



Engaging Frontline Workers in the Retail Sector: Challenges and Imperatives Post-Pandemic

Designing an elevated workforce experience, centered on human values and enabled by programs and technologies, drives market performance. At Deloitte, we define 'Workforce Experience' as the sum of a human's lived experiences at work and how they feel about their organization and believe there are eight key relationships that influence a worker's experience at an organization. These elements include a worker's relationship with the work they do, the people they work with, the places they work, the technology they use, their connection to the company mission, their sense of belonging, and the growth that delivers value to their career. In this eminence series, we will explore the three elements that are top of mind for the retail sector: the workplace, the workforce, and the work itself.

The pandemic created a variety of profound challenges, not the least of which were the threats to the health and well-being of retail frontline workers in tandem with shifting consumer preferences accelerating demand for home delivery and buy online, pick up in store (BOPIS).

[According to Deloitte's 2021 Human Capital Trends Special Report](#), the pandemic strained and tested the worker-employer relationship. Employers were called upon to support workers' health, livelihoods, and dignity to an unprecedented degree, and their success or failure to do so came under unprecedented scrutiny.¹

Overview of current challenges

COVID-19 came as a wave disrupting everything we ever felt as 'normal.' Roughly 50 retail bankruptcies occurred during a time when others experienced record earnings². Consumer behavior changed overnight as health and safety concerns suddenly became a purchase driver, and we saw technological adoption in a matter of months that would have normally taken years to occur³.

[According to Deloitte's 2021 retail industry outlook](#), grocers, home improvement suppliers, and mass merchants benefited from changes in consumer behavior, as well as their designation as essential services. Others, such as apparel and department stores, have struggled since the pandemic's onset and are approaching the upcoming year with cost cutting and making up for lost revenue. Despite these differences, executives are unified in their desire to transform their businesses and rewrite the rules of the retail industry⁴.

Technology and new sources of talent are together unlocking new possibilities for what we refer to as the "[Future of Work](#)" (FoW) that requires retailers to reimagine the workplace (the where), the workforce (the who), and work itself (the what). Retailers can no longer delay reimagining and building a sustainable and differentiated frontline worker-employer relationship.

Workplace—A new look at safety

We see several trends shaping the post-pandemic retail environment, two will have a direct impact on the retail workplace:

1. Consumer-retailer interactions will be defined by health and safety expectations.⁵
2. Demands for convenience will drive even more contactless transactions.⁶

More than half of Americans are now fully vaccinated, and consumers are returning to public life. That is all good news for retailers, as nearly three out of four consumers felt comfortable going into a physical store in August 2021, up from just one-third over the previous year.⁷

While vaccination rollouts give hope to a return to a "new normal," retail employers need to go above and beyond to make employees and customers feel safe about their physical space. They need to define a new normal for stores: reimagine store layouts to ensure more social distancing, introduce 3D virtual showrooms, and consider touchless solutions to propagate health and safety (e.g., mobile and express returns; carts that act as checkouts; cashier-less stores; BOPIS; curbside pickup and delivery; and mobile artificial intelligence (AI) apps⁸).

CASE IN POINT: Kroger is ushering in its ecommerce model of the future.

In 2021, grocery chain Kroger officially launched the first of its 20 planned Ocado-powered automated warehouses for filling online grocery orders. The customer fulfillment center uses AI, advanced robotics, and automation to enable more seamless and efficient fulfillment, picking, and delivery.⁹

In another recent announcement, Kroger struck a deal with Instacart to increase its ability to fulfill online grocery orders and get them to customers' doors in as little as 30 minutes.¹⁰

DELOITTE PERSPECTIVE: Reengage the workforce and reinvent the workplace experience.

Start today: What to ask, What to do

What to ASK:

- Are we creating opportunities to redesign the physical and digital environments to enable collaboration, human connection, innovation, and creativity?
- How can we ensure that leaders create a culture of trust and confidence that provides a sense of belonging and safety where the entire workforce can thrive?

What to Do:

- **Rethink store layouts and operations by expanding fulfillment areas:** Building on the sustained usage of BOPIS and stores as a delivery hub, retailers should consider reallocating sales floor space to enhanced customer pickup areas, explore expanding the back room and leveraging and prioritizing additional space to fulfill and stage incremental BOPIS and ecommerce orders.¹¹
- **Reinforce commitment to well-being:** Retailers should reinforce their commitment to employee well-being with a focus on physical, psychological, and financial concerns.
- **Accelerate omni capabilities:** Continue to leverage the store as a pickup/curbside or delivery hub; improve customer-facing app enhancements and parking lot integration; and apply a strategic, data-driven approach to shipping products from store locations.¹²
- **Develop team leader skills** to encourage and motivate team members in ways that **embody the organization’s culture and values.**

Workforce—A sustainable and differentiated worker-employer relationship

The US unemployment rate fell from almost 15% in April 2020 to 5.8% in May 2021, taking us from an oversupply to undersupply of talent in a matter of months. Many companies, large and small, are struggling to find enough workers amid the economy’s rapid recovery from the pandemic-spawned recession.¹³

Retailers are being hit hard. According to April 2021 Labor Department data¹⁴, 649,000 retail workers quit their jobs, faster than any other industry and 965,000 jobs were open in the sector. Fast forward to July 2021 where despite the impacts of the Delta variant, the ratio of job openings to hires (a measure of how hard it is for employers to find workers) rose to a record 1.64 with the number of people quitting their jobs continuing to inch up.¹⁵ [According to Deloitte’s Future of Work: The state of the food industry](#), the greatest people challenge in the retail food industry right now is talent availability and retention, and this subsector is not alone.

Retailers and businesses are challenged by a national labor shortage due to a variety of factors where workers are preferring to stay at home due to the pandemic, childcare requirements, and issues with low wages in the industry.

Challenged by this labor shortage, retailers are responding “instinctively” by increasing pay, providing incentives for applying

for jobs on the spot and offering sign-on bonuses. To survive in the future, retailers will need to go beyond “instinctive” responses to gain a competitive edge.¹⁶

To thrive in the future, retailers need to build a sustainable and differentiated worker-employer relationship built around a core set of ideals that are important to both the frontline worker and the employer. A sustainable relationship lasts through shifts in worker sentiment and current marketplace conditions, evolving with the times, but always tying back to fundamentally constant values. A differentiated relationship is one that is uniquely tailored to appeal to the workers the organization most needs to engage, regardless of what the competition is doing.¹⁷

CASE IN POINT: Being a purpose-driven company helps drive a sustainable and differentiated worker-employer relationship.¹⁸

Purpose-driven companies have higher productivity and growth rates, along with a more satisfied workforce who stays longer with them. Our research shows that such companies report 30% higher levels of innovation and 40% higher levels of workforce retention than their competitors. Moreover, younger generations want to work at companies with an authentic purpose, with more than 70% of millennials expecting their employers to focus on societal or mission-driven problems.

Here’s some examples of purpose-driven brands and their commitments¹⁹:

- Patagonia: Sustainable and environmental (outdoor apparel and goods)
- Walmart: Criminal justice reform and violence prevention
- Allbirds: Carbon offset (shoes)
- Rothy’s: Putting the planet and people first (shoes)
- Sozy: 10% of profits help both survivors of sexual violence and environmental issues (apparel)
- Bombas: Donations to the homeless (apparel)

The key is engaging workers in a dialogue that gives the retail employer insight into what truly drives the employee experience. For a few large retailers, this was providing employees with opportunities to advance their education.

CASE IN POINT: Retailers focus on what matters most to their workforce.

Walmart will pay for full college tuition and book costs at some schools for its US workers, the latest effort by the largest private employer in the country to sweeten its benefits as it seeks to attract and retain talent in a tight job market.²⁰

Target also announced plans to pay for the full cost of college for its employees calling it ‘the most comprehensive debt-free education assistance program available in the retail industry.’²¹

Amazon.com Inc. announced an expansion of its educational benefits by offering more than 750,000 US hourly employees the chance to enroll in a fully paid bachelor's degree program after 90 days of employment. The ecommerce giant says employees will be eligible to get degrees through educational institutions nationwide.²²

DELOITTE PERSPECTIVE: Build a sustainable and differentiated worker-employer relationship.

Start today: What to ask, What to do

What to ASK:

- What matters most to our frontline workers and why does it matter?
- What are the experiences we want to deliver and to whom?
- What specific capabilities do we need to enable those outcomes and experiences?

What to Do:

- **Clearly define a North Star vision and strategy** that includes the specific business outcomes to be achieved and the workforce experiences to be delivered.
- **Ensure that the brand's purpose and values are upheld** inside and outside the organization across all workforce and partner relationships.²³
- Invest in store associates by retraining and cross-training to handle different or incremental responsibilities.²⁴
- **Recruit women and minorities** who disproportionately exited the workforce during the pandemic.
- **Never stop listening**, building a sustainable and differentiated worker-employer relationship is a journey with no defined end, so you must have a North Star vision to help you navigate along the way.

Work— What will work look like?

In addition to **workplace** changes (e.g., rethinking store layouts and operations, accelerating omni capabilities) and **workforce** changes (e.g., ensuring the brand's purpose and values are upheld and investing in store associates), retailers should embrace changes to the **work** itself to serve the post-pandemic consumer.

Digital shopping gave consumers a safer way to buy the goods and services they needed during the pandemic, and their digital behaviors seem to be sticking. Online spend now accounts for 37% of total retail spend, up from 27% pre-pandemic.²⁵ Despite the dramatic increase in overall online spend, many consumers still prefer physical retail for some or even all their shopping. They value the experience: a personalized, immersion with the brand. They visit to touch or try the product and feel confident in their purchase decision or to engage store associates for specific services. They enjoy the convenience of the physical channel, which allows for the real-time, immediate purchase (or return) of a good.

As consumers return to physical stores, they also want digital options to stay, with nearly 90% of consumers looking for a digitally enhanced shopping journey, whether engaging at home, via mobile, or inside a physical location.²⁶

CASE IN POINT: How Sam's Club is reinventing work with 'Scan & Go,' 'Scan & Ship,' and 'Ask Sam' digital technology.

Sam's Club has evolved its 'Scan & Go'™ app, that lets customers skip the line and beat the crowds with a pilot program called 'Scan & Ship.' 'Scan & Ship' allows members to buy large items (e.g., patio furniture, playsets, large TVs) and have them delivered to their desired destination usually within three to five business days.²⁷

Sam's Club has also introduced a voice assistant app called 'Ask Sam,' which helps store associates find the answers they need to do their jobs more effectively. The app is built with machine learning capabilities, which allow it to become more sophisticated with higher levels of accuracy over time.

These digital innovations have allowed Sam's Club to elevate both the frontline worker and customer in store experience.²⁸

Deloitte believes that the biggest motivator for workers is the work itself.²⁹ Retailers should seek to humanize work and rally around outcomes that inspire and energize frontline workers.

Retailers can elevate the experience of their frontline workers by connecting their personal values to the greater mission of the organization. Many workers today want work that is meaningful, fulfilling, and contributes to something bigger than themselves.³⁰ They seek to identify with an organization's purpose and to align their personal wants with the organization's mission.³¹ When workers can see how their contributions lead to positive impacts on their organization, their work feels more meaningful.³²

To further improve the experience of their frontline workers, retailers should dedicate themselves to communicating the ways in which frontline workers' efforts serve the greater mission of the organization, and how these employees are helping to achieve something greater than themselves. This is where purpose-driven retailers are in a unique position to capitalize.

DELOITTE PERSPECTIVE: Embrace *purpose* and *meaning* into every aspect of work to create a purpose-driven culture.

Start today: What to ask, What to do

What to ASK:

- Are we transforming work in ways that allow people to find purpose and meaning in their work and perform at their best?
- Are we preparing for a fluid future and thinking beyond "optimization"?
- As we redefine work, are we making roles that are more worker centered and interesting?

What to Do:

- **Reduce friction:** Retailers should accelerate technology investments to improve the shopping journey and the workforce experience. Self-serve kiosks, mobile checkout and contactless payment, enhanced in-store Wi-Fi, and incremental mobile app features (such as shopper maps, augmented reality, etc.) can put the consumer in the driver's seat of their shopping experiences and reduce some of the pain points typically experienced in store.³³
- **Design work with purpose:** Retailers have an opportunity to reignite passion for purpose, drawing a clear link between daily work and the retailer's overall success. Whether redesigning teams and work, or simply in leadership language, retailers can help employees feel motivated through the mission and vision of the organization.

- **Enhance associate communications** and provide access to daily metrics and insights to improve the overall associate experience, as well as engagement.
- **Empower store teams.** Reinvigorate frontline staff roles by empowering, engaging, and connecting their actions to the retailer's overall success to improve the overall team environment and thereby the customer experience.³⁴

In summary, major shifts in our world have created a variety of profound challenges for the frontline workers in the retail sector. To win in today's hypercompetitive talent market, it's important for employers to understand worker values, needs, and desires and deliver experiences that move the needle on retention in the short term and differentiate the worker-employer relationship in the long-term. To learn how Deloitte's Workforce Experience by Design practice does it, read our article on designing the workforce experience with the human at the center: [Here](#)

The time is now for retailers to hit the reset button and rethink the workplace, the workforce, and work itself to thrive in the new normal.

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