3 Ways Retail Facilities Can Find an Edge in an Uncertain Economy

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Everywhere retail managers turn, they're asked to do more with less. A recession that's supposedly coming soon never seems to arrive, as quarter-over-quarter sales results remain cloudy at best.

Whatever the true picture is, there's no doubt companies are planning for a recession. A recent survey by CFO.com found that 99% of business leaders said their companies were preparing to cut costs in 2023.

But the reality is, your business has been through worse: The COVID-19 pandemic ground brick-and-mortar shopping to a halt, but retail eventually bounced back, albeit with new customer expectations to satisfy. The key now is to keep these customers coming through the door despite whatever the near-term economic and labor future holds.

And that means you must have a plan.

This playbook explores the three ways retail facilities can stay competitive in uncertain times – cost-saving, enhancing the customer experience, making data-driven decisions, and present strategies you can use to get your business on track in each area.

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Enhancing the Customer Experience

As consumer habits shift, the importance of offering a positive customer experience is critical.

Even though e-commerce is growing year over year, consumers still make the majority (78%) of their purchases in-store. There is no denying that shoppers prefer to see and touch items before purchasing, and to walk out with their purchases immediately, rather than paying more for shipping, and waiting for their purchase to arrive.

So when retailers create clean, shoppable environments for their customers, they are more likely to get repeat business and increase the overall value of the brand.

And the opposite is true. Bad news travels fast, and one bad experience, such as a messy sales floor or empty shelves, can turn a customer off the whole brand and send them directly to the competition.

Data show that consumers are two times more likely to purchase higher-ticket items ($101-$250) in stores versus online. And in-store is where those impulse buys happen. Consumers are three times more likely to make an impulse purchase in the store than they are online, and four out of five impulse buys are made in-store. Your brick-and-mortar location is a huge asset. Treat it like one.

One common mistake retailers make is to overinvest on the latest and greatest high-tech tool, which, while interesting, takes away from the overall ambience of your space. And too many companies have put the majority of their focus on e-commerce, neglecting their physical stores and allowing them to fall into disrepair and chaos. This is shortsighted. If businesses don't maintain and improve their physical locations, it can cost them billions of dollars in lost purchases. Their brands suffer because they lose customer loyalty by offering unclean stores, unstocked shelves and disorganization.

Get the basics down before even thinking about new tech gadgets or virtual experiences. If your customers wanted to be on technology, they would stay home. Time and time again, consumers are telling retailers they need to improve their stores. A clean, well-lit, inviting space, puts shoppers minds at ease and reflects well on your company and brand. When shoppers feel relaxed in a space, they tend to spend more.

One way to consistently stay ahead of problems is to take your facilities management program and use it to be preventative instead of reactive. Think of it as you would basic car maintenance: if you are getting your oil changed and tires checked regularly, you are much less likely to be stranded by a breakdown. Treating issues and potential problems early saves money, time, and stress."

"Technology is the answer… a trusted partner is the answer," said Siddarth Shetty, ServiceChannel chief business development officer. "[This solution] prevents downtime. It ensures that they're paying the right rate; it ensures that they're getting a service provider that's going to do the best work."

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Siddarth Shetty

Chief Business Development Officer, ServiceChannel

Making Data-Driven Decisions

Numbers don't lie. Smart decisions are made with good data, and the more you have, the better. Your restaurant or store in San Francisco will not have the same challenges as the one in New York. This is where data comes in. With a program and list of recommended providers keeping all your facilities management information in one place, you never have to worry you will be price-gouged on equipment repairs. Even after a huge jump in retail technology from 2020 to 2022 to keep up with e-commerce, the 2023 predictions are for those investments to keep rising, by 4.3% this year.

There are many reasons big retailers are spending more on data technology this year. Data management can be the key to seamless operations.

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Failing to invest in data management means flying blind when you're trying to manage multiple locations without having the benefit of the big picture. This is especially noticeable in facilities and operations, where a lack of information can lead to:

- Wasted money spent on last-minute, costly repairs.
- Bad customer experiences due to inconsistencies across locations.
- Poor decision-making without full visibility.

Data not only shows you what needs to be improved but also highlights what is thriving and accelerating your business. Having a grasp on this information, in turn, empowers decision-making and can elevate your understanding.

Facilities teams with access to more data can manage their entire program at scale and then be strategic about the areas where they want to focus.

By accessing all that operational data, your business can scale much faster.

Suppose your company is expanding from 10 locations today to 50 over this coming year. It's essential to have your numbers out in front of you to make good decisions. Are all your assets tagged and on a maintenance schedule? Which service providers will you hire in new cities, states or countries? How do you expand quickly when you don't have the connections you did in your first few locations? A managed facilities system removes all that guesswork and uncertainty. When scaling the business moves faster, revenue goes up.

Proactively Saving Costs

Consistency is key when building and maintaining brand reputation. If your customer has a bad experience at one of your locations, they could very well write off your entire brand.

Unfortunately, facilities and operations are one of the most overlooked areas in brand management. Every brick-and-mortar space needs to be well-run, welcoming and consistent across locations.

Consumers expect a certain standard, and that standard gets associated with a brand. The manifestation of that brand is that physical space, and customers will judge the brand by how well you take care of that space.

This means everything in those spaces, from heating and air conditioning to lighting to furniture, has to be managed and maintained. It's like the unseen side of shopping or dining out: You only notice facilities when there is a problem. And those are the kinds of problems nobody wants. Imagine what a malfunctioning freezer could do to a restaurant on a Saturday night or how a luxury brand store would operate if the Wi-Fi inexplicably went down a week before Christmas.

For example, presentation is a crucial element of dining.

"If you walk into a restaurant and the tile's broken, the door is wobbly, the lighting is bad and the upholstery is dirty, you will not want your family there to sit down and have a meal," Shetty said.

Bad in-store experiences are common, with 70% of shoppers reporting a negative experience at physical stores within the past six months.

With this in mind, facilities have to keep every facet of the in-store locations running smoothly to prevent disorder and costly interruptions.

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This is where an organized facilities management system can truly drive cost-cutting. In the event of layoffs, the facilities department is often the first in line. This may leave you wondering if your budgets will be slashed or if there will be a head count reduction. This leads to much more uncertainty, such as:

- What if my team shrinks? Will I be working nights and weekends?
- How will I support my locations without my staff? Will I have a lot more escalations?
- Budgeting: Will I be asked for dozens of reports on my department spending and have those expenses analyzed? I don't use Excel much, and where will I get the time for all those spreadsheets? How will I share this information?
- Will I need to create a deferred-maintenance program, and how will I do that?
- Will I need to change service providers, and how much time will that take? How can my reduced team take this on?
- How do I prevent my team from being outsourced? How can I convince upper management that our work is essential?

An automated platform for your facilities program helps you quickly find the answers to all these questions. If you can manage assets, work orders and service providers in one place, you gain control. You will be much more informed and make better decisions about time and budgeting. Then you will have an easier time seeing the cost savings, among other areas. You will be able to report to the C-suite the impact you are making to the brand, to sales, to customer experience and more.

"And so ServiceChannel allows teams and facilities to really have access to information, data and analytics that resonate with their peers across different functions, as well as senior leaders," Shetty said.

Smart retailers know their strengths: selling and providing great customer service. Trying to manage facilities and juggle random repairs at the same time serving customers drains your energy and time.

Trusted partners with a network of service providers take this basic work off your hands. That will prevent downtime and ensure you pay a reasonable market rate to any service providers you hire. It also ensures you get a service provider that's going to do the best work.

Establishing a maintenance schedule of your vital equipment is the best way to get ahead of any potential malfunction.

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