



The People-Driven Side of Peak Selling Seasons

Examining Retail's 2023 Holiday Season Outlook and More

This report analyzes survey responses collected by Morning Consult on behalf of UKG September 8–20, 2023, from more than 500 retail executives and managers representing both the frontline and corporate perspective at small/medium and large U.S. retailers. Their feedback reveals insights into how stores are preparing for the 2023 holiday shopping season and other seasonal peaks while navigating staff shortages, labor costs, and inflation's potentially high-cost impact on traffic and transactions during retail's biggest seasonal surge.



In It to Win It

Competition urges retail stores to invest in what drives customer experience beneath the surface and center staff satisfaction to unlock 2023 holiday success.

Seasonal peaks are prime time for bagging new customers and reminding loyal shoppers why they love you. Whether driven by the end-of-year holidays, springtime home improvement, or back-to-school shopping, these and other busy retail seasons stir up competition and urge stores to always maintain balance between employee wants, business needs, and skyrocketing customer expectations.

At least 2 in 5 retailers say their stores' top staffing priorities when planning for seasonal spikes include keeping current staff engaged, happy, and satisfied (46%), scheduling the right people in the right place at the right time (44%), aligning finance budgets to labor needs and traffic/sales forecasts (42%), and delivering a seamless omnichannel experience (41%), as well as convenience for shoppers (40%).

Balance is critical. Leaning too far in one direction gets you nowhere. Investing in convenience for shoppers but *not* employees is a misstep. Throwing perks at store associates without investing in professional development and training to maximize their potential and impact on customer experience is also a misstep.

In essence, you have to understand that whether or not your storefront is a great place to *shop* depends heavily on whether or not your business commits to being a great place to *work*.

Surveyed in the weeks preceding retail's sharpest annual spike, leaders representing retail businesses in the U.S. share their collective outlook on the industry shaped by the challenges they've overcome and continue to address. The result is a comprehensive report looking at what's working and what's not when it comes to elevating manager and employee experiences in stores during the holidays and beyond.

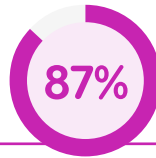
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2023 holiday season optimism in stores outshines uncertainty — *finally!*

Retail has overcome one unprecedented season after another since 2020. After navigating business during the height of the COVID-19 pandemic, keeping stores staffed during the “Great Resignation,” and balancing labor and supply in the shadow of an economic slowdown just one year ago, retailers are feeling optimistic and ready for the holiday season rush. And why shouldn't they? The absence of any grossly insurmountable challenge leading up to the 2023 holiday shopping season comes as a genuine breath of fresh air — for just about everyone.



of retailers agree:
“I am more optimistic about the 2023 holiday shopping season than I was about the 2022 season”

Rebounding from recession fears that defined the 2022 holiday season, store traffic and shopper demand — as well as employee headcount — are up year over year (YoY).



2 in 3 retailers report a YoY rise in store traffic and shopper demand.



3 in 5 retailers expanded employee headcount in stores YoY.

Retailers Get Ready for the 2023 Holiday Season Rush

A look back on the UKG® 2022 retail survey shows only 40% of retailers had planned to hire seasonal workers in stores for the holiday shopping season — whereas **96% of retailers today say their stores will increase headcount.**

The majority of retailers (80%) already started hiring for the 2023 holiday shopping season, including 28% who planned to kick off holiday hiring in October.



Competition for industry talent is stiff, but not unmanageable

Although 67% of small/medium retailers and 57% of large retailers are concerned about not being able to meet seasonal hiring goals in stores ahead of the 2023 holiday shopping season, the annual study finds that consistently fewer retailers are “desperate for talent” heading into the 2023 holiday season vs. the 2022 and 2021 seasons.

“My stores are desperate for talent.”

2021 87%

2022 85%

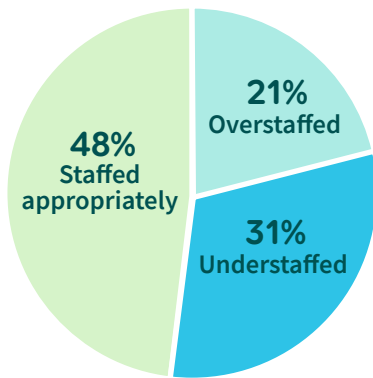
2023 74%



69%
OF RETAILERS SAY

“Understaffing is my biggest concern heading into the 2023 holiday shopping season.”

Retailers estimate stores are either under- or overstaffed more than half the time:



Understaffing has been among stores’ biggest challenges for many years, and 74% of retailers believe it will remain a lingering concern throughout peak shopping seasons in 2024. Today, three-quarters of retailers “somewhat” (43%) or “strongly” (32%) agree: **Customer expectations are simply higher than what many stores can deliver in terms of service.**

At least weekly, 1 in 3 retailers (32%) say staffing shortages limit their ability to adequately care for customers.



During the 2023 holiday shopping season, nearly half of all retailers (48%) think it’s likely their stores will be understaffed two to three days per week, while others expect stores could be understaffed four or more days a week. Taking proactive steps to maintain productivity, 43% of retailers say stores are cross-training employees now in preparation for the upcoming seasonal surge.

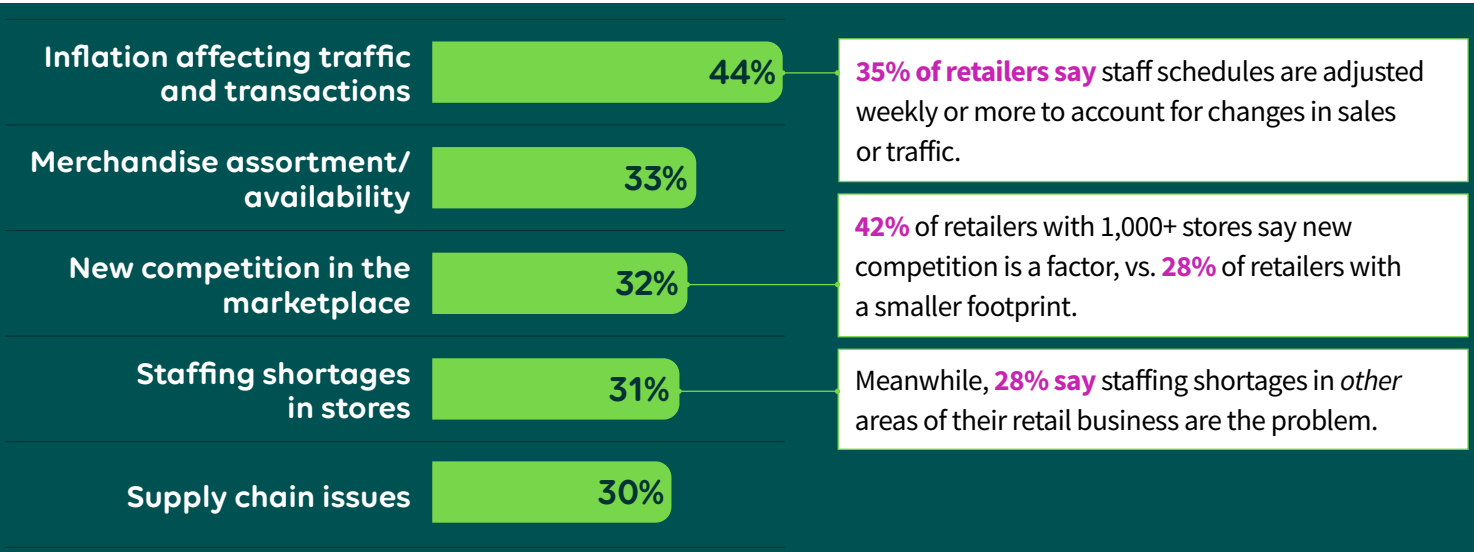


Retailers anticipate at least four days of understaffing per week throughout the holiday season.

Financially sound, but not without struggle

Despite prolonged staffing challenges, very few retailers say store sales or profits declined YoY. In fact, more than a quarter noted a “significant” increase (28% sales, 27% profits) while 44% recorded moderate increases for both. Another 18%–21% said store sales and/or profits neither increased nor decreased YoY.

Even so, **93% of retailers say their stores are actively struggling to meet sales goals** and identified the following as their major pain points heading into the holiday shopping season:



Inflation is on everyone’s minds. Its effect on consumer shopping habits — from traffic to transactions — is the No. 1 reason retailers are struggling to meet sales goals today.

Beyond sales, retailers view inflation as a larger obstacle to optimizing labor schedules in peak seasons or hiring to ensure staffing alignment with shopper demand. Additional challenges topping their lists in the lead-up to the holidays are staffing shortages and heightened labor costs.



Many retailers saw a moderate (41%) to significant (21%) rise in labor costs YoY.

Close to 70% of retailers increased starting wages for seasonal, hourly, and store management positions YoY. Among them, 21%–25% say stores have raised starting wages “significantly.”

62%
OF RETAILERS

“It seems like people don’t want to work in retail anymore.”

Why is that? Retailers weigh in:

- 1** People want higher pay than retail typically offers (52%)
- 2** Shoppers are more angry/aggressive now than in the past (41%)
- 3** People want more schedule flexibility than retail typically offers (39%)
- 4** People believe retail work is too demanding (38%)
- 5** Retail offers limited growth opportunities (37%)

Only 33% of retailers cited “health and safety risks” — which previously topped the list at 52% in 2022 — as a prime deterrent for industry employment. Instead, increased exposure to aggressive shoppers and other adverse situations (e.g., increased theft/loss in stores) climbed the list, selected by 41% of retailers in 2023 vs. 20% in 2022.



1 in 3 retailers say management typically responds to situations involving angry shoppers at least weekly.



What do retail employees and job seekers care about most when it comes to their employment?

		Are retailers prioritizing what matters most?	
		FOR EMPLOYEES	FOR MANAGERS
1	Wellness benefits e.g., mental-health support, childcare assistance, fitness stipend, paid family leave	61% YES 39% NO	65% YES 35% NO
2	Competitive pay	63% YES 37% NO	63% YES 37% NO
3	Core benefits i.e., health, vision, dental, retirement	62% YES 38% NO	70% YES 30% NO
4 TIE	Growth opportunities e.g., regular promotions, career path	60% YES 40% NO	65% YES 35% NO
	Frequent and transparent communication i.e., from HQ or store leadership	57% YES 43% NO	64% YES 36% NO
5	Schedule flexibility e.g., ability to swap shifts, work at multiple locations, pick up shifts	62% YES 38% NO	59% YES 41% NO

82%

of retailers:

"Store employees want **MORE SCHEDULE FLEXIBILITY** than we currently provide."



Retaining good employees: Is it a losing battle?

Most retailers (71%) agree it's even *more* difficult to retain good employees than it is to attract new talent, and research from **Great Place To Work®** in 2023 backs this up. The company found that only 2 out of every 3 retail employees in the U.S. (67%) plan to still be at their jobs within the next six months — well below other U.S. industries, which average 78%.



31%

OF RETAILERS

say hourly employees quit weekly — *sometimes daily* — in their stores.

55%

OF RETAILERS

have seen store associates quit within the past 30 days.

Around
HALF

OF RETAILERS

cited increases in both voluntary (54%) and involuntary (49%) turnover within the past 12 months.

1 IN 3

RETAILERS

said employee turnover neither increased nor decreased YoY.

Why are store managers quitting?

A third of retailers (33%) say store managers have quit within the past 30 days, and 22% said their managers are walking out weekly. The survey tracked very little change YoY, though managers' reasons for quitting have shifted.

According to retailers, these are the most common reasons their store managers gave when quitting:

- 1 Higher pay (36%)
- 2 More schedule flexibility (33%)
- 3 External promotion opportunity (30%)
- 4 Feeling overworked or burned out (29%)
- 5 Seeking work that gives them a greater sense of purpose (29%)

Manager experience varies at large vs. small/medium retail stores

Small and medium retailers witness more store-manager exits than do their larger competitors:

- Fifty-three percent of large retailers say store managers rarely quit vs. 39% of small/medium retailers
- One in 5 large retailers (19%) see store managers exit weekly vs. 27% of small/medium retailers

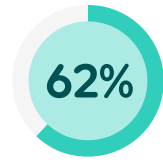
Small and medium retailers are more likely to see store managers leave for higher pay (42% vs. 30% of large retailers), a promotion (34% vs. 26% of large retailers), or because managers feel disengaged (31% vs. 22% of large retailers). Large retailers have more often seen managers leave in favor of work that gives them a greater sense of purpose (34% vs. 23% of small/medium retailers).

Adapting to economic pressures, managers shift priorities.

One year ago, only 22% of retailers said store managers quit for reasons related to pay. Instead, purposeful work was determined to be a more powerful driver compelling managers to seek new employment, with 52% of retailers citing this as a reason their managers were quitting.

Adopt and adapt

In stores, and during varying seasonal events throughout the year, success can be measured by multiple factors. But beneath the surface — behind the shiny inventory, interactive displays, and attractive prices — satisfied employees are crucial to keeping retailers in business. Store cleanliness, energetic staff, efficient transactions, memorable interactions with associates — these touchpoints make or break the customer experience, full stop. **You have to get the employee experience right year-round.**



62%
of retailers say employee satisfaction in stores is up YoY.

Investing in people is good for business. No matter how great your culture is today, every day is an opportunity to improve.

Q: Are your stores prioritizing ...	FOR EMPLOYEES	FOR MANAGERS
Workplace Culture	54% YES 46% NO	68% YES 32% NO
Supportive Managers	48% YES 52% NO	66% YES 34% NO
Professional Development and Training	58% YES 42% NO	66% YES 34% NO



21% of retailers say store managers have quit because of a poor experience with *their* managers.

“You know a great company culture when you see it. Great Place To Work defines it as one where employees feel seen and heard, where management is transparent, and where teams are proud and excited to work together. Becoming great requires the combination of many people-first initiatives, and it’s encouraging to see industry leaders now prioritizing this for not only managers, but their employees, too. Although, given how hard we know it is to retain talent, there is still opportunity for many to adapt and prioritize these initiatives in order to thrive.”

— **Rob Klitsch**, industry principal, retail and hospitality, at UKG

Nearly 9 in 10 retailers (87%) admit they could be doing more to support employees in stores with mobile technology.

On average, just 45% of retailers have equipped store staff with a mobile-enabled solution to complete common work tasks or access work-related information. Think: submitting time-off requests, swapping a shift, or sending out employee communications and managing employee schedules from a mobile device. For the most part, these actions or processes that could be exponentially streamlined by a mobile solution are being overlooked, and employees are left underserved by stores' technology constraints.

Embracing AI to uplevel manager and employee experiences

Around 1 in 3 retailers are leveraging AI to streamline valuable people processes. Think: short-term labor forecasting and long-term workforce planning as well as employee scheduling, DEI&B benchmarking, labor-law compliance, personalized training recommendations, and more.



“ More than a quarter of retailers (28%) say inefficient tools and technology for store employees are to blame for sales deficits, and even managers are pointing out their stores' technology shortcomings as reasons for quitting. They're not given the tools to excel in their roles and it's impacting their satisfaction — they're not as productive as they want to or can be. Oftentimes, it's easier to make the case for investing in consumer-facing digital upgrades, but when peeling back the layers and prioritizing employee satisfaction, retailers are seeing the benefits of solutions powered by AI or machine learning. This is especially true as digital demand for omnichannel services surges: AI is becoming necessary for stores to adjust to staff new business models.”

— **Rob Klitsch**, industry principal, retail and hospitality, at UKG

Retailers define the most critical business priorities for stores in 2024



- 1 Employee satisfaction (38%)
- 2 Customer experience (36%)
- 3 Employee training and development (30.8%)
- 4 Pay equity (30.6%)
- 5 Attracting and retaining talent (30%)
- 6 Employee schedule flexibility (29.6%)
- 7 Employee health and safety (29%)
- 8 Diversity, equity, inclusion, and belonging (28.8%)
- 9 AI/GenAI (28%)
- 10 Price optimization and promotion management (25%)

89% of retailers agree: Employees trained to handle a broad set of responsibilities are more productive.

Payday is more important than ever. Nearly 3 in 5 retailers (57%, up from 34% in 2022) are prioritizing daily pay options (i.e., earned wage access) to provide a more attractive financial incentive for job seekers and greater support for existing talent.

89% of retailers agree: Diversity among store staff helps improve the customer experience.

92% of retailers* agree: AI improves efficiencies for store managers and employees in the flow of work.

*Reflects feedback from retailers that have deployed at least one AI-driven solution to augment people-driven processes.

About UKG

At UKG, our purpose is people®. As strong believers in the power of culture and belonging as the secret to success, we champion great workplaces and build lifelong partnerships with our customers to show what's possible when businesses invest in their people. One of the world's leading HCM cloud companies today, UKG and our Life-work Technology™ approach to HR, payroll, and workforce management solutions for all people helps 80,000 organizations around the globe and across every industry anticipate and adapt to their employees' needs beyond just work. To learn more, visit ukg.com.

Survey Methodology: Research findings are based on a survey conducted by Morning Consult on behalf of UKG, Sept. 8–20, 2023, among a pool of 500 retail executives and managers representing both the frontline and corporate perspective at small/medium and large U.S. retailers. Industry segments include big box (30%), department store (23%), grocery (15%), specialty (10%), and others spanning discount, luxury, pharmacy, and wholesale (22%). The project's objective was to understand how U.S. retailers prepare for seasonal surges, including the 2023 holiday shopping season, while navigating staff shortages, high labor costs, and inflation to create memorable customer experiences in stores and increase revenues during peak seasons. All interviews were conducted online with adults 18 years or older. UKG has conducted similar holiday-season studies in 2020, 2021, and 2022.

For Additional Information:

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Our purpose is people

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