



# RETHINKING RETAIL: Workforce Matters

While the mainstream media says the current labor shortage is due to what it calls “The Great Resignation,” it is a lot more complicated.

**R**ecent data from the Bureau of Labor Statistics revealed that 4.4 million Americans left their jobs in September, which was a record number. Meanwhile, the number of job openings remained stagnant at around 10 million.

For the retail industry, the labor shortage is hitting hard. But it's not the only headwinds facing the industry. Retail continues to be impacted by supply chain disruptions while consumers are getting increasingly cranky as they face inflationary pricing on a variety of products and services. Retailers are also challenged by rapidly changing consumer preferences. And many are dealing with technology that was deployed during the pandemic but does not integrate well with other solutions in their tech stack.

It's within this context that WWD and StoreForce, the integrated workforce and store operation solution provider, conducted a survey of retail industry executives, managers, and owners in fashion apparel, footwear, and beauty to gauge the impact of labor shortages and other related issues. This report includes executive insights and analysis that sheds light on what's behind these challenges, recognizing evolving trends such as the future of work, and rethinking business with an end goal of creating a better shopping experience.

**SURVEY RESULTS:  
LABOR PAINS**

The survey, which was conducted earlier this fall, found a quarter of respondents describing the current labor shortage as “extremely disruptive” while nearly 39 percent said it was “very disruptive.” And when asked about the challenges and priorities facing retailers from a store operations level, hiring, retaining, and scheduling employees were among the top concerns.

Of those polled, close of half said maximizing store sales performance was their highest priority while about one-third said hiring and retaining labor was also a highest priority. Supply chain disruptions were another troublesome issue for 37 percent of those polled.

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**Dave Loat**  
President at StoreForce



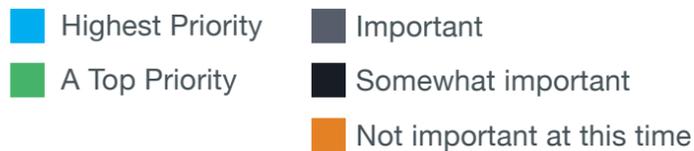
Regarding employee communication and training, nearly one-quarter of respondents said it was of the highest priority. And 36 percent of those polled said effective scheduling, employee training, and maximizing store sales performance were a top priority while over one-third said addressing outdated technology was a high priority.

The survey also found that tasking/measuring compliance was important for one-third of those polled while store repairs and remodeling garnered about the same percentage. And when it comes to improving BOPIS, curbside pick-up and similar services, one-fourth of respondent identified it as an high priority while around 30 percent said addressing theft and shrink was high on their list of priorities. When respondents were asked how disruptive the current labor shortage is to their business, 25 percent said described it as extremely disruptive.

The survey also asked respondents to rank workforce-related challenges. Recruiting qualified workers came in at number one followed by employee retention and then effective employee scheduling. Tied for fourth was employee communications and training. Regarding the level of commitment for using technology to address various workforce operation tasks, most respondents said it was a top priority. This included technology to improve workforce scheduling, store tasking/compliance, tracking store KPIs, employee communication and engagement, employee shift exchange, and optimizing payroll budgets. And when asked if their company was planning to make investments in store-level solutions and/or capital improvements in the future, nearly 50 percent said yes.

The results make it clear that from a store-level, operational perspective, merchants are challenged on several fronts. With supply chain disruptions, it's out of most merchants ability to control. But with workforces issues, it's another story as technology can help.

**Regarding store-level operations, what are the top challenges your company is facing?**



**HIRING AND RETAINING LABOR**



**EFFECTIVE SCHEDULING**



**EMPLOYEE COMMUNICATION & TRAINING**



**MAXIMIZING STORE SALES PERFORMANCE**



**SUPPLY CHAIN ISSUES/STOCKOUTS**



**CONTACTLESS PAYMENT**



**STORE REPAIRS, REMODELING**



**TASKING / MEASURING COMPLIANCE**



**MANAGING EVENTS**



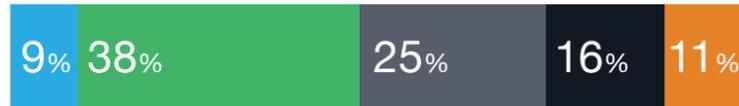
**BOPIS, BORIS & CURBSIDE PICKUP**



**THEFT / SHRINK**



**OUTDATED TECHNOLOGY**



**EXECUTIVE INSIGHTS**

**Workforce Shortages**

Dave Loat, President at StoreForce, expects supply chain disruptions and labor shortages to last well into 2022. Loat said the obvious and most immediate impact is in specialty retailers' inability to staff stores during key periods – "so much so that many of our clients are in discussions with mall operators around not extending hours during holiday this year, as they simply can't staff for extended hours."

In response, merchants are taking cues from other sectors, Loat said.

"Specialty retail has borrowed strategies from fast casual restaurants – some of our clients have given 'across the board' pay increases of up to several dollars," he said. "While that may be a useful stop-gap strategy, and critical to get through holiday this year, our understanding of the challenges goes well beyond pay."

"Associates want more control, and a bigger voice," Loat explained. "They want to be more in control of when they work, when they are available to work week to week, and they want to have the ability to exchange shifts with other associates or pick up new shifts when it's convenient for them – all with a newfound reduced tolerance for the opinions of management in the approval process."

Chris Matichuk, general manager of StoreForce, said store associates want flexibility, and to be valued by their employers. And taking a blanket approach by "throwing money at them" is not a long term solution, she said.

Providing an effective forum for associates to express opinions, share stories and interact with each other is fast becoming a key factor in contagious commitment Loat and Matichuk said store associates also

“  
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**29%**

of respondents said supply chain disruptions were "extremely disruptive."

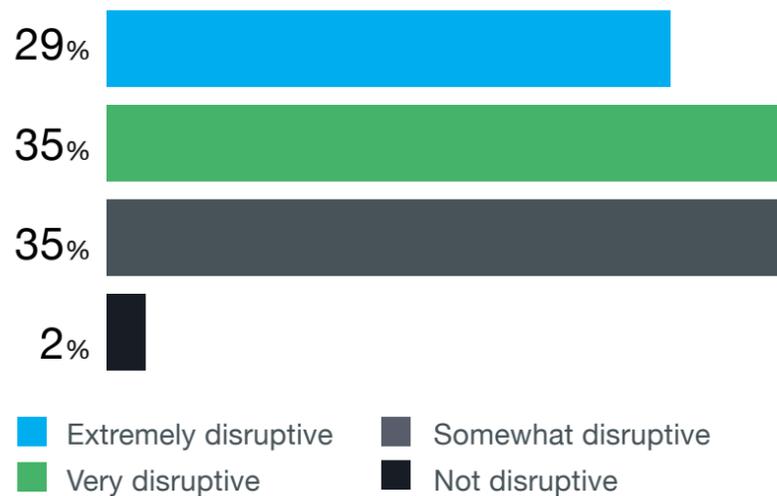
want to be heard, and without being moderated. "While there are pros and cons to unmoderated employee discussion boards, associates remain the retailers' primary brand ambassador." "Employee discussion boards, when used well, are also a key conduit of recognition and acknowledgment, which is another key ingredient for retention."

It's important to note that similar to the rise of omnichannel, "this movement was well underway before the pandemic, and the store closures and staff furloughs that occurred during 2020 has only served to reinforce these trends within the minds of our front-line workers," Loat said.

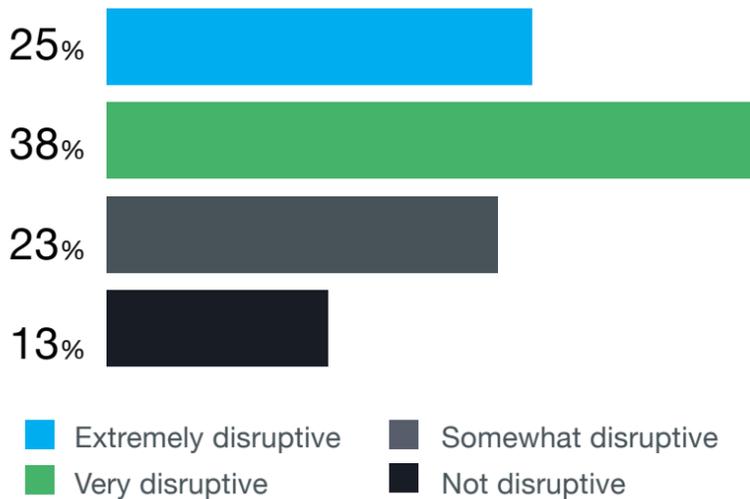
Marty Weintraub, Partner and National Retail Leader at Deloitte Inc., agreed, and said the pandemic accelerated changes in retail employee priorities. He said they want to work for companies that are purpose driven, practice empathy and value their employees. In this post-pandemic period, Weintraub said 41 percent of workers are considering leaving their jobs while 70 percent want a hybrid remote office arrangement. "Of course, that doesn't work for a retail store, but it says a lot about the future of work," he noted.

"The pandemic has forced a lot of rethinking in the industry," Weintraub said. "Unfortunately, addressing the future of the workforce is one of 100 other things challenging retailers today. But there needs to be urgency on this topic. It has to be a priority." Weintraub said it must be addressed because as retailers have long touted customer centricity, they've failed to understand the role of the store associate in effective shopper engagement.

**How disruptive is the global supply chain situation impacting your company?**



**How disruptive to your company is the current labor shortage?**





**34%**

of those polled said recruiting qualified workers is “most challenging.”

**Hasty Tech Fixes**

Loat said the closure of stores during the pandemic, “combined with the ever-changing local rules and requirements imposed upon re-opening, forced many retailers to deploy ‘quick-hit’ point solutions to communicate with staff, enforce cleaning standards, or do self-screening tests.” He said in many cases it resulted in retailers deploying stand-alone point solutions “that don’t play well with their existing infrastructure, which created a series of disparate tools, each with their own use case, creating complexity and confusion in the field.”

“And while these challenges are widespread, their impacts vary retailer to retailer, and they are temporary in nature,” Loat explained. “Other, more persistent challenges have arisen post-pandemic, driven by changes in consumer behavior and expectations. In many ways, these more persistent challenges have come about due to the expedited evolution of what was already happening in specialty retail pre-pandemic.”

**New Shopping Preferences**

Loat said in this post-peak-pandemic period, consumers have become accustomed to new ways to shop “as retailers scrambled to invent new avenues to meet their needs, including curbside pickup, same day delivery via ride-sourcing services like Uber or click and collect. While this intersection of physical and digital retail was happening well before 2020, the pandemic drove retailers to expedite their omnichannel roadmaps in incredible ways, often completing 3-year roadmaps in a matter of months.”

And how did consumers respond? Loat said it was with “a resounding ‘like’! Though this shift has reinforced the role of the store as a retailer’s single most important brand touchpoint, old models on how to plan the labor of that store also needed to shift.” Loat explained that historically, over 70 percent of store labor was spent on selling activities, “and the funding of store labor was tied in some fashion to the forecasted sales of that store.”

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President at StoreForce

become mini-fulfillment centers and brand billboards in addition to their traditional roles, historical methods of allocating labor based on sales projections are inadequate, as stores are rarely given sales credit for activities relating to digital order fulfillment,” he said. “In addition to having to determine new methodologies to fund the in-store digital activities, retailers have also had to train and motivate staff on digital order fulfillment. Where it may be easy to communicate, train and motivate staff in a centralized distribution center, doing the same across your store estate is a whole different matter.”

**THE END GOAL: CREATING BETTER EXPERIENCES FOR CUSTOMERS**

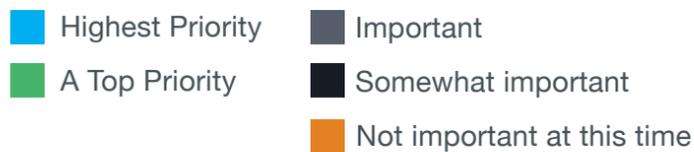
When asked about strategies and solutions for addressing these challenges, Loat said it was important to recognize the diversity within the issues merchants face, and that the first step is looking at one’s business roadmap.

“The quick-fix point solutions that

Percent of respondents ranking a workforce issue as “most challenging.”



What is the level of commitment for using a technology solution to address the items below?



**IMPROVE WORKFORCE SCHEDULING**



**TRACKING STORE KPIS / MANAGE PERFORMANCE**



**STORE TASKING AND COMPLIANCE**



**EMPLOYEE COMMUNICATION/ENGAGEMENT**



**EMPLOYEE SHIFT EXCHANGE**



**OPTIMIZE PAYROLL BUDGET**



retailers may have deployed need to be re-evaluated within the scope of that roadmap, and within the ever-changing arena of specialty retail,” Loat explained. “While the use-cases all have merit, having a disparate set of tools to drive planning, scheduling, communications, tasking and execution at store level complicates the life of the associates and store leadership, forcing them to go to many places to get the information they need to do their jobs.”

He also said this approach is costly, “which I think is the current primary driver of retailers abandoning their ‘quick-fix’ point solutions and reverting to an ‘every tool in one place’ strategy. Loat said another key benefit of the several tools in one place approach is their simplicity and ease-of-use, which, in turn, “leads to better staff embracement and use of the tools, increasing the consistency of brand execution and customer experience.”

Loat said another key strategy revolves around how retailers fund and plan the store labor. “With the rise of digital transactions taking place at store level, the distribution of selling versus non-selling labor has shifted closer to 50/50, which increases the focus and precision required on the non-selling labor (without, of course, ever losing sight of getting the selling labor right!),” Loat explained. “And simply adding funds to a store’s labor budget to accommodate a retailer’s digital transactions being fulfilled by the store is not the right answer for several reasons.”

The first reason is that within store schedules that are focused on sales activities, retailers “intuitively know that they have ‘available capacity’ to accommodate some level of tasking before the customer experience is negatively impacted.” And being able to precisely forecast this available capacity “and redirect forecasted digital tasking to it is a key strategy to keep costs under control.”

Secondly, Loat said the physical store remains a merchant’s key brand touchpoint, which influences both the online and offline shopping experiences and conversions. “In addition to physical store performance, retailers need a view of the store as a ‘market,’ including all transactions that take place both physically within the store and digitally within the local market that the store serves,” Loat said. “Leveraging this ‘store as a market’ data will enable retailers to better establish store labor spend as, in our experience, it shows that a ‘one-size fits all’ strategy limits the true market sales potential.”

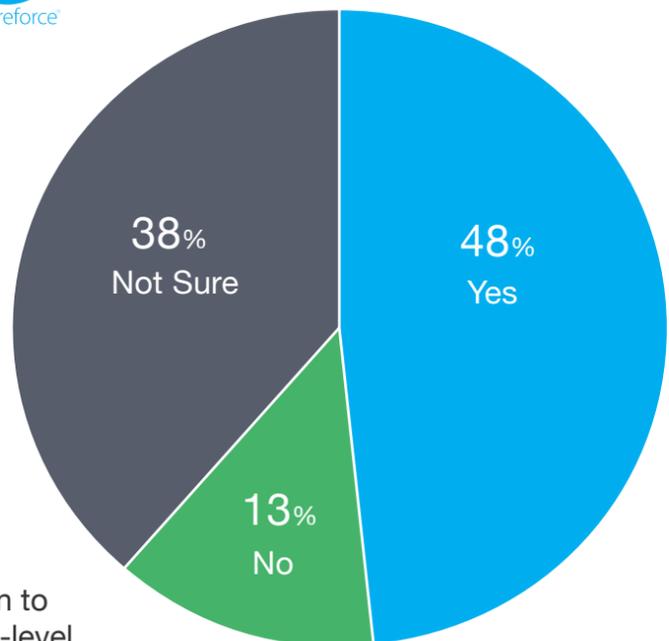
“Lastly, and I cannot stress this enough, deploying employee engagement tools that link scheduling, communications, tasking, events and performance in one place has become the key ingredient in driving that store staff culture, commitment and engagement that is critical in both retention and recruitment,” Loat said.

He said a retailers’ brand “rests largely in the hands of its associates and providing them with tools that give them more control over their destiny and the ability to have their voices heard is critical in nurturing them to become effective brand ambassadors, which in turn creates better customer experiences.”

Does your company plan to make investments in store-level technology solutions and/or capital improvements in the future?

48%

of survey respondents plan to make investments in store-level technology solutions and/or capital improvements in the future.



If yes, in what areas does your company plan to invest?

61% Sales Performance Management

50% Data Driven Insights

50% Employee Communication / Engagement

44% Workforce Management

33% Store Remodeling

22% BOPIS/BORIS or Curbside Pickup

17% Task Management

11% RFID

6% Other

61%

of those polled said they plan to invest in Sales Performance Management.

## STOREFORCE: Putting your Associates First

At StoreForce, we put your front-line store associates first and surround them with simple, easy-to-use tools to deliver performance, learnings, and insights. With WFM as the foundation, we bring together multiple point solutions into a single solution to schedule staff, drive performance, and arm associates with the tools they

need to deliver your brand to your customer. From best-in-class communication and tasking tools to employee engagement tools that promote flexibility, retention, and fun, to omnichannel tools that help Associates address the impact of digital transactions in the physical store, we strive to constantly reinvent tools that help our clients address the

most pressing issues in Specialty Retail today.

With installations in over 50 countries, StoreForce is proud to partner with world-renowned Retailers such as Vans, Crate & Barrel, Tory Burch, Build-A-Bear Workshops, Fabletics, ASICS, Journeys, Kate Spade, TNF, Lids, LUSH, Soft Surroundings, and many more.



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