripple effect of high turnover on these industries, but points to a lack of knowledge - whether lost with turnover or never initially gained - as the underlying culprit behind leaders' unease about performance.



**Are you confident in employees' ability to execute customer interactions?**



**Why?**



### 3 Sales

**At a time where inflation and operating costs are presenting challenges to many businesses, that respondents isolated sales as another focus area is hardly surprising.**

In terms of what leaders deemed most important, “improving sales metrics” came third, behind “improving customer experience” and “retaining talent”.

#### Which of the following is of greatest importance to your business this year?



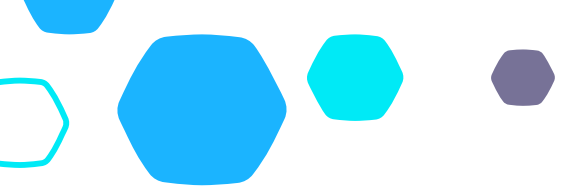
\*units per transaction, average transaction value, conversion rates

In reality the three (retention, customer experience and sales) are correlated rather than independent or competing, with one influencing the other. If retention is poor, sales will likely suffer - it takes employees to make sales.

Delivering best-in-class customer experiences however requires more of employees than just presenteeism. It calls for a workforce proficient in your product offering and who know how to navigate customer interactions in a way that drives them towards a favored outcome. It requires not just showing up for shifts, but the motivation and engagement to achieve on shift.

By first improving customer experience, businesses can expect sales to rise organically - an increase in sales is a byproduct of a good customer experience. This is likely why retaining employees and improving CX outranked sales in leaders’ list of concerns. Without employees businesses can’t operate, but without skilled employees businesses can’t succeed.





When it comes to closing a sale, employees adept in the art of customer interaction can have a three-in-one effect, consisting of both immediate and longer-term outcomes.

Their immediate influence is on the size of a transaction, but the onward impact of a successful first impression is customer 'longevity' (their likelihood to return), and customer growth via word of mouth referral.

I.e. An impressed customer will not only have incentive to spend more in the moment, but is more likely to buy again, and more likely to tell friends and family, inspiring them to buy. In this sense employees sit at the start of a chain reaction.

### eduMe says...



Customers are interested in their problems, not the business' goals. Leaders can equip employees for success by diverting training focus to identifying customer needs. This is why training on active listening and empathy are important - they take sales from an impersonal transaction to a consultative process that leaves a lasting effect on the customer.



**23%**  
of leaders want to improve sales metrics in 2024

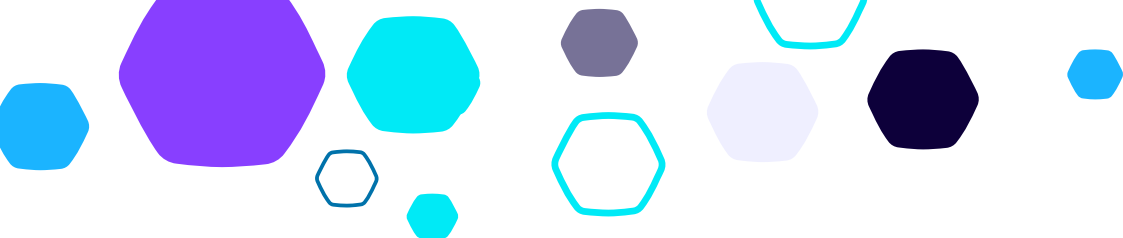
# Scoping Opportunities

**With focal points and priorities outlined, what is it that Retail & Hospitality businesses are currently doing to drive themselves toward these futures?**

Equally, where does the opportunity lie - what can Hospitality & Retail leaders hone in on?

Is there anything they should stop doing altogether, do more of, or do better?





# 1 Employee training

**Training is a top priority among the demographic surveyed, with an overwhelming 93% reporting that they administer training.**

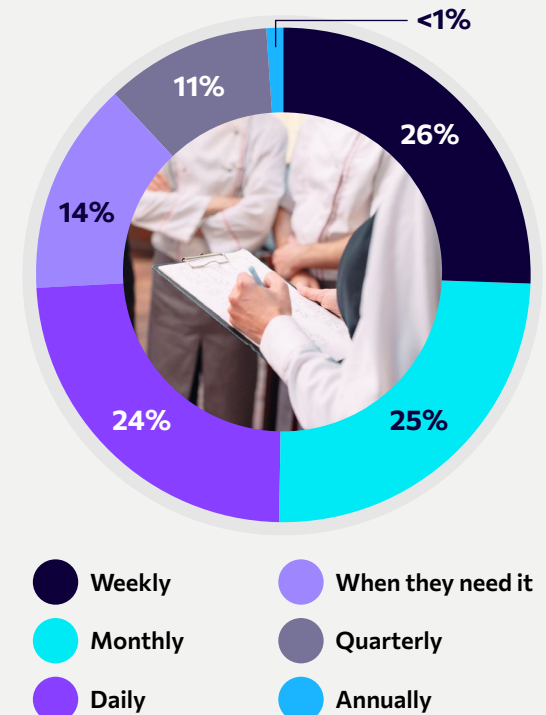
Clearly, the link between training delivery and improved business outcomes is not a connection lost on leaders, who are not only aware of its impact for change, but are already taking action to implement training with dedicated time carved out to upskilling employees.

Effective training requires consistency, and frequency poses no issues, with just 1% of leaders delivering training as infrequently as once per year, and the majority administering training at either daily (24%), weekly (26%) or monthly (25%) intervals.


This is significant both for the sake of maximizing knowledge, and reaping the benefits associated with continuous learning. Training administered at regular intervals is responsible not just for improved performance short-term, but memory and habit formation long-term. By turning training into a weekly staple, businesses are ensuring it becomes part of employees' anticipated routine.

**93%**  
of Retail & Hospitality leaders administer training to employees

How often do you train employees?





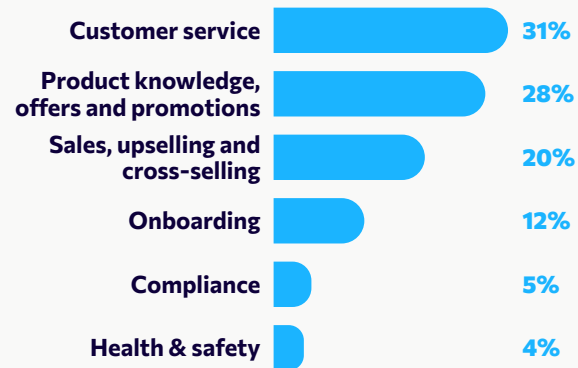


It also ensures employees have up-to-date knowledge in their hands, critical in two industries where standard operating procedures evolve, and product ranges and packages change weekly or seasonally.

In addition, most (31%) are focused on 'customer service' as a core training area, with this type of training taking precedence sales, upselling & cross-selling (20%), onboarding (12%), compliance (5%) or Health & Safety (4%).

Product knowledge, which polled in second at 28%, can be deemed a subdivision of customer service training - your employees need to be knowledgeable in your business' various offerings in order to deliver a high level of service overall.

### What training topic do you dedicate the most time to?



The responses reflect an awareness of customer service being at the root of other favorable outcomes, like business sales.

Such a high proportion of the polled group administering training is promising. Training has the potential to improve employee motivation, performance, loyalty, customer satisfaction and ultimately - business performance.

But, not all training is created equal. Here's where training's impact in theory may be greater than the impact it's having on these business metrics in practice.



## 2 In-person vs. online

**Though training is administered, it is overwhelmingly being executed in one way - face-to-face.**

Face-to-face training has numerous advantages - for instance, it can't be replaced where group activities or hands-on practice is required. And if material is complex, having a human aide to troubleshoot with or turn to for support is important. Simultaneously, it is time and resource heavy.

Face-to-face training's additional limitations lie in accessibility, ephemerality, scalability, trackability, additional costs incurred (travel, space rental, catering, accommodation), and productivity loss. When training is tied to a single physical location, it requires everyone to be there. How many people need to be in a location? How easy is it for them to get there?

For the same reason - it is not scalable. So it might be optimal if you work with one branch and 20 employees only, less so if you are a multi-location chain, or operate across time zones.

And, given only 11% hire external instructors to conduct face-to-face training, the large majority of respondents are responsible for face-to-face training delivery themselves. This marks a productivity loss on their part in the running of these training sessions, as well as a productivity loss for the employees taken away from work to complete training.

It's ephemeral in the sense that unless recorded and shared digitally afterwards, it is not possible for a learner to re-consume or repeat beyond the point of delivery. This poses a problem for long-term knowledge retention, as memory is consolidated by repetition.



Further issues lie in the fact that in-person training cannot be delivered in more than one language at once, is largely passive (doesn't require anything of the learner other than to listen), and occurs on the instructors' terms - employees are unable to decide when it stops or starts.

Finally and importantly, the degree to which any learner is listening or successfully learning is not able to be measured, leaving employers with no accountability. This is especially troublesome when it comes to being able to record and prove the completion of Health & Safety and compliance training.

**In 92% prioritizing non-digital means to upskill employees, Retail & Hospitality leaders are missing a trick.**

### eduMe says...



Often seen as an either/or, the most effective training program reaps the benefits of both in-person and digital. With each comes a set of unique benefits, as well as limits, that can't be wholly replaced or accounted for by the other. For example, use face-to-face to forge in-person connections during onboarding to build emotional ties between new hire and company, but bookend this with digital training delivery. Share "preboarding" training to prep them before their first shift, then share follow-up training that consolidates material covered face-to-face, afterwards.

### How do you train employees?



**81%**  
conduct the face-to-face training themselves

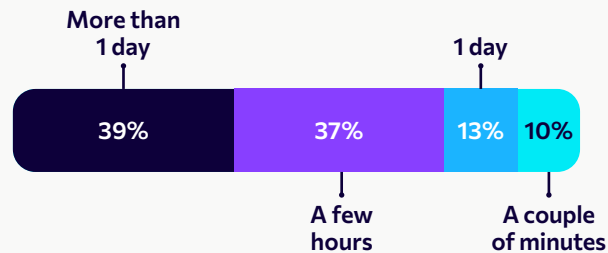
### 3 Length of session

**The opportunity cost of time spent training is productivity loss. Any training amounts to time away from the store floor, or front desk.**

The difference between in-person and online, is in the length of time that tends to be dedicated to each session.

For the majority (39%), training duration exceeded a day per session, which aligns with the most popular modality used - face-to-face training.

#### On average, how long is a training session?



This can be disruptive to business. Not just in working days lost, but in employees being uprooted and taken out of the flow of work.

In face-to-face training this displacement is both prolonged and literal - training occurrence is predicated on physical relocation (in addition to mental context switching). The bigger the disruption, the harder it is to return to productivity levels pre-disruption.

Training longer than a day in duration is also not conducive to learner engagement. The length of a training session is inversely proportional to learner engagement - the longer it goes on for, the more attention wanes. Particularly if the session includes no interactivity in the form of breakout groups or audience participation.

Memorization always requires repeated exposure to material, but the lower the initial level of engagement, the worse the base level of knowledge for employees post-training is.

#### eduMe says...

Current methods used are causing knowledge retention complications. When leaders were asked why they lacked confidence in employees' ability to execute customer interactions effectively, one reason given was employees failing to retain information related to improving customer interactions.

**24%**  
of leaders said training that was quicker to complete was priority

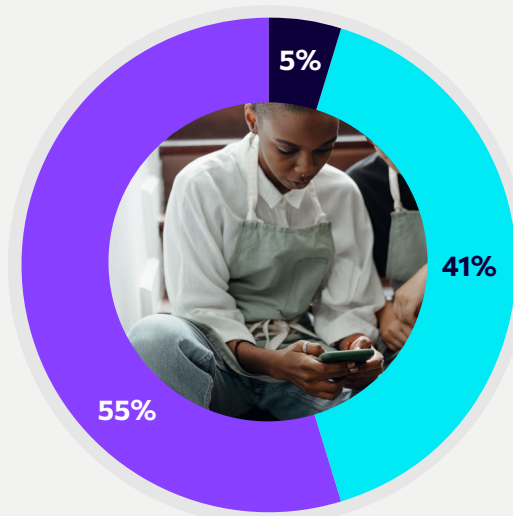
# 4

## Device optimization

**Of the 8% delivering training digitally, 55% are doing so on both mobile app and desktop, followed by 41% on desktop alone, and just 5% via mobile app alone.**


Digital learning delivered via desktop computer is location-bound in the same way in-person training is - a desktop computer cannot be moved. While the movement required is less drastic with a machine on premises than an external site, it still requires an employee to relocate from their work station.

How do employees access training?



- Through a mobile app
- At a desktop computer
- Mobile app and desktop

**5%**  
of leaders deliver  
digital training via mobile



It is also not 1:1 - it is unlikely a breakroom will come equipped with as many computers as there are employees that need training. This creates scarcity and causes bottlenecks - it reduces the frequency at which training can occur per employee. There can also only be one user per session, so employees must organize themselves around each other in order to complete training.

The scope for individuals to repeat training as they need is also constrained, as precedence is given to ensuring high completion rates for new training, rather than enabling employees to re-engage with past materials. Again, the result is that training does not happen on employees' terms, but is determined by a series of external factors, like peers' timetables.

### eduMe says...



Mobile training differs in that it utilizes devices employees already own, are proficient in using, engage with repeatedly throughout the day, and, that live on them, traveling wherever they are.

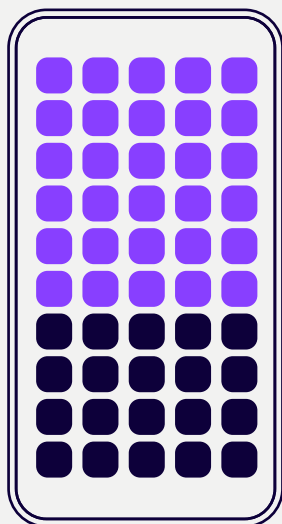
When employees are met in this interface, at a moment that suits their personal productivity flow, voluntary completion rates increase. Simply for the fact that it's easy. They are engaging when they have the time rather than on someone else's time, and beyond clicking, no extra effort is involved in accessing material.

This changes attitudes towards training as a top down interruption that pulls them out of work, into something waiting for them when they're ready. By injecting more autonomy into the process, it improves employees' relationship to training overall.

## 5 Software interconnectivity

**For individuals using mobile apps to train, 62% use these softwares standalone - as their own, separate apps.**

Is this a standalone app or connected to another software?



**62%**  
It's its own,  
separate app

**38%**  
It lives within  
another software

Disconnected softwares convolute the access process and can actually hinder more than help by frustrating individuals who are attempting to access content.

Entry into an app requires app download. App download requires users to input information - email, password - and to remember log-in details correctly. If forgotten, a password retrieval process must be initiated. Even if this digital barrier is bypassed easily, there are further steps incurred. Once downloaded and ready to open, the app needs initializing, which often involves an account set up process of its own.

The outlined journey to the point of access is so meandering and filled with friction, that by the time a user gets there, motivation to complete training is lost.

The fact only one third of respondents are embedding training into another software that employees are already using, for most likely a tangentially related task, marks a missed opportunity. Particularly given that for 89%, employees are accessing these related softwares daily.

**62%**  
use training software  
as a standalone app

Considering there is high usage of HRIS/HRMS/HCMs and similar softwares among the surveyed, integration of training within these high touch surfaces is a no-brainer - it maximizes return on both tools by promoting increased usage.

**24%**

of leaders said 'training that was easier to access' was priority

### eduMe says...



Training delivered digitally is not an antidote to all problems in itself. In fact, it can complicate rather than simplify, if businesses aren't using these softwares in a manner that is complementary to their existing systems, processes and modes of operation.

Employee clocking in for the day on your shift scheduling tool? Send a push notification to training on today's specials. You've caught them in an attentive moment with relevant information that takes no effort to get to. Win win.

Conversely, a software that sits outside of everything you use is infinitely more likely to suffer the fate of low adoption. Employees are seeking convenience in all aspects, no less in receipt of training. Therefore any convoluted - training that takes too long to get to, or is even just perceived as taking too long - will work against you, leading to low licence utilization and negative ROI.



## 6 Training formats

### And what would improve engagement rates for digital training?

#### “Training that was more fun”.

There are engagement rates, which are influenced by ease of access to training. Then there are completion rates, which is the proportion of learners who stayed with training through to completion. Training completion rates are therefore indicative of the ability of the material to hold attention consistently - i.e. how engaging the content was.

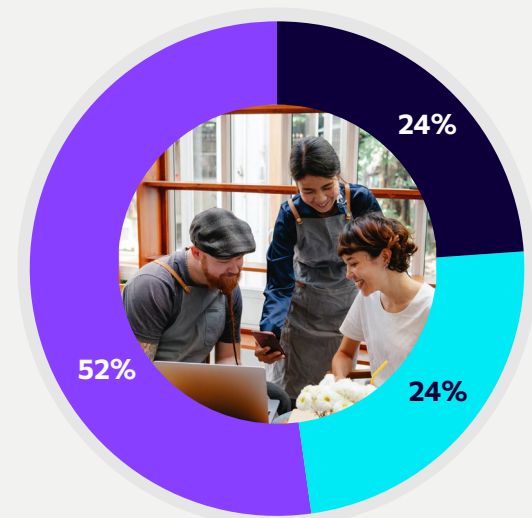
# 52%

of leaders said ‘training that was more fun’ would improve engagement

Of the digital deliverers in the group, there was no indication of the type of digital training being delivered. Though, with a skew towards desktop application use, an educated guess can be made. Learning via desktop computer tends to be longer-form than mobile learning, which is typically “chunked” into bite-sized segments (also known as microlearning).

Doing so is not only in impatient or busy employees’ interests, but it improves learning outcomes by diminishing information load - there’s a limit to the volume of new information a learner can take in and commit to memory at once. By breaking knowledge down into bite-sized packages learners receive information of relevance and nothing more, which drives their ability to remember and apply information.

### What is priority for improving training engagement?



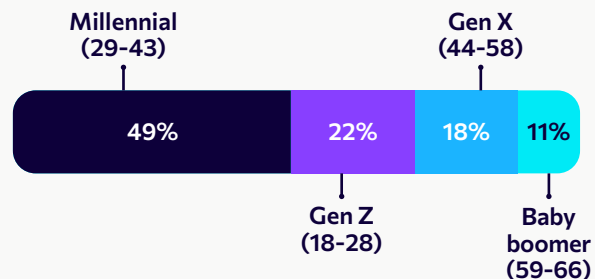
- Training that was easier to access
- Training that was quicker to complete
- Training that was more fun

## What constitutes 'fun'?

It depends who you ask. The appeal of microlearning has risen in conjunction with the advent of social media which is video-heavy and prioritizes short-form content.

Part of this trend is about brevity of content and learner impatience - Retail & Hospitality leaders themselves corroborated these feelings by acknowledging that training made shorter would improve engagement rates.

### Which demographic makes up the largest segment of your workforce?



In addition to length of content, engagement is also about the media make-up and features of the content. The content's user experience, and the way it allows learners to interact with it.

Who makes up the workforce in these industries? Perhaps not surprisingly, leaders reported their workforce largely comprises Millennials (49%) (defined as individuals aged between 29 and 43), followed by Gen Z (22%), (defined as individuals between 18-28).

These groups are digital natives, and the most immersed online. By shaping mobile training experiences to feel familiar (think: portrait videos, swiping, tapping, emojis) training carries connotations of favorite leisure-time apps. This changes the perception of material - from obligation to complete to enjoyable activity.

## eduMe says...



If training is packaged in a manner that resembles apps associated with leisure, like Instagram, the likelihood of positive reception improves. And the more excited employees are about training material, the greater its chance to be impactful.

**71%**  
of respondents' workforce were  
Millennial & Gen Z

# And that's that...

Want to find out more about **eduMe**?

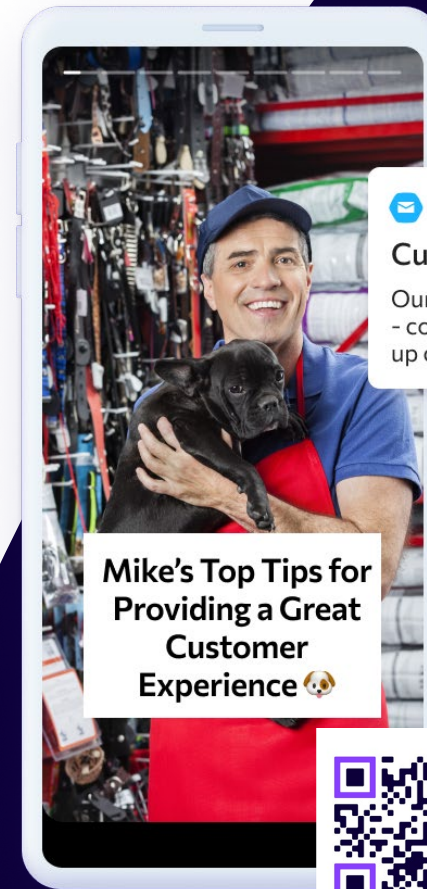




# The #1 training platform for the frontline

eduMe is used to deliver immersive consumer-grade training in the flow of work, to improve training accessibility, relevance and engagement rates.

Integrated with **Workday, Microsoft Teams, UKG, SAP, Staffbase, Braze, Beekeeper, Fountain, Skedulo + more**, eduMe allows you to surface training where your workforce are - in third party tools, email, SMS, via QR code or in your own app.



From: Manager now

## Customer service refresher

Our branch recently got a poor review - complete this short course to brush up on your skills.

Mike's Top Tips for Providing a Great Customer Experience



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Guides are like TikTok for Learning. eduMe is extremely well positioned to fill the needs for training in today's world.



**THERESA MICHELI**  
Store Operations



Used by companies globally, including Uber, Marriott and Hilton, eduMe drives business critical results for Retail & Hospitality companies including:

97% reduction in training time

98% training satisfaction rate

A 66% increase in sales in 3 months

A 10% increase in quality of service

A 5.7% reduction in no show rates

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