



# Retail's 2021 Holiday Season Outlook

**Retailers Reveal Confidence  
in Stores and Priorities for  
Peak-Selling Season**

*This report analyzes survey responses collected between August 31 and September 9, 2021, from more than 300 store managers, owners, and executives to understand how retailers in the U.S. are preparing for the 2021 holiday shopping season amid year two of the COVID-19 pandemic while facing rising pressures of a surging labor crisis and global supply chain demands.*



# Retailers Selling an Optimistic Outlook

U.S. retailers retain a surprisingly optimistic outlook for the 2021 holiday shopping season amid year two of the COVID-19 pandemic despite rising pressures of a surging labor crisis and global supply chain demands.

- Labor shortages left 68% of retail stores struggling to meet sales goals this summer, and most (88%) are concerned about burnout and fatigue among store associates, entering peak-selling season.
- A startling 75% of retailers said customer expectations are higher than what stores can deliver in terms of service due to the labor crunch, and 85% expect supply chain issues with further impact shoppers.
- Even so, retailers are confident: More than 9 in 10 agree they'll be able to deliver a positive experience for customers (53% strongly agree, 41% somewhat agree) and associates (50% strongly agree, 43% some-what agree) over the course of the season.
- Retailers are also optimistic about customers returning to stores for holiday shopping: Many predict a significant rise in store traffic over the prior year, including on Black Friday (88%).

Brick-and-mortar retailers will once again demonstrate incredible resilience during the second COVID-era holiday shopping season. Having fully implemented new service models, they're marching toward the end of the year with a plan to hit revenue goals by creating memorable experiences and normalcy for customers, despite the obstacles.

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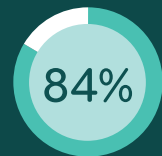
**Rob Klitsch,**  
Director of the Retail, Hospitality,  
and Food Service Practice at UKG

# Desperately Seeking Seasonal Associates

**Staffing — more than safety — will be stores' greatest holiday hurdle.**

With the labor crunch weighing on retailers' minds, 64% expect stores will see a year-over-year drop in employment over the holiday season, and 1 in 4 (26%) expect staffing shortages and unplanned absences could result in daily understaffing.

But stores aren't throwing in the towel just yet. Doubling down on hiring, many are actively recruiting seasonal staff to a greater extent than in years past (52%). In fact, 80% began recruiting seasonal associates well ahead of the holiday surge, including 46% who started recruiting *before* September 1st.



**84%**  
**OF RETAILERS**  
will try to retain seasonal employees postseason.



**78%**  
**OF RETAILERS**  
will cross-train employees to work multiple store roles.

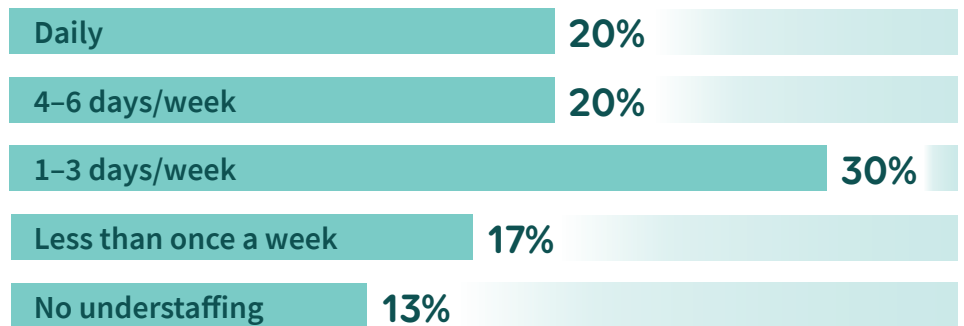


**65%**  
**OF RETAILERS**  
say they'll lean on gig workers to flex staff based on demand.



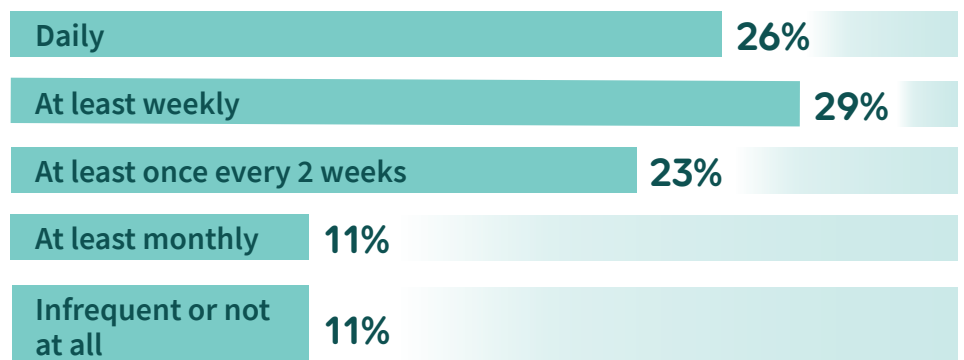
### Look Back:

2 out of 5 retailers say stores were understaffed at least 4 days a week in August 2021.



### Look Ahead:

More than half of retailers expect shifts will be understaffed at least once a week throughout the holidays.



# Why Are Retailers Struggling to Attract Workers?

73%

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



## Top 5 Reasons People Don't Want to Work in Retail, According to Retailers

1

People want **HIGHER PAY** than the retail industry typically offers

39%

2

People have **FEARS ABOUT CATCHING COVID-19** at work

36%

3

Frontline **RETAIL WORK HAS BEEN PARTICULARLY GRUELING** during the pandemic

32%

4

People would rather collect **UNEMPLOYMENT BENEFITS** than work

29%

5

People want more **FLEXIBILITY** than the retail industry traditionally offers

27%

It's becoming increasingly obvious that job hesitation — rather than job availability — is the reason we're not seeing a meaningful increase in workforce activity. The remarkable number of available jobs is made null and void so long as people remain unwilling to jump back into the market, whether that be due to family and child-care obligations, salary and benefit requirements, changing job paths, or the surging delta variant.

Despite many calls to get back to normal, fears of catching COVID are still real. Even with federal unemployment benefits ending, many might be saying, 'What's the harm in staying home a few months longer?' as our nation watches the Delta Variant and waits to see how booster shots and youth vaccines are rolled out.

**To quell fears and fill shifts, retailers need to build confidence among potential employees that they will be valued, supported, and protected on the frontlines during the busiest season of the year.**

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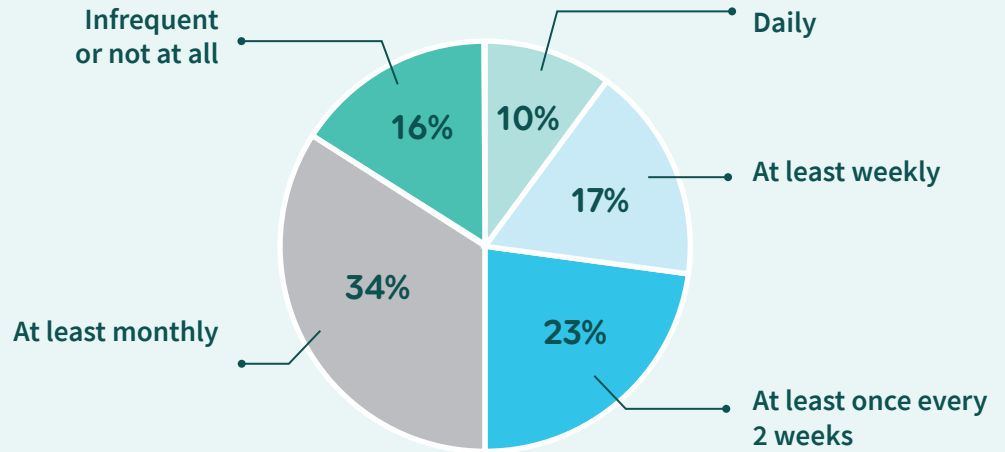
Dave Gilbertson,  
Vice President at UKG

# Turnover Expected to Plague Stores This Season

83% of Retailers Agree: **It's more difficult to retain good employees than it is to attract new talent these days** — especially as surging demand for seasonal staff makes it more challenging than ever to compete with other retailers in terms of pay, benefits, and hiring incentives.

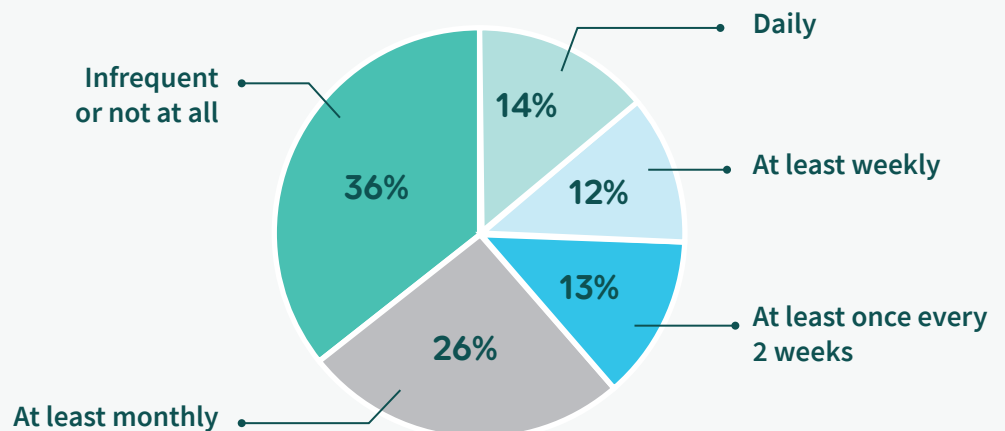
## Voluntary Turnover:

10% of retailers expect employees to quit daily.



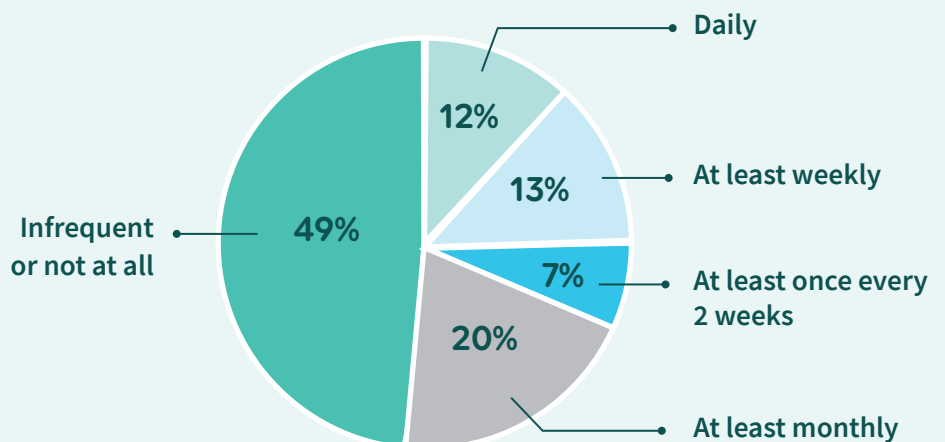
## Involuntary Turnover:

Less inclined to fire the talent they have, 2 in 3 retailers predict involuntary turnover will be rare.



## Manager Turnover:

Nearly 50% of retailers predict little to no turnover among managers, who are essential to store success year-round.





63%

OF STORE MANAGERS  
are responsible for picking  
up extra shifts to cover  
staff shortages

75%

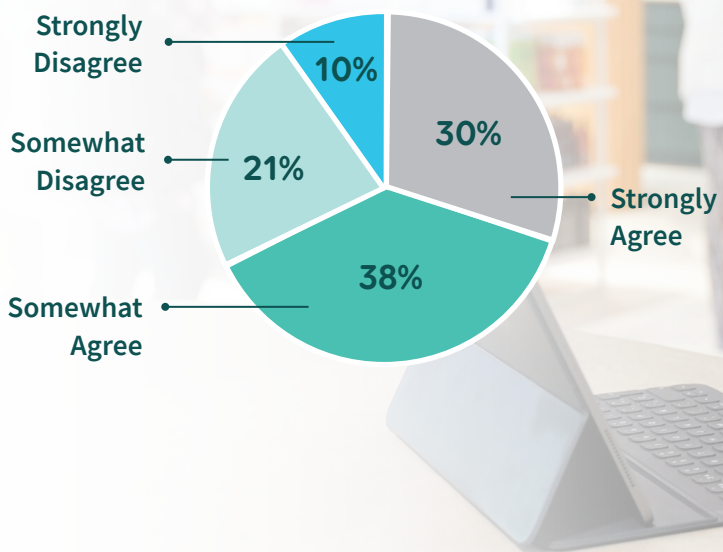
OF STORE MANAGERS  
are responsible for training  
and onboarding new  
hires over the course  
of the season

95%

“It is more important to fill  
open permanent positions  
than to hire temporary  
seasonal store staff.”



68% of stores are struggling to meet sales goals due to the retail labor shortage.



Examining responses from those who are struggling to meet sales goals, **91% said customer expectations are higher than what their stores can deliver in terms of service.**



We also learned that struggling retailers are **less confident** they'll be able to fully meet in-store hiring goals before the season starts (84% vs. 72% of all retailers surveyed).



In the month of August, 78% of underperforming retailers said their stores were understaffed at least one day a week, compared to 71% of all retailers — and **nearly all agree their stores are “desperate for talent” (94% vs. 87% of all retailers).**

**“We are on track to experience the worst holiday hiring season in memory.”**

(75% of struggling retailers agree)

# Investing in People is Good for Business

Bonuses, store discounts, and work perks are great, but these things won't matter if the pay, benefits, and culture don't add up to meet workers' basic work-life needs and expectations.

By focusing on what people really care about when it comes to employment — i.e., raising wages and offering innovative and impactful benefits — 1 in 5 retailers said they've been able to largely overcome present staffing challenges.

7 in 10 retailers made direct, long-term investments in their people in 2021:

32% raised wages for at least 10% of their workforce

31% raised starting pay\*

28% introduced at least one new benefit\*

22% expanded healthcare or leave benefits\*

*\*Between March and August 2021*

63%

OF RETAILERS raised pay for seasonal hires.

Average increase equals  
**+\$3.90/HOUR**  
year over year

## To Solve the Labor Crisis, Reconsider the True Cost (and Value) of Labor

For the first time in roughly 30 years — since the U.S. recession of the early 90s — we are seeing more job openings than there are unemployed people in this country. This is especially true in retail as job creation spikes in anticipation of the holiday shopping season. People looking for jobs have more opportunity than ever to choose an employer that truly meets their needs, whether in terms of pay, flexibility, benefits, or culture.

This of course is putting pressure on employers to increase employee benefits, rethink shift flexibility, and to reevaluate how they're training their managers, which we know to be the biggest indicator of turnover in any store. How employers treat their employees will be a lasting impact from this pandemic.

**Retailers need to know it's not just about compensation. It's about flexibility and showing that you value your associates. It's about training and developing your workforce and making sure people feel that they're starting a career, versus just working day to day.**

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Dave Gilbertson,  
Vice President at UKG

# What pandemic-era jobseekers demand: Schedule Flexibility, Stability, and Development



Finding ways to introduce greater flexibility into frontline work should be a top priority for every retailer — particularly those hoping to appeal to Gen Z, draw caregivers back into the workforce, and optimize scheduling across multiple stores or brands. Today, 40% of retailers are taking steps to accommodate hourly employees' availability and scheduling preferences when building staff schedules in stores, and about half let employees work across multiple store locations if they wish (54%).



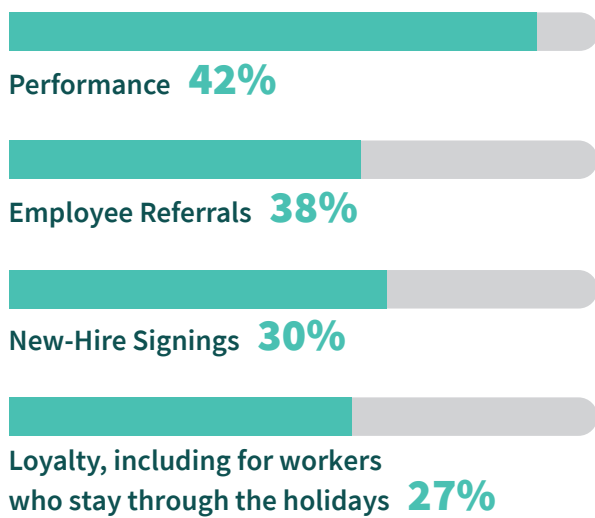
56% of retailers offer professional development opportunities to help store employees advance within their company.



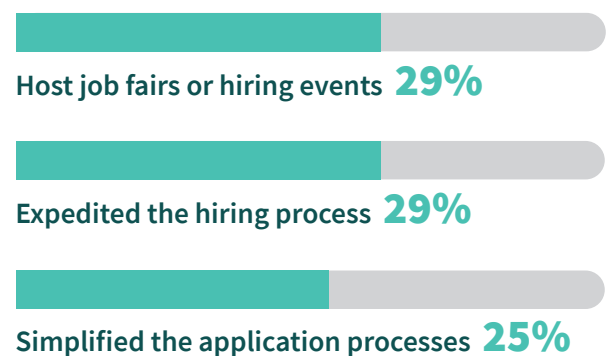
Marking a trend in the right direction, 54% of retailers guarantee associates a minimum number of scheduled hours per week, providing a level of stability that most employees desire.



## Fighting to retain and attract store staff, retailers dish out a variety of bonus incentives...



## ...and have streamlined hiring by:



## Other benefits and perks extended to hourly associates include:



"Providing basic benefits will no longer allow retailers to stand out in a competitive labor market. What is needed are innovative and impactful offerings to differentiate a store's work culture from competing employers — and these incentives more often than not pay for themselves. By creating a fulfilling experience for employees, retailers regularly succeed in retaining their highest performers most capable of enriching the experience for shoppers, which in turn equates to higher sales. It's a win-win philosophy."

**Rob Klitsch,**  
Director of the Retail,  
Hospitality, and Food  
Service Practice at UKG

## Health Check:

# Retail's Frontline Working Economy

According to the UKG Workforce Activity Report, retail continues to see the strongest recovery across all U.S. industries following a universal decline in hourly shift-work volume at the start of the pandemic, when 44% of retail shifts were lost in a span of just four weeks.

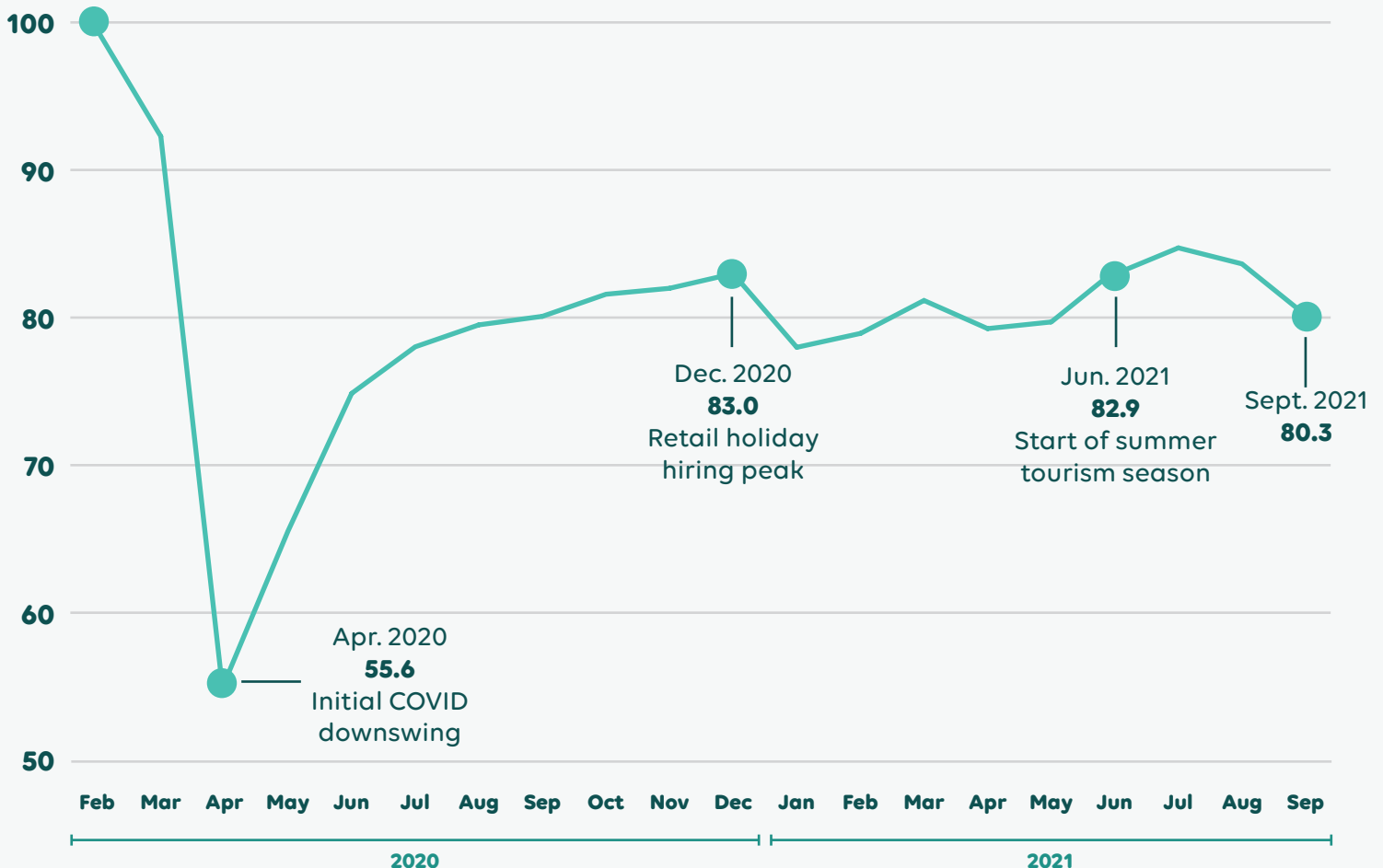
- The UKG Workforce Recovery Index, a measure of employee shift-work losses and gains during the COVID-19 pandemic, puts retail shift recovery at 80.3 out of 100\* following a 3.7% decline in September likely indicative of the summer season winding down.
- Another month has gone by without the job creation acceleration economists have been predicting, though annual onboarding trends indicate we'll see an uptick in retail shift work in October, more growth in November, and very strong performance in December. However, UKG's labor index suggests workforce activity in the retail sector won't return to a pre-pandemic "normal" until early 2022.



**Seasonal onboarding peaks in October and November, continues through the holidays**

August or before	12%
September	19%
October	27%
November	24%
December	18%

*% of seasonal associates onboarded per month*



Source: [UKG Workforce Activity Report](#), \*100 represents a pre-pandemic baseline

# Managing Store Safety

In preparation for the holiday shopping season, 81% of retailers are bolstering contactless systems and in-store safeguards put in place when the pandemic began.

To protect the health and safety of all, **74% of retailers said they'll require employees to wear masks in stores, and mask mandates for shoppers are even more likely:**

- 45% of retailers say masks are already required for shoppers entering some or all of their stores today, while another 40% say it's "extremely likely" they'll require customers to mask up in at least some stores by the time the holiday season kicks off.
- Nationally, a scant 9% said a mask requirement would be unlikely for shoppers over the holiday season.

**NOTE TO SEASONAL JOBSEEKERS:**

**54%**

**OF RETAILERS**  
will require seasonal staff to be vaccinated against COVID-19.\*

Meanwhile,

**32%**

**HAVE NO PLANS TO REQUIRE VACCINATION,**  
though 15% will incentivize seasonal staff who show proof.\*

\*Survey fielded before President Biden announced employer vaccine mandates.

# Demand Holds Steady for Curbside, BOPIS, and Delivery

Nearly all retailers (90%) expect in-store fulfillment will be even more popular this holiday season than in 2020, and **88% expect many customers — if given the choice — still prefer to shop with as little contact as possible.**



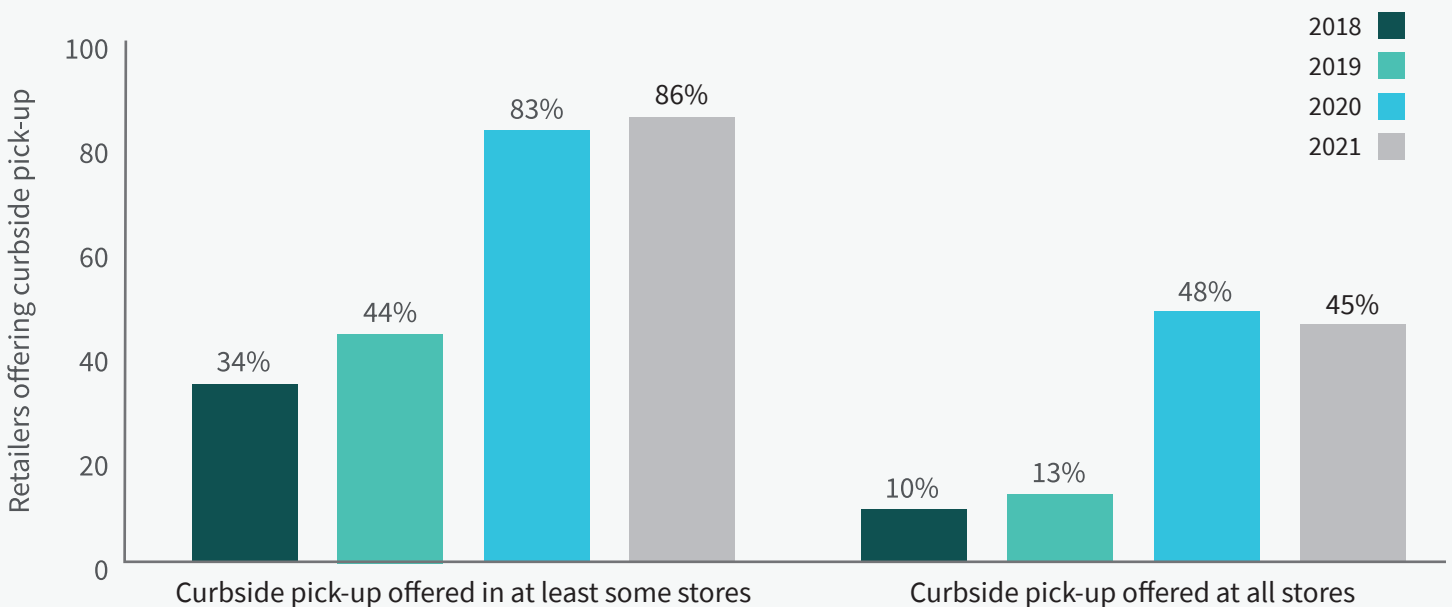
51%

allow guests to book private or semi-private store visits

43%

offer self-checkout or other consumer-facing automation

Although not a significant rise, **86% of retailers — up from 83% in 2020 — said at least some stores will offer curbside pickup throughout the holidays.** However, just 45%, compared to 48% in 2020, said curbside will be offered at all locations, signaling a slight decrease year over year in retailers' commitment — *or perhaps bandwidth* — to support contactless retail solutions.





78% of retailers are seeking dedicated staff to support fulfillment services this season.



“Buy online, pickup in store” (BOPIS) will be the most common online fulfillment service offered, with 62% of retailers making it available across all stores. Only 9% won’t allow customers to buy online and pickup in store.



“Buy online, return in store” (BORIS) will also be available from 90% of retailers in some (31%) or all (59%) stores.



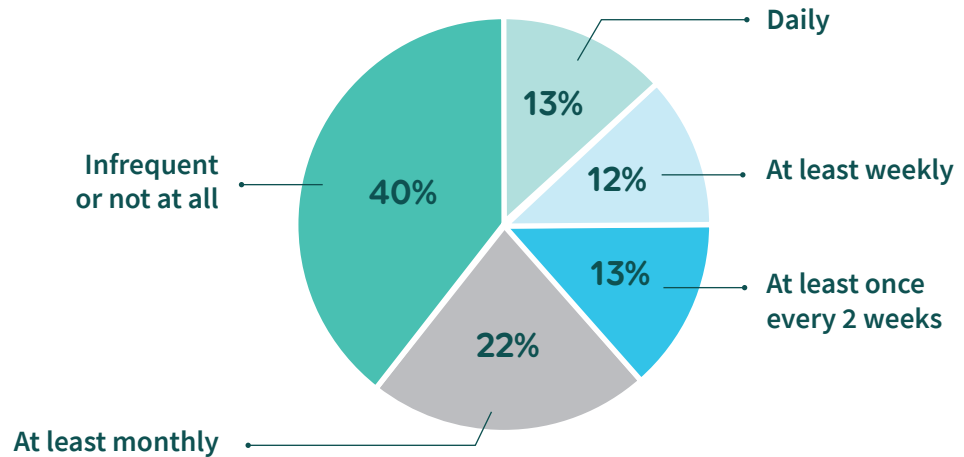
Ship-from-store and local store-to-door delivery services, though slightly less common, will be offered by 84% and 80% of retailers, respectively.

**Whether out of necessity due to the job market or in response to consumer preference for contactless solutions, 75% of retailers predict technology will eliminate many customer-facing retail jobs within the next 5 years.**

# Confidence Is High Where COVID-19 Cases Are Concerned

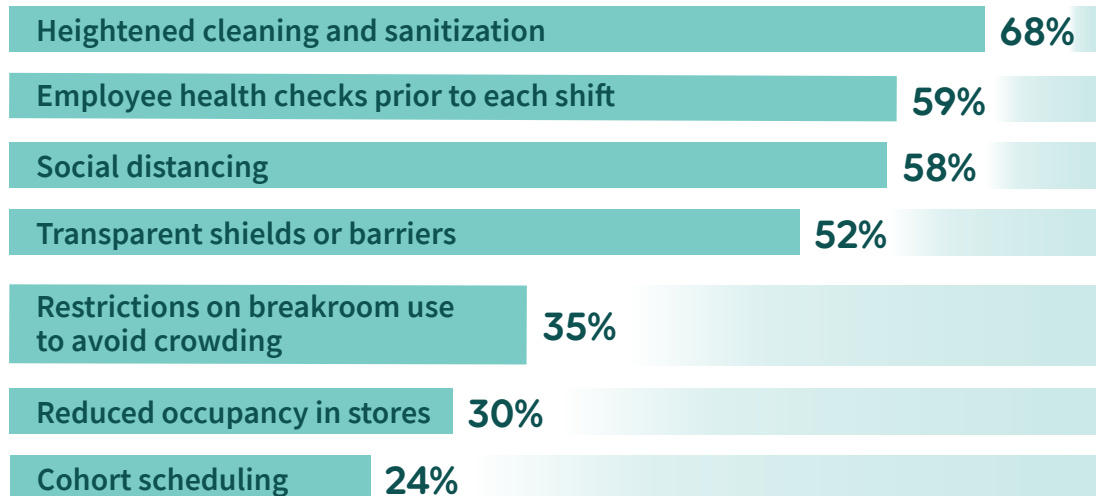
Few retailers got through the 2020 holiday shopping season without a member of their workforce contracting COVID-19: 73% said employees tested positive for the virus.\* While this year could easily mirror the same results with highly transmissible variants emerging, retailers have 18+ months of pandemic preparation under their belts and are feeling more confident than ever: **40% expect cases among store staff to be infrequent or non-existent.**

**Retailers predict frequency of COVID-19 cases among store employees:**



If an employee tests positive for COVID-19, nearly all retailers (97%) have confidence their store managers know exactly how to handle the situation.

**Other safety features and policies are likely to include:**



In addition to keeping staff engaged, driving performance, and filling labor gap, managers are responsible for enforcing safety policies among employees (85%) and shoppers (75%).

\*Source: "Retail's 2020 Post-Holiday Season Review," published January 2021

# Top Priorities in 2022

Regardless of whether we fully emerge from the COVID-19 pandemic in 2022 or continue to feel its global effects, **retailers identify their top priorities for the next 12 months** in hopes of minimizing or eliminating uncertainty in store operations.

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52% Safety Related to COVID-19

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46% Meeting Customer Demand

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35% Workplace Flexibility

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33% Pay Equity

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30% Labor Management

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30% Minimum Wage Increases

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24% Investing in Hourly Workers

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23% Multichannel Order Fulfilment

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21% Predictive Scheduling

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# About UKG

At At UKG (Ultimate Kronos Group), our purpose is people. Built from a merger that created one of the largest cloud companies in the world, UKG believes organizations succeed when they focus on their people. As a leading global provider of HCM, payroll, HR service delivery, and workforce management solutions, UKG delivers award-winning Pro, Dimensions, and Ready solutions to help tens of thousands of organizations across geographies and in every industry drive better business outcomes, improve HR effectiveness, streamline the payroll process, and help make work a better, more connected experience for everyone. UKG has 13,000 employees around the globe and is known for an inclusive workplace culture. The company has earned numerous awards for culture, products, and services, including consecutive years on Fortune's 100 Best Companies to Work For list. To learn more, visit [ukg.com](https://www.ukg.com).

## Survey Methodology

This survey was commissioned by UKG and conducted online between August 31 and September 9, 2021, among a pool of 312 store managers, owners, and executives representing retailers in the U.S. and spanning numerous industry segments, from big-box and department stores to apparel, beauty, consumer electronics, discount, drugstore, home improvement, housewares, sporting goods, and luxury retail. More than half operate 25+ physical stores (56%), employ 500+ employees (53%), and run their own distribution centers (58%).

### For Additional Information:

[www.ukg.com](https://www.ukg.com)

### Join the conversation:

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