



Retail's 2020 Post-holiday Season Review

Hiring and staffing trends
defining the 2020 holiday
shopping season

This report is based on a study commissioned by UKG analyzing responses from 300 U.S. retail managers responsible for hiring and/or staffing decisions in stores throughout the 2020 holiday shopping season. See data delineating seasonal challenges, year-over-year trends, and insights that will help retailers streamline workforce operations in the year ahead.



Seasonal Hiring Challenges Persist Year Over Year

Were retailers prepared?

Despite best efforts to recruit seasonal staff for the unprecedented 2020 holiday shopping season, only 2 out of 5 retail managers (43%) felt they fully met their hiring goals, and a mere 1 in 3 deemed their stores fully prepared (35%) or felt they had adequate headcount to consistently meet shopper demand (33%) throughout the holiday season.

Seasonal hiring challenges intensify

Nearly all retail managers surveyed (96%) said their stores faced hiring challenges related to scaling their workforce for the 2020 holiday season, and 35% said it was more difficult to meet seasonal hiring goals this year than last. Interestingly, a comparative 2019 UKG survey* revealed a consistent trendline: 94% faced hiring challenges, and 27% said it was more difficult to rehire, recruit, and attract seasonal talent compared to the preceding 2018 season.

If hiring for the holidays is already becoming increasingly burdensome year over year, a pandemic certainly didn't help. Retail managers identified many recruitment challenges, including:

- Recruiting employees capable of performing many in-store duties (49%)
- Competing with other retail stores for talent (43%)
- Getting in front of qualified applicants (41%)
- Recruiting former seasonal employees (31%)
- Identifying top talent from a large pool of applicants (30%)
- Keeping candidates engaged (25%)

41% of retailers said employee cross-training was more of a focus over the 2020 season than during the 2019 holiday months.

Large vs. small and medium sized retailers

Seasonal recruitment strategies differ

More than 100 Stores

Retailers with 100+ stores (large retailers) were more likely to offer flexible schedules (67% vs. 60% of small/medium retailers) and enable associates to swap a shift with a co-worker (49% vs. 40%) or set their own schedule preferences (30% vs. 27%), depicting a technology-enabled culture through which work-life balance prevails.

Less than 100 Stores

Retailers with fewer than 100 stores (small and medium retailers) were more likely to offer employees free COVID-19 testing (40% vs. 19% or large retailers), financial incentive to stay through the season (34% vs. 13%), performance-based bonuses (32% vs. 20%), free meals (24% vs. 10%), financial wellness benefits (20% vs. 13%), and mentorship opportunities (17% vs. 10%), illustrating a culture of caring shaped by unique perks that drive toward enhancing overall employee wellness.

Measuring preparedness

Related to seasonal staffing, more small and medium sized retailers said stores were “fully prepared” for the 2020 holiday season (38%) compared to large retailers (32%). However, more small and medium sized retailers said it was a challenge for stores to comply with local or regional laws (31%) and meet candidates' expectations around workplace technology (27%) compared to large retailers (14% and 21%, respectively). Further, while 20% of small and medium sized retailers admitted to using an “outdated” application process, fewer than 1 in 10 large retailers (7%) said the same.

* The 2019 Retail Holiday Hiring Pulse Survey was conducted from Dec. 19, 2019 to Jan. 6, 2020 among 300 U.S. retail managers.

Recruiting a dynamic seasonal workforce

52% vs. 23%

**More retailers
invested in talent
acquisition technology
in 2020 vs. 2019**

50% vs. 21%

**More retailers
invested in onboarding
technology in 2020
vs. 2019**

Within the past 12 months, half of retail managers surveyed (52%) said their organization made a new investment in talent acquisition technology, while 50% made a new investment in onboarding technology. Prior-year data shows these figures have more than doubled: Ahead of the 2019 holiday season, far fewer retailers made a new investment in talent acquisition (23%) or onboarding technology (21%). Interestingly, small and medium sized retailers invested in talent acquisition (61%) and onboarding technologies (58%) at a noticeably higher rate than large retailers (42% and 40%, respectively).

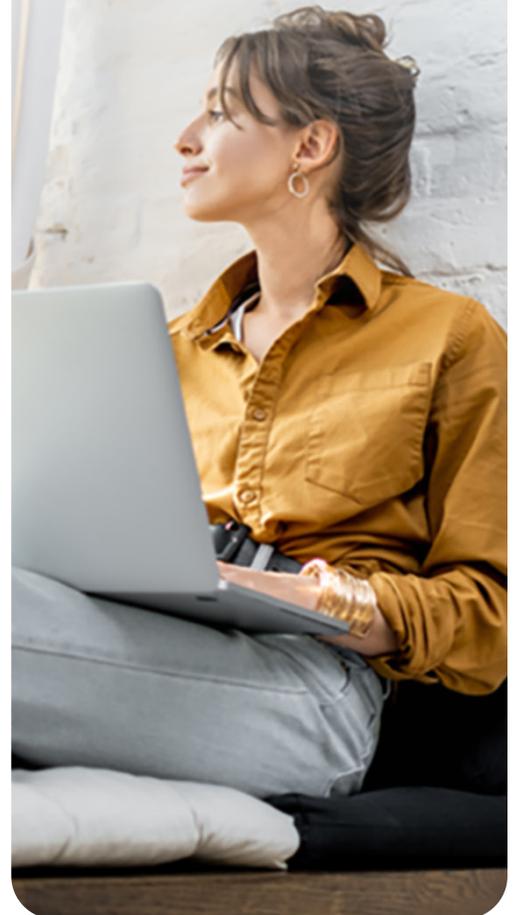
- To fill seasonal job openings for the 2020 season, many retailers proactively recruited past seasonal workers (72%), prior applicants (72%), as well as employees who had been furloughed or laid off earlier in the year (68%). Interestingly, small and medium sized retailers were more likely to reach out to past seasonal workers (78%) or offer employees a referral bonus for their help identifying new, best-fit talent (52%) compared to large retailers (66% and 36%, respectively).
- 82% promoted job openings via social media, and about half (52%) communicated with candidates via a social platform—though the latter was more of a trend among small and medium sized retailers (65%) compared to larger retailers surveyed (38%). Similarly, small and medium sized retailers were more likely to communicate with candidates via text message (57% small/medium vs. 43% large).
- To attract top talent, more retailers offered healthcare benefits (31%) and paid time off (27%) in the 2020 season compared to 2019 (23% and 21%, respectively). More retailers also allowed seasonal staff the flexibility to work at multiple store locations (25% vs. 18% in 2019) and guaranteed a minimum number of hours per week (41% vs. 39% in 2019).
- 92% of retailers informed candidates about in-store safety policies during the recruitment process.
- 71% of retail managers said stores onboarded 2020 seasonal hires in waves over a span of at least two months, which is a significant year-over-year increase from 41% in 2019.

19% began seasonal hiring before Labor Day

21% finished hiring ahead of Prime Day (Oct. 13-14)

51% completed seasonal hiring by October 31

27% were still hiring seasonal workers after Black Friday



Mapping Seasonal Store Performance

Employee absence and attrition continue to impact retail's bottom line

Understaffing is proving to be a persistent issue as 2 in 3 retailers (66%) lacked adequate headcount to consistently meet the demands of the holiday rush in stores throughout both the 2019 and 2020 seasons. Staffing issues—which pose an impact to productivity, labor costs, store revenue, customer satisfaction, and employee engagement—need to be addressed.

Tracking attendance throughout the 2020 holiday season

Although retail managers calculated that stores were, on average, more often staffed appropriately (59%) than they were understaffed (30%) or overstaffed (12%) in a typical week* during the 2020 holiday shopping season, staffing misalignment still proved costly.

- 29% of retail managers said unplanned employee absence in stores led them to pay more overtime than expected, up from 22% in 2019. However, it was large retailers (33%) that felt the brunt more so than small and medium sized retailers (25%).
- At least 2-3 times a week during the 2020 holiday season, 32% of retail managers said employees would call out of shifts with less than 24-hour's notice, while 24% said employees ghosted shifts (no call, no show) at the same frequency.
- Lateness was an issue, too: 35% said employees did not show up on time for scheduled shifts at least 2-3 times a week.
- On Black Friday, 9% of large retailers experienced understaffing and 14% experienced overstaffing. In comparison, small and medium sized retailers were more understaffed (14%) than they were overstaffed (10%) on Black Friday.

**Percentages do not equal 100 due to rounding.*



Unplanned absences cost retailers 1 hour for every 10 hours of labor budgeted

(According to UKG's 2018 [Global Retail Absence Survey](#))



Retailers underestimated how stressful COVID-19 would be for their frontline workforce

In October 2020, a UKG survey* of retail leaders found 72% anticipated store employees would “often” feel anxious or stressed out about COVID-19 while at work during the holiday season. Reflecting on the season, however, it turns out:

- 42% of retail managers surveyed near the end of the season said store employees expressed feelings of anxiety or stress related to COVID-19 while at work at least 2-3 times a week, while 81% said store employees expressed these emotions at least once a month.
- Additionally, 48% said store employees quit at least once a month due to personal concerns about COVID-19, while 14% said these employee departures occurred at least 2-3 times a week during the 2020 holiday shopping season.
- 31% of retail managers said employee burnout was more of a concern in stores during the 2020 Black Friday shopping rush compared to 2019; 29% agree that store staff morale throughout the 2020 holiday season was generally lower than in prior years; and 27% acknowledged that stores experienced higher mid-season turnover compared to the 2019 holiday season.

“Emotional connection and support have become increasingly important parts of leadership and company culture. Hearing and addressing your employees’ concerns is critical to their engagement and retention—and understanding how your people are feeling is the first step towards improving their experience at work. Anxieties resulting from the difficult circumstances that many retail workers faced throughout the 2020 holiday shopping season could have been alleviated by managers, if only those leaders were equipped with tools to collect and analyze employee sentiment in real time. With the right tools, managers can see instantly what really matters to their teams, and can take action that actually makes a difference.”

John Machado,
chief technology officer, UKG

* *“Retailers Rethink Holiday Season Strategy” a pre-holiday season UKG survey of 300 U.S. retail managers.*

Measuring bottom-line impact in stores

Although 2 in 5 retailers (41%) saw a noticeable drop in holiday sales volume in stores this year, nearly just as many—37%—recorded an increase in in-store holiday sales. As a matter of fact, retail leaders surveyed prior to the holiday season predicted a less-favorable outcome: 49% assumed in-store holiday sales would decrease year over year, while only 28% predicted an increase.

- Throughout the 2020 holiday season, 52% of large retailers and 37% of small and medium sized retailers found that buy online, pickup in-store (BOPIS) options, including curbside pickup, were utilized more frequently in stores as a result of the COVID-19 pandemic. Additionally, 43% of large retailers and 36% of small and medium sized retailers said these options were favored by customers over in-store shopping on Black Friday.
- In October 2020, a UKG survey found many retailers had dramatically increased availability of curbside pickup options: 4 in 5 retailers (83%) said they would offer curbside pickup in at least some stores during the 2020 holiday season—compared to just 44% in 2019 and 34% in 2018. The data suggest that the versatility and resilience of retailers helped many survive the season as customers still shopped even if many less physically entered stores.

41%

**YoY in-store
holiday sales
volume decreased**

37%

**YoY in-store
holiday sales
volume increased**

22%

**In-store holiday
sales stayed about
the same YoY**

Seasonal Staff Snapshot

Seasonal staff proved vital throughout the holiday rush. However, 43% of retail managers had difficulty retaining seasonal workers, and more than half (55%) said attendance issues were more prominent among seasonal workers than permanent employees. While 50% of retail managers said seasonal workers outperformed their permanent staff in 2019, far fewer—just 37%—said the same this year.

- Nearly 3 in 4 small and medium sized retailers (71%) and 60% of large retailers agree: Returning seasonal employees—those who have existing familiarity with the job—were the 2020 season’s “highest performers.” However, 31% of retail managers overall said they were challenged to get former seasonal staff to return for the 2020 season.
- According to 34% of retail managers, their stores will typically extend offers to high-performing seasonal staff to hire them as permanent employees, but 39% feel strongly that their organization’s process to hire seasonal workers should be easier.

**89% - “Seasonal staff
were instrumental
in helping reach our
sales goals.”**

**86% - “I am confident
that we hired the
right people.”**

**86% - “Seasonal
staff had a positive
impact on customer
experience.”**

COVID-19: Disrupting Retail's Most Profitable Season

What did 2020's biggest wild card mean for the holiday shopping season?

In addition to the 75% of retailers that furloughed employees within the first six months of the pandemic, more than 1 in 5 retail managers surveyed at year end (22%) said that stores were forced to unexpectedly furlough or let go of staff mid-holiday season for reasons related to COVID-19. Further, 41% of managers shared that, due to COVID-19 protocols and/or risks, their retail workforce was smaller in 2020 compared to the 2019 holiday season—and 48% cited a smaller year-over-year workforce on Black Friday.

COVID-19 cases rise among retail associates

Compared to the start of the season—when 2 in 3 retail leaders (67%) said they were aware of a store employee testing positive for COVID-19 during the first 6 months of the pandemic—end-of-season data reveals that nearly 3 in 4 retailers (73%) had a store employee test positive for COVID-19 over the 2020 holiday season, with 84% saying store employees were forced to quarantine.

We asked retail managers:

How often did store employees test positive for COVID-19 throughout the season?

- 6% Almost Daily
- 6% 2-3 times a week
- 19% Several times in a month
- 17% Around once a month

How often were store employees in quarantine for reasons related to COVID-19 throughout the season?

- 7% Almost Daily
- 10% 2-3 times a week
- 22% Several times in a month
- 23% Around once a month

89% of retail managers believe their organization has an obligation to notify employees who may have been in contact with a co-worker who tests positive for COVID-19.



Retailers adhere to COVID-19 advisories and local curfews

Throughout the 2020 holiday season, 2 in 5 retail managers said they experienced state or local restrictions that impacted store hours (41%)—including on Black Friday (40%).

13% of retail managers said they decided to close at least one store on Black Friday due to a regional spike in cases and/or health advisories. Only a quarter of retailers (25%) said their stores were open on Thanksgiving Day.

Managers continue to prove vital to store success

30%

said retail staff had difficulty enforcing in-store safety measures (e.g., masks, social distancing, occupancy limits)

Store managers have always played an important role in minimizing turnover by keeping employees engaged and driving store performance to ensure revenue goals are met. But throughout the 2020 holiday season, 3 in 4 large retailers (73%) and 3 in 5 small and medium sized retailers (58%) said store managers were juggling far more responsibilities.

In many ways, modern workplace technology is empowering managers to accomplish their many goals in new and streamlined ways:

- 83% said store managers have the tools to effectively forecast labor needs—and ideally avoid future over/understaffing issues.
- 73% said managers use a task management solution to systematically ensure important in-store tasks— such as cleaning and sanitizing—are completed properly.
- 73% said an internal communications platform enables managers to easily share updates with employees—a critical function in the age of COVID-19 when managers need to be able to broadcast both companywide and targeted communications in real-time and on short notice.

With everything stacked against retailers, the burden lies on managers to execute on an all-new set of in-store safety requirements in addition to running day-to-day store operations. Throughout this challenging season, we have seen workforce technology emerge as a lifeline for many.

Amanda Nichols, senior manager, retail, hospitality, and food service practice, UKG

Retail priorities align to protect employee well-being

Large retailers

- Employees were required to wear masks (90%)
- Customers were required to wear masks (88%)
- Stores enforced social distancing (82%)
- Have a bereavement policy, i.e., store associates receive at least one paid day off (64%)
- Have a quarantine pay policy (53%)

Small and medium sized retailers

- Employees were required to wear masks (79%)
- Customers were required to wear masks (70%)
- Stores enforced social distancing (66%)
- Have a bereavement policy, i.e., store associates receive at least one paid day off (42%)
- Have a quarantine pay policy (40%)

What does 2021 have in store for the retail sector?

- 79% of retailers surveyed predict in-store safety restrictions will indeed begin to ease up in 2021, and 35% think policies around social distancing, occupancy limits, and/or mask requirements could begin to lighten within the first half of the year.
- More than half (54%) agree that utilization of curbside pickup options will expand, while fewer than 2 in 5 (38%) believe utilization of “store to door” delivery options will continue to increase.
- 48% predict the utilization of contactless technology in stores—e.g. mobile payments, touchless timeclocks, touchless temperature scanners, etc.—will continue to increase.
- 41% predict that catering to the needs of frontline workers will be critical to retailers’ success in 2021, just as 40% believe the focus of retail hiring will shift from customer-facing roles to order fulfillment roles, and 29% predict retailers will increase their investment in logistics and distribution channels.
- Only a quarter (25%) of retail managers surveyed think the changes we saw in consumer shopping behaviors throughout 2020 are relatively permanent. Others feel it’s more likely that consumer behaviors will revert to previous status. Similarly, just 27% think BOPIS sales, including curbside pickup, will exceed in-store sales this year.



About this Report

Survey Methodology

This survey was commissioned by UKG and conducted online by Qualtrics from December 9-25, 2020, among a pool of 300 U.S. retail managers—including store managers, assistant/associate store managers, district/regional managers, and owners—who are responsible for in-store hiring and/or staffing decisions across numerous retail segments: apparel and accessories, big-box, consumer electronics, department stores, discount, drugstores, hardware/home improvement, housewares, luxury, and sporting goods/recreation. Nearly half of respondents work at a retail business that operates 100+ physical stores (49%) and employs more than 5,000 employees (49%).

Kronos Incorporated and Ultimate Software merged on April 1, 2020, and on October 1, 2020, became UKG.

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