LotisBlue

2024 Future of Retail Workforce Study

Real-time insights into attracting and retaining hourly frontline retail associates

Overview:
A comprehensive study of the retail workforce assessing decisions to *stay* or *quit* their jobs. Unbiased data from 1,000+ associates.

The Retail Employee Experience

After years of post-pandemic volatility, retail sales have begun to stabilize, having a significant ripple effect on the job market and workforce dynamics. While retail turnover has similarly stabilized in the last 12 months, retail associate preferences and the factors driving retention continue to shift more quickly and significantly than ever before.
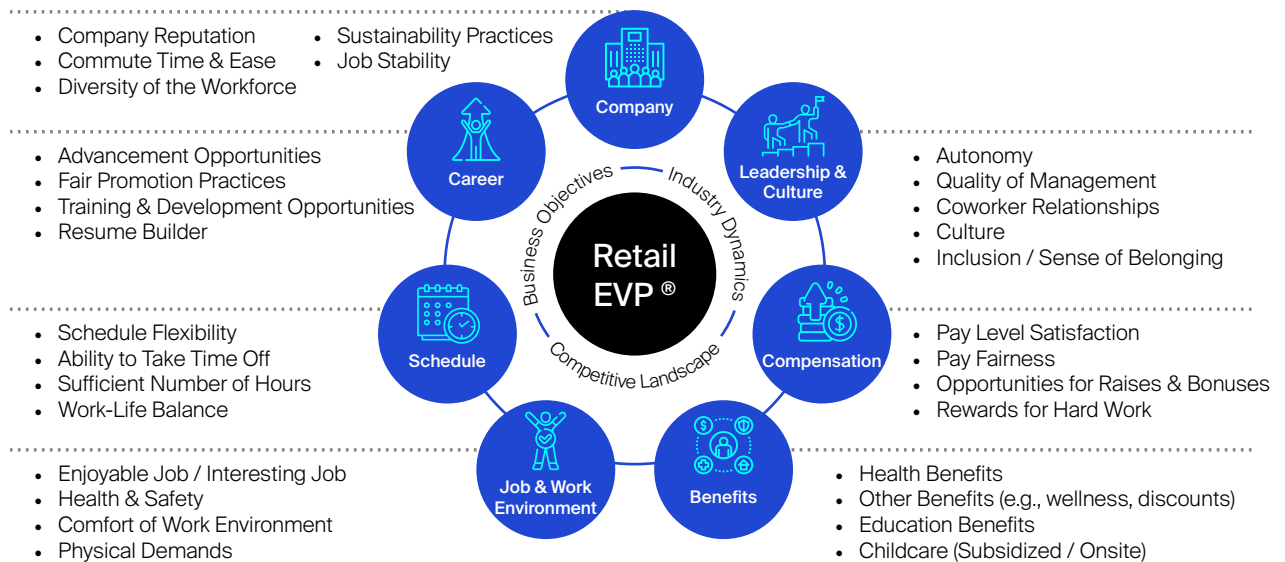
Leading up to the 2023 holiday season, Lotis Blue Consulting embarked on our third round of research into the Future of the Retail Workforce. This research uses comprehensive, unbiased feedback gathered from over 1,000 respondents and seeks to understand:

- How has the current macroeconomic environment influenced retention trends for the retail workforce?
- What factors are becoming more important to employee retention and loyalty?
- How are the reasons for leaving a job changing over time?
- How do factors driving *quitting* and *staying* decisions differ by workforce and retail segment? (2024 Feature)

Lotis Blue has undertaken the most robust independent polling of the retail workforce regarding the factors most important to their decisions to *stay* or *quit* their jobs. Many "polls" use convenience samples from retailers' satisfaction surveys, which creates a biased sample and limits the insight gained as the survey questions are heavily influenced by corporations and not framed around *stay* or *quit* decisions. Our robust longitudinal dataset includes objective feedback over the last three rounds of data collection.
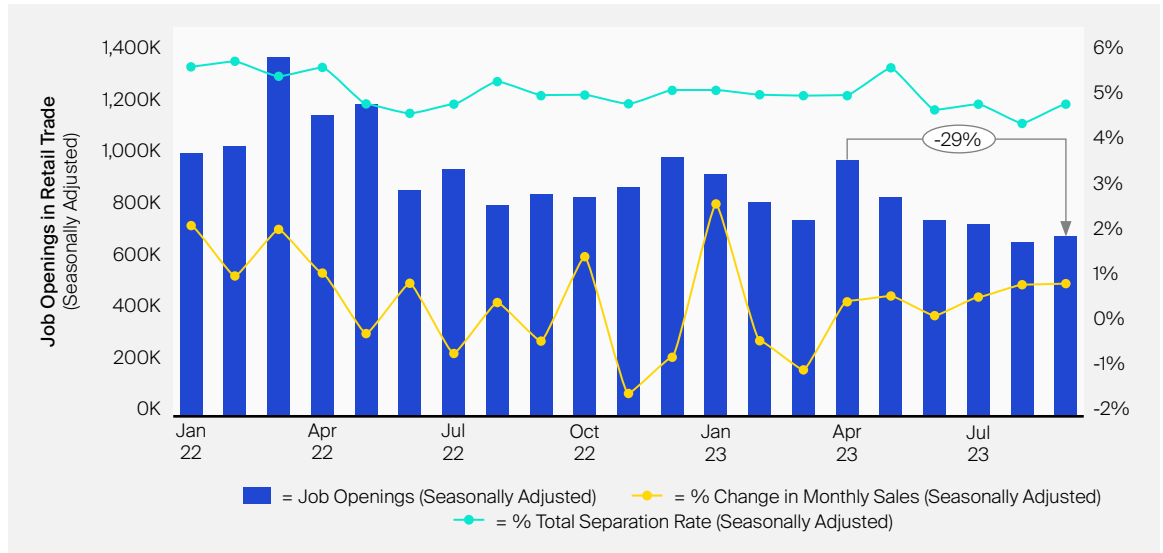
The Employee Value Proposition

The Employee Value Proposition (EVP) represents "the offering" to employees and forms the underlying psychological contract between an employee and an employer. Our research is based on an EVP model that addresses seven critical dimensions of the retail employee experience with 30 underlying factors.

Company
- Company Reputation
- Commute Time & Ease
- Diversity of the Workforce
- Sustainability Practices
- Job Stability

Career
- Advancement Opportunities
- Fair Promotion Practices
- Training & Development Opportunities
- Resume Builder

Schedule
- Schedule Flexibility
- Ability to Take Time Off
- Sufficient Number of Hours
- Work-Life Balance

Job & Work Environment
- Enjoyable Job / Interesting Job
- Health & Safety
- Comfort of Work Environment
- Physical Demands

Leadership & Culture
- Autonomy
- Quality of Management
- Coworker Relationships
- Culture
- Inclusion / Sense of Belonging

Compensation
- Pay Level Satisfaction
- Pay Fairness
- Opportunities for Raises & Bonuses
- Rewards for Hard Work

Benefits
- Health Benefits
- Other Benefits (e.g., wellness, discounts)
- Education Benefits
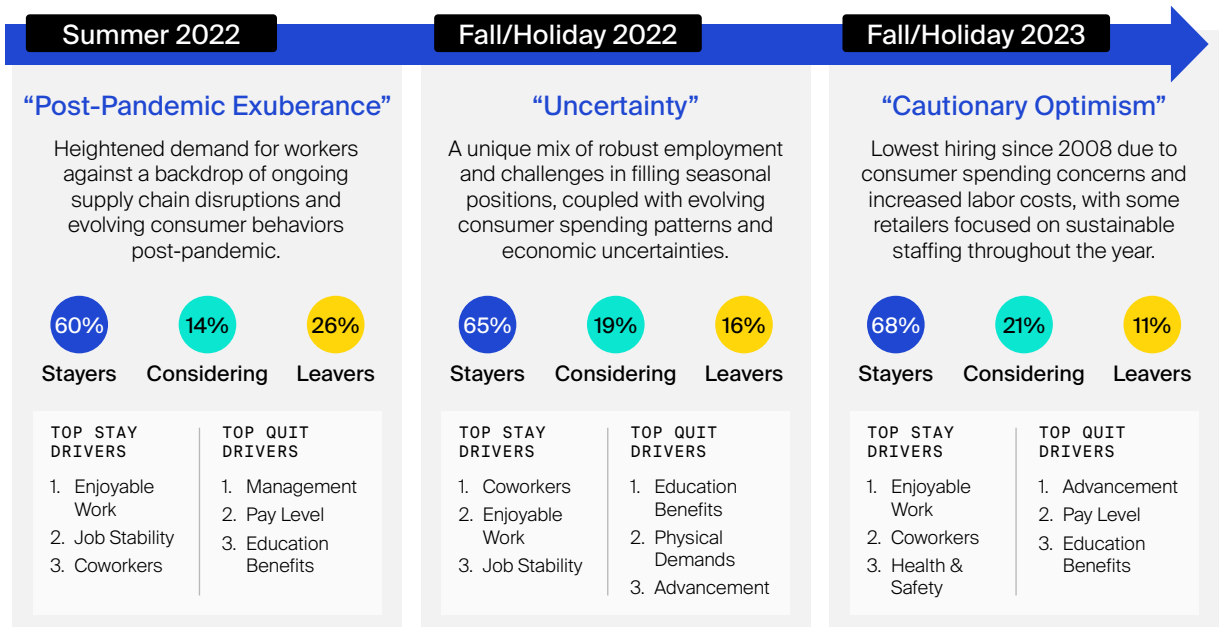- Childcare (Subsidized / Onsite)

Shifting Retail Labor Market Dynamics

Labor dynamics in retail have changed dramatically in the last 12 months, with a tightening of the job market and stabilizing sales coinciding with large shifts in attitudes towards work and employers. In Q3 2023, the number of retail job postings reached its lowest point since 2008, with demand for retail talent dropping by 29% in only 6 months.

Legend:
- ■ = Job Openings (Seasonally Adjusted)
- ● = % Change in Monthly Sales (Seasonally Adjusted)
- ● = % Total Separation Rate (Seasonally Adjusted)

The Impact

Shifting labor dynamics are an important backdrop for the collective consciousness of the retail workforce. Since summer 2022, more associates are staying with their current employers (an 8% increase), while there is a 7% increase in retail associates who are considering leaving their jobs, suggesting an underlying dissatisfaction with their current work situation.

Summer 2022	Fall/Holiday 2022	Fall/Holiday 2023
"Post-Pandemic Exuberance"	**"Uncertainty"**	**"Cautionary Optimism"**
Heightened demand for workers against a backdrop of ongoing supply chain disruptions and evolving consumer behaviors post-pandemic.	A unique mix of robust employment and challenges in filling seasonal positions, coupled with evolving consumer spending patterns and economic uncertainties.	Lowest hiring since 2008 due to consumer spending concerns and increased labor costs, with some retailers focused on sustainable staffing throughout the year.
60% Stayers / **14%** Considering / **26%** Leavers	**65%** Stayers / **19%** Considering / **16%** Leavers	**68%** Stayers / **21%** Considering / **11%** Leavers

Summer 2022

TOP STAY DRIVERS
1. Enjoyable Work
2. Job Stability
3. Coworkers

TOP QUIT DRIVERS
1. Management
2. Pay Level
3. Education Benefits

Fall/Holiday 2022

TOP STAY DRIVERS
1. Coworkers
2. Enjoyable Work
3. Job Stability

TOP QUIT DRIVERS
1. Education Benefits
2. Physical Demands
3. Advancement

Fall/Holiday 2023

TOP STAY DRIVERS
1. Enjoyable Work
2. Coworkers
3. Health & Safety

TOP QUIT DRIVERS
1. Advancement
2. Pay Level
3. Education Benefits

What Matters Now to the Retail Workforce

Using a machine learning algorithm, we uncovered how associates' attitudes toward the Employee Value Proposition can accurately predict employment decisions. Our model can classify whether an associate is likely to *stay* or *quit* with 87% accuracy based on their attitudes about seven dimensions and 30 underlying EVP factors. While talent strategies must be comprehensive and weigh multiple aspects, some factors matter more in creating a compelling and attractive EVP than others.

- Overall, 60% of the influence on whether someone *stays* or *quits* a job is driven by factors associated with the Job & Work Environment, Company, and Leadership & Culture.

- The top factors that drive *stay* and *quit* decisions differ across the three rounds of research conducted over the last two years as labor and market conditions have changed.
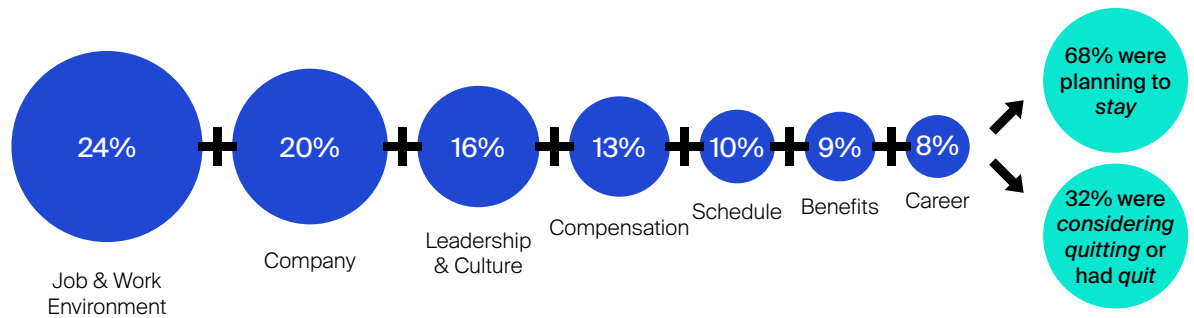
Some job factors create psychological "magnetism" that uniquely attracts and builds loyalty with talent, while other factors fundamentally "repel" associates and drive turnover. When education benefits, pay, and advancement are perceived as less competitive, it repels associates. On the other hand, an enjoyable, safe job with strong coworker relationships creates attraction.
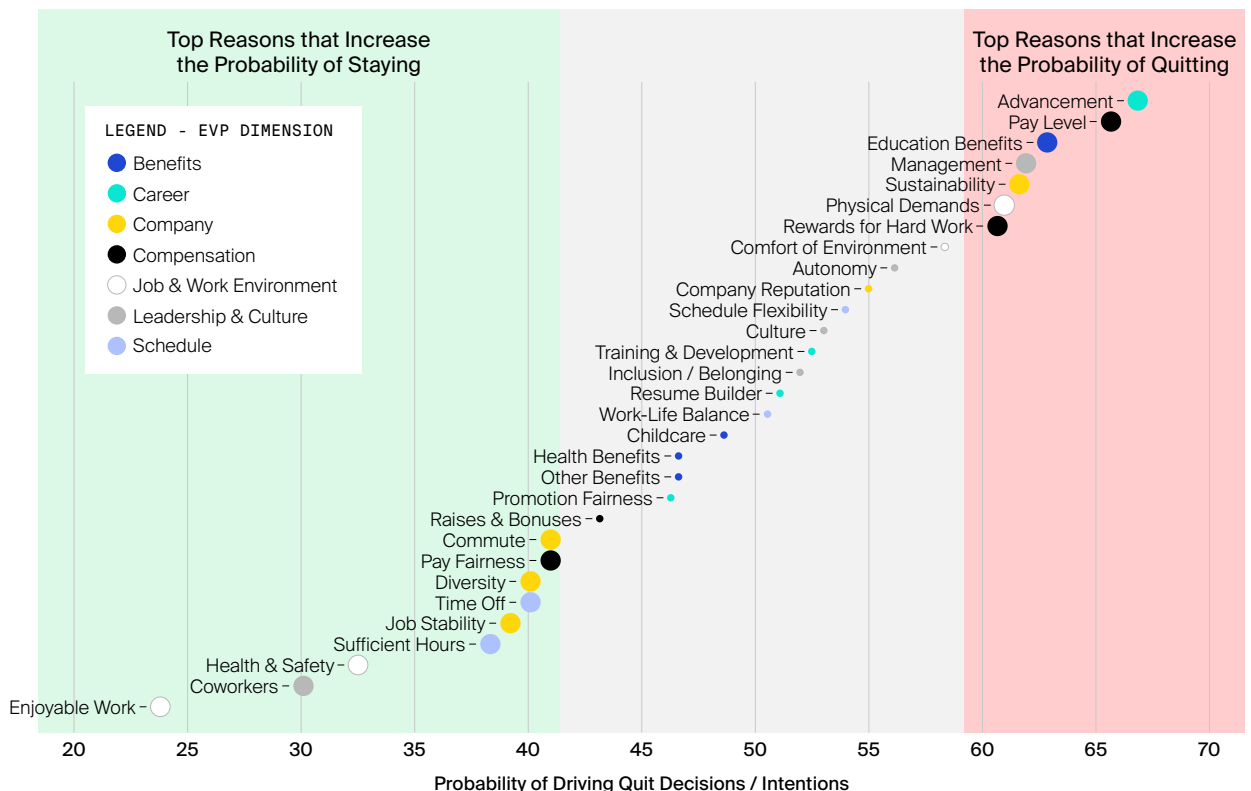
*Larger bubbles are statistically significant

Changing Workforce Attitudes

As we begin the new year, it's critical that retailers understand that the factors driving *staying* and *quitting* decisions have shifted significantly over the last 12 months.

- Factors such as Pay Level Satisfaction, Sustainability Practices, Commute Time & Ease, Health & Safety feeling valued, and Enjoyable Work have become much more important to *stay* or *quit* decisions, while Job Stability, Diversity of the Workforce, and Physical Demands are less important.
  - Pay Level Satisfaction increased more than any other factor in predicting *quit* decisions 12 months ago and sits just behind Advancement Opportunities as the top turnover driver.
  - Sustainability Practices also saw a significant increase in importance to become a top-five driver of turnover from having no influence on turnover decisions in 2022.

- Health & Safety feeling valued and Enjoyable Work increased by ten percentage points each to become two of the top three factors driving retention along with Coworker Relationships.
  - Health & Safety made a significant jump to the third overall retention driver, likely due to the impact of shrinkage and organized retail crime.
  - With shrinkage losses of $112B* in 2022 and increasing to staggering levels in 2023, ensuring a safe workplace is now a top priority for associates.

- While Schedule Flexibility does not predict actual turnover or retention, when flexibility is challenged, associates are increasingly likely to *consider quitting* and become disengaged.

*NRF Policy Issues - Organized Retail Crime Edition

Factors driving *stay* or *quit* decisions have shifted significantly in importance over the past year
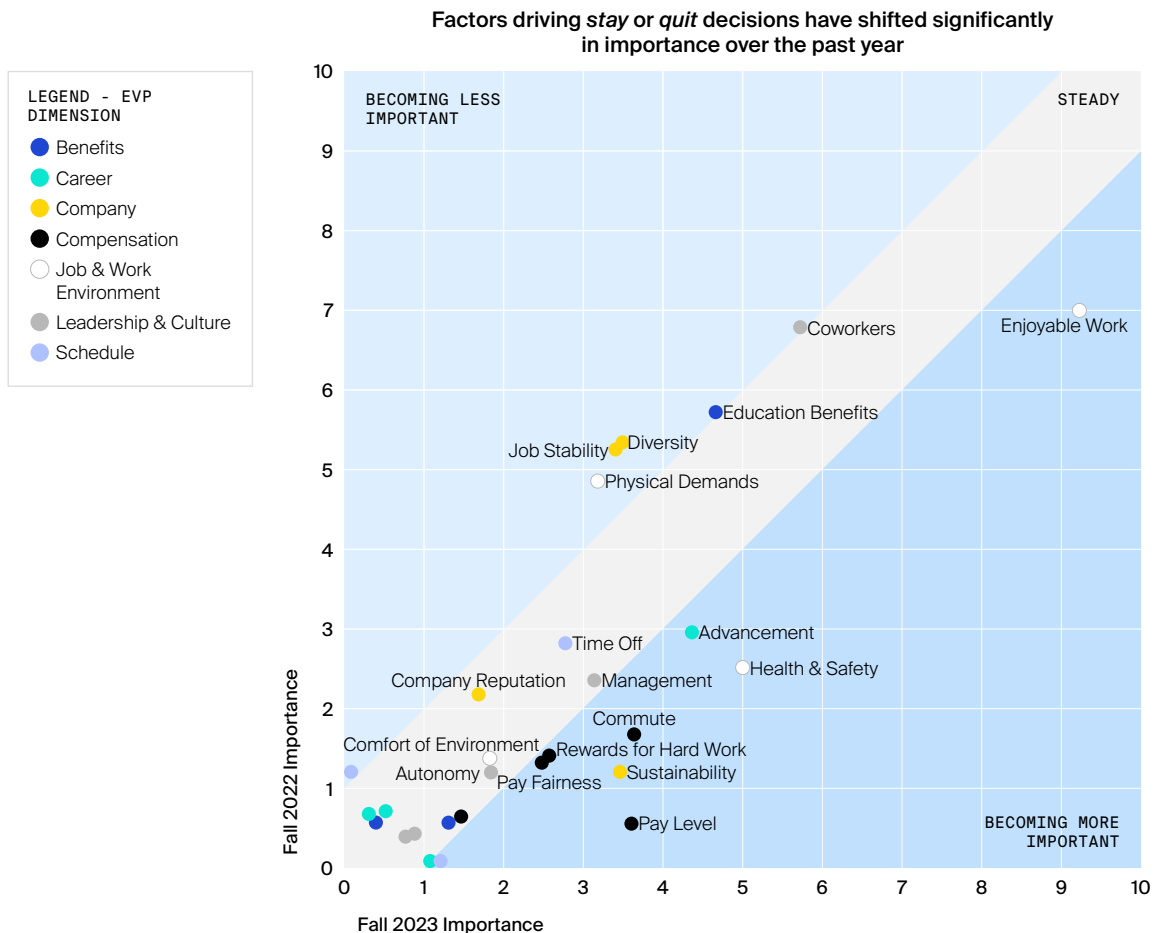
Change in *Staying* Drivers

⬆ MORE IMPORTANT

+10% Health & Safety Feel Valued
+10% Enjoyable Work
+6%   Pay Fairness
+5%   Commute Length & Ease
+4%   Fair Promotion Practices

⬇ LESS IMPORTANT

-17% Pay Level Satisfaction*
-13% Comfort of Work Environment*
-6%   Liking the Culture**
-5%   Job Stability
-3%   Diversity of the Workforce

Increases in the importance of these factors resulted in a greater likelihood to *stay* with their company

*Previously predicted *staying*, now predicts *quitting*
** No longer a predictor of *staying*

Change in *Quitting* Drivers

⬆ MORE IMPORTANT

+17% Pay is Too Low
+13% Uncomfortable Work Environment
+8%   Poor Sustainability Practices
+7%   Lack of Advancement Opportunities
+6%   Not Rewarded for Hard Work

⬇ LESS IMPORTANT

-4%   Poor Work-Life Balance
-3%   Job is Physically Demanding
-2%   Challenges with Childcare Arrangements*
-1%   Poor / No Education Benefits
-1%   Did Not Help Resume

Increases in the importance of these factors resulted in a greater likelihood to quit or *consider quitting* their jobs

* No longer a predictor of *quitting*

Differences by Retail Segment

Decision drivers differ significantly across retailer types. Except for Enjoyable Work, which is a top decision driver across the board, the underlying factors driving *stay* and *quit* decisions vary significantly across types of retailers, suggesting a one-size-fits-all approach is suboptimal to improve retention.

- Health & Safety feeling valued is particularly important, a top ten decision driver, for associates in Apparel & Luxury, Grocery & Convenience, and Home Goods & Electronics retailers...

- ...while ensuring associates are scheduled for a Sufficient Number of Hours is particularly important to associates in Big Box, Specialty, and Fast Casual retailers.

	Overall	Big Box	Apparel & Luxury	Grocery & Convenience	Home Goods & Electronics	Specialty	Fast Casual & Other
Enjoyable Work	1	1	1	1	3	4	5
Coworkers	2	2	6	6	17	9	15
Health & Safety	3	17	9	9	6	13	24
Education Benefits	4	3	22	8	27	17	26
Advancement	5	12	8	12	12	8	2
Pay Level	6	7	18	25	16	2	14
Commute	7	24	4	5	23	22	30
Sufficient Hours	8	4	27	16	13	1	3
Sustainability	9	13	7	18	18	23	19
Diversity	10	21	10	4	8	21	17
Job Stability	11	27	17	10	4	14	28
Physical Demands	12	18	3	7	21	15	1
Management	13	20	12	11	14	3	9
Time Off	14	16	24	17	30	29	22
Rewards for Hard Work	15	8	20	3	1	5	16
Pay Fairness	16	6	30	27	29	26	8
Autonomy	17	19	5	13	7	7	6
Comfort of Environment	18	25	29	24	26	11	10
Company Reputation	19	15	28	2	5	16	18
Raises and Bonuses	20	11	11	14	28	18	21
Health Benefits	21	10	26	22	19	30	23
Schedule Flexibility	22	30	21	19	10	20	11
Other Benefits	23	26	19	20	22	10	20
Promotion Fairness	24	23	15	15	24	12	13
Culture	25	14	23	23	11	6	29
Inclusion / Belonging	26	9	16	30	9	27	12
Training & Development	27	29	25	26	2	24	27
Childcare	28	22	14	21	15	28	25
Resume Builder	29	28	13	29	25	19	7
Work-Life Balance	30	5	2	28	20	25	4

IMPORTANCE RANKING AMONGST TOP 30 FACTORS

1 ▬▬▬ 30
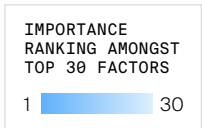
Note:

Apparel & Accessories (n=137) and Luxury Apparel & Goods (n = 26) were combined;

Grocery (n = 161) and Convenience Store (n = 66) were combined;

Home Goods (n = 65) and Electronics (n = 42) were combined;

Fast Casual (n = 24) and Other (n = 43) were combined;

Specialty includes beauty, wellness, gifts, books, etc.

Impact of Workforce Characteristics

Demographics and other situational characteristics are far less important to *stay* or *quit* decisions than attitudes toward the 30 underlying EVP factors; however, we find a few small differences across groups regarding which of the 30 factors influence decisions.

Age
- Job Stability, Company Reputation, Health Benefits, and Health & Safety feeling valued have lower importance to the 18-24 age cohort
- Advancement Opportunities and Education Benefits have lower importance to the 65+ age cohorts

Race
- Black or African American retail associates give higher priority to Childcare Arrangements, Education Benefits, Sustainability Practices, and Diversity of the Workforce when making decisions to *stay* or *quit*

Gender
- Women rate Sustainability Practices, Diversity of the Workforce, and Physical Demands as more important

Education
- Childcare Arrangements is a top priority for those with high school-equivalent degrees
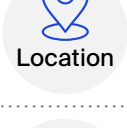- Younger, college-educated respondents found Coworker Relationships to be least important

Tenure
- Company Reputation is a top priority for cohorts that have 9 or more years of tenure

Hours Per Week
- Full-time workers (30+ hours) found Fair Promotion Practices, Training & Development Opportunities, and Ability to Take Time Off to be very important
- Part-time workers found Health Benefits and Ability to Take Time Off to be least important

Location
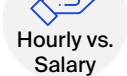- Education Benefits & Childcare Arrangements are most important for workers in urban areas

Commute
- No relationship found

People Management Responsibility
- Advancement Opportunities, Training & Development Opportunities, and Fair Promotion Practices were most important to those who managed others

Hourly vs. Salary
- Company Reputation, Liking the Culture, Coworker Relationships, and Health & Safety feeling valued were most important to salaried workers

Univariate correlations were greater than 0.15 for all of the items listed above

Key Takeaways for Retailers

- Talent strategies for the retail workforce have a short shelf life and must evolve at the pace of changing preferences to remain relevant.

- More retail associates are *staying*, but there are also more with "one foot out the door" than in 2022.

- Talent strategies must be comprehensive, but some factors matter more in creating a compelling Employee Value Proposition, such as the Job & Work Environment, Company, and Leadership & Culture.

- Retailers must deploy offensive and defensive strategies that simultaneously address unique retention and turnover drivers.

- Decision drivers differ significantly across retailer types, suggesting that a one-size-fits-all approach to the Retail EVP is suboptimal to improve retention.

- Attitudes toward the EVP factors are better predictors of *stay* or *quit* decisions than demographics and situational characteristics.

- Promoting practices that prioritize associate health and safety is especially critical to the retention of associates in Apparel & Luxury, Grocery & Convenience, and Home Goods & Electronics.

- Setting clear expectations about the number of hours and scheduling policies and creating sufficient flexibility can minimize "triggering" turnover intentions.

Represented Organizations Include:

LotisBlue

ABOUT US

At the intersection of growth and transformation, you'll find Lotis Blue Consulting. We help businesses improve the performance of their workforce, leadership teams, and organizations through evidence-based strategies grounded in leading-edge analytics and behavioral science.
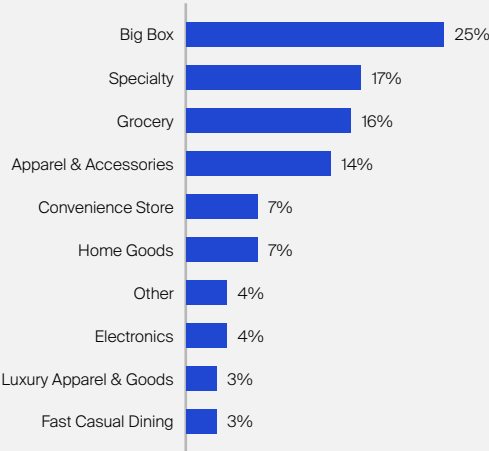
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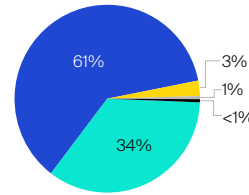
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Demographics

Our study surveyed over 1,000 retail associates on the most important factors driving their decision to *stay* or *quit* a job. Sampled characteristics include:
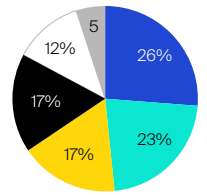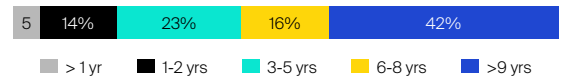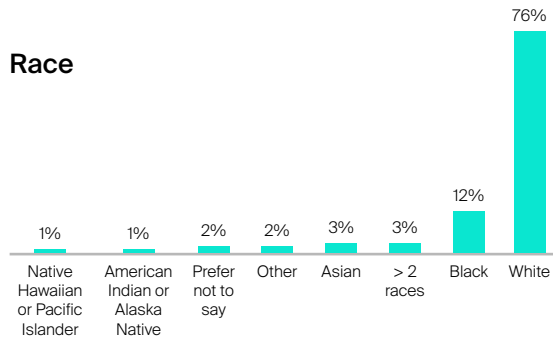
240 Unique Retailers Represented

Retailer Type	%
Big Box	25%
Specialty	17%
Grocery	16%
Apparel & Accessories	14%
Convenience Store	7%
Home Goods	7%
Other	4%
Electronics	4%
Luxury Apparel & Goods	3%
Fast Casual Dining	3%

Gender

- = Female — 61%
- = Male — 34%
- = Non-Binary — 3%
- = Prefer to self-describe — 1%
- = Prefer not to disclose — <1%

Age

- = 18 - 24 — 17%
- = 25 - 34 — 26%
- = 35 - 44 — 23%
- = 45 - 54 — 17%
- = 55 - 64 — 12%
- = 65 or older — 5%

Tenure in Retail Overall

> 1 yr	1-2 yrs	3-5 yrs	6-8 yrs	>9 yrs
5	14%	23%	16%	42%

Race

Category	%
Native Hawaiian or Pacific Islander	1%
American Indian or Alaska Native	1%
Prefer not to say	2%
Other	2%
Asian	3%
> 2 races	3%
Black	12%
White	76%

Education

Category	%
Some Post-Grad	1%
Some High School	2%
Post Grad Degree	2%
Associate's	13%
Bachelor's	25%
High School Grad	25%
Some College	32%

Hours Worked per Week

- = 10 Hours or Less — 3
- = 11 - 20 Hours — 11%
- = 21 - 30 Hours — 19%
- = 31 - 40 Hours — 47%
- = More than 40 Hours — 20%
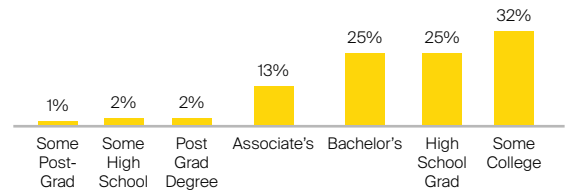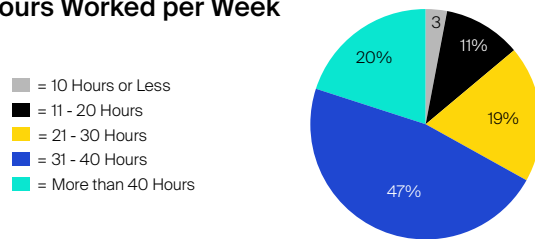
Responsibilities

Percent of respondents indicating (activity) as one of their primary tasks

Activity	%
Interacting with Customers	72%
Stocking Supplies / Merchandising	59%
Product Handling	48%
Cash Handling	47%
Taking Inventory	38%
Managing People	36%
Custodial Tasks	20%
Food Preparation	7%

Location of Participants

Urban or City Center	Suburb	Rural Area or Small Town
38%	43%	19%

Commute Time

15 mins or less	16 - 30 mins	31 - 60 mins	1-2 hours	Over 2 hours
58%	29%	10%	2	1

Hourly vs. Salary

Hourly	Salaried	Not Sure
83%	16%	1