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MeritTrac Skills Survey Series-

Retail Sector



www.merittrac.com

India's Largest Skills Assessment Company

Introduction:

Organized Retail is coming of age in India is marked by an insatiable need for human resources. The need is also acute in terms of ensuring that the right people with the right skills are hired.

The nascent Indian organized retail sector employs close to 250,000 people today. This number is slated to grow by one and a half times to 400,000 within the next one year. In fact, organized retail would generate more jobs than any other sector in the private sector over the next two years.

With many a corporate entity betting big money on the future of retail in India, a terrain that is now taking firm shape, it is essential that one gets all pieces of the puzzle right, right at the outset. The people factor is one very critical piece in the puzzle and it is important for companies to be cognizant to the role of its workforce in creating customer value, which in turn can translate into higher revenues.

MeritTrac, India's largest skills assessment company, commissioned a study on the current skill set availability in the retail sector. The study covered major Indian cities where the retail boom is in full swing and covered 1,097 respondents cutting across demographic cross-sections.

The study focuses on four key skills

-  The ability to communicate well,
-  The ability to listen and comprehend
-  Courtesy and professional ability and
-  Clarity and creativity in product or service presentation

- and attempts to relate these skills to the ability to sell and the ability to lure customers back to stores. It was carried out across Bangalore, Mumbai, Chennai and Delhi.

The objective of the study was to gauge customers' evaluation of sales staff skills at stores of leading retail chains, and to relate this to their purchase behaviour. The skill sets available at stores were also benchmarked against customer expectations of staff skills sets.

The findings were glaring in terms of the dearth of the right skill sets that can create value for the business. The need to prioritize skill sets and to acquire people with the right mix of skills is more immediate than ever.

Key Findings of the Survey:

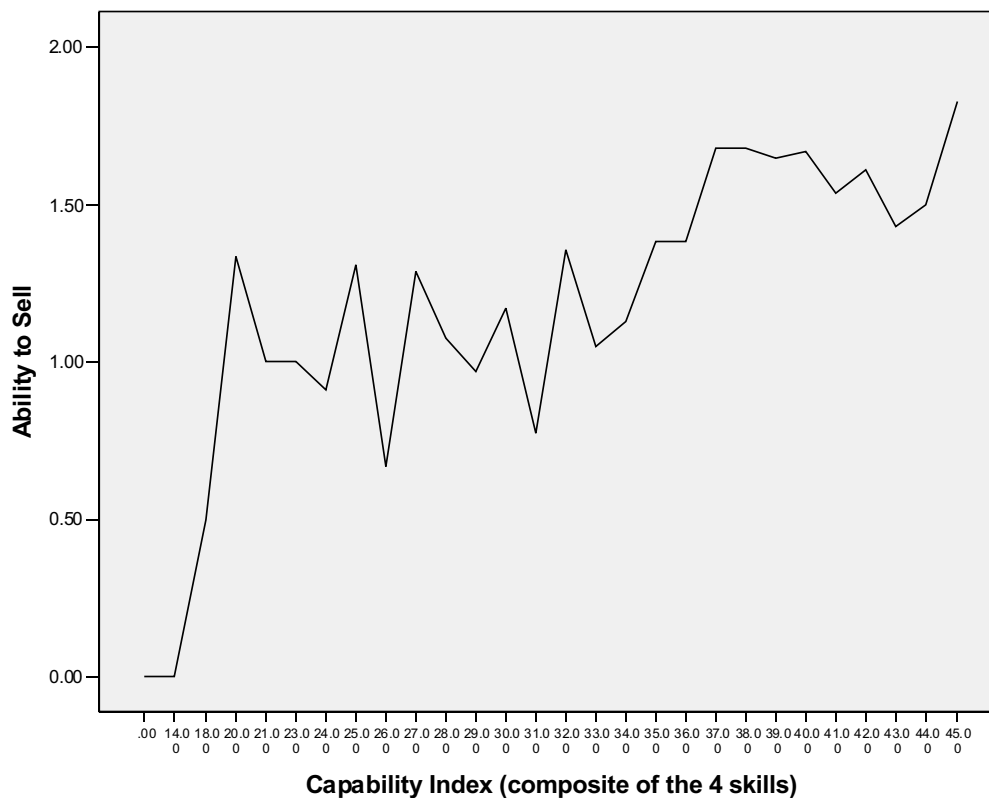


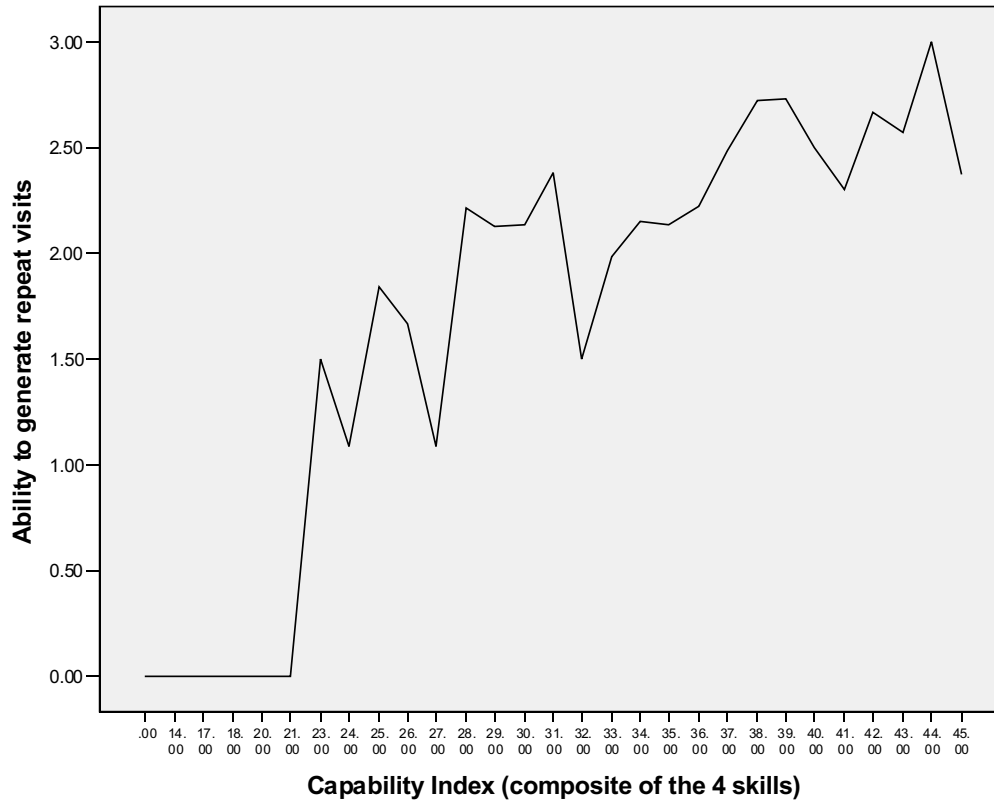
A primary finding of the survey was that executives who are rated highly on the 4 skills evaluated are not just effective at selling, they are also instrumental in generating repeat visits for the business.

Put in numerical terms, an executive who is rated twice as good (at the higher end of skill ratings) as a peer in the organization is about 3.1 times more effective than his/her colleague to make a sale as well as to lure the customer back to the store. In short, the executive is more effective in creating customer value for the business.

To illustrate the above, let us consider the case of an executive rated 'good'. In comparison to a counterpart rated 'average', the former is 193% more effective in creating customer value. Further, an executive rated 'very good' is about 121% better in creating customer value than the one rated 'good'.

Thus, making a choice for an executive rated 'very good' could mean a 314% improvement in customer value for the business compared with choosing an executive rated 'average'

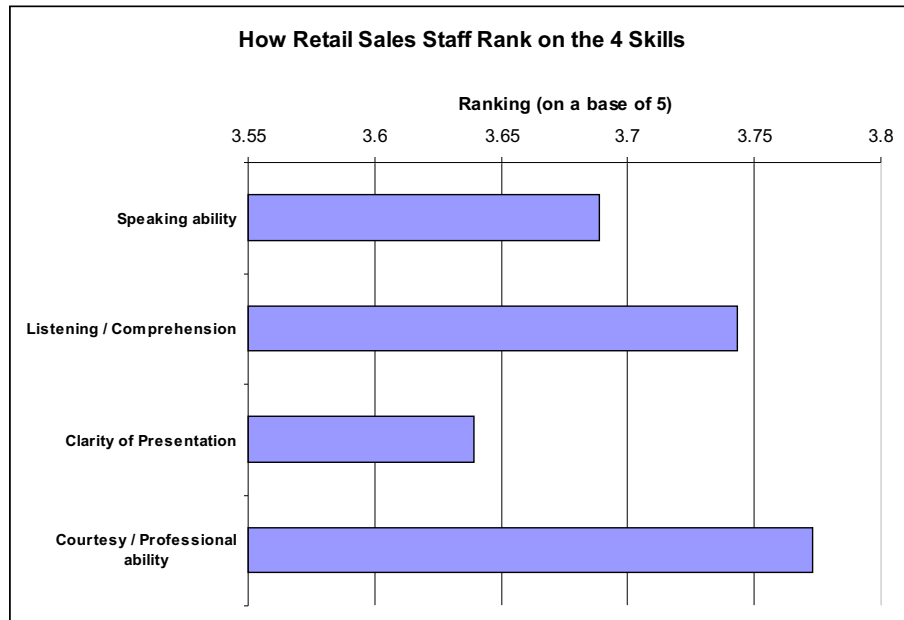




- The ability to act on opportunities diminishes as ratings go down on each of the 4 skills. An executive rated half as good as his colleague on creative presentation skills loses out on 25% of all sales opportunities his colleague is certain to succeed in.
- An executive half as courteous and professional as his colleague is also likely to fail in at least 10% of all opportunities to generate repeat visits

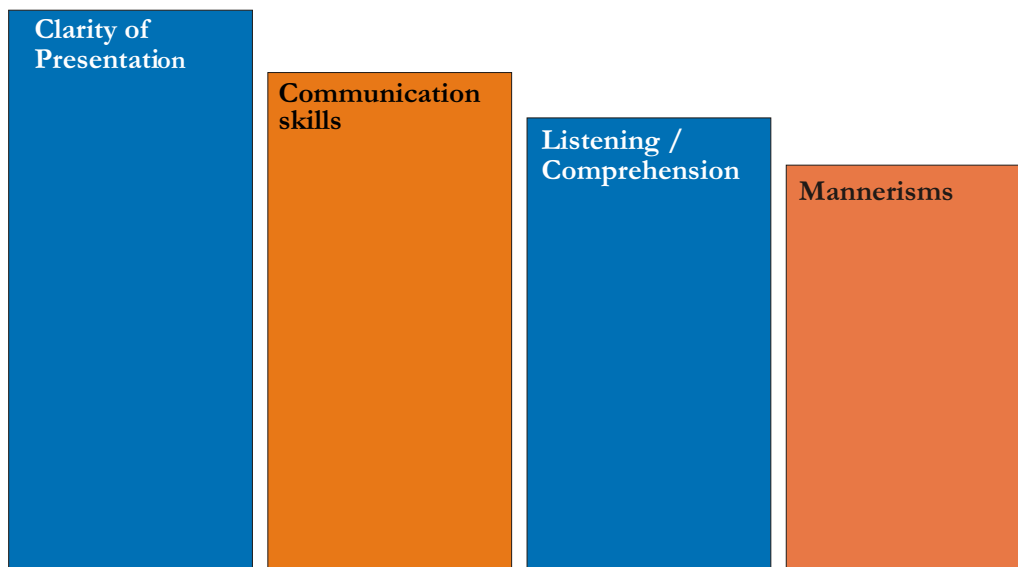


The study found that while the ability to creatively explain and demonstrate the product / service is the key to selling, sales staff in the retail sector woefully lacks this particular skill.



In terms of selling, the capability of a sales executive to present the product / service effectively is the most critical of the four abilities. Good oral communication skills ranks second while listening / comprehending skills and mannerisms (courtesy and professional behaviour) rank third and fourth, respectively in terms of their effect on sales.

The Pecking Order: How skills are accorded priority by customers...






Good mannerisms, however, has a strong bearing on the willingness of the customer to return to the store.



Must Haves: Communication skills, Rapport building skills and Creativity of presentation in no particular order were considered by most respondents as 'must haves' for retail sales executives.

Conclusions:

-  Retail purchase behaviour is shaped significantly by frontline staff skills: The ability of sales staff to generate sales and repeat visits, in short, to create customer value, is strongly dictated by skill levels they possess.
Even a single grade shortfall in skill rankings could mean substantial loss of potential sales opportunities and repeat business.
-  Retail staff skills are not in line with customer expectations: Skill sets of staff employed by retail firms are in inverse order to those accorded priority by customers. So, the most critical sales skill – an ability to present products and services creatively – is least available in stores.
-  There is an acute need for skills that create immediate value for the business: Sales staff is better at mannerisms and listening skills than they are at selling. Thus, retail firms are geared more toward bringing back customers without even being able to sell well to them.

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