

A woman with dark curly hair tied in a ponytail, wearing a light blue button-down shirt, is looking upwards and to the right. She is holding a white pen in her right hand and a pair of glasses in her left hand. The background is a blurred industrial or warehouse setting with yellow overhead cranes and metal structures. A white hard hat is visible in the foreground on the right.

# Consumer Retail

INDUSTRY UPDATE

Q2 | 2023

# The consumer retail sector is growing, innovating & working to improve talent attraction, retention & fluidity

## The Sector Is Forecast To Grow as Global Demand Remains Strong

*Global post-pandemic consumer retail buying habits are forecast to remain strong despite economic turbulence, with YoY projected sales to grow ~4-6% in 2023, continuing to remain above pre-pandemic annual growth rates*

### Top Trends Driving Success:



Innovation & Disruption



Seamless, Omnichannel Retail



Sustainability & Social Responsibility

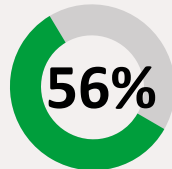


Investing in Talent & Employee Training

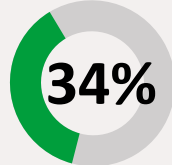


Personalization & Customer Experience

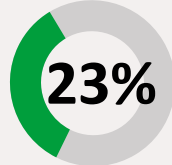
## Many Firms Face Staffing Challenges, High Turnover & Employee Burnout



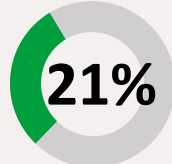
of global consumer retail teams experience resourcing & staffing challenges at least every 90 days



of global consumer retail talent are likely to leave their employer within the next 12 months



saw an uptick in employee churn rates due to staffing & resource challenges



say inadequate staffing & resources is leading to more employee burnout

## Best Approaches for Attracting & Retaining Consumer Retail Talent

- Lack of proper staffing & resourcing are impacting 1 in 4 consumer retail organizations negatively worldwide, creating missed business opportunities, reducing work quality & getting in the way of achieving business objectives
- Consumer retail firms are deploying multiple tactics to increase talent attraction & retention rates, such as:
  - ✓ Increasing pay & rethinking benefits offered
  - ✓ More focus on training & development
  - ✓ Providing more career opportunities
  - ✓ Creating better work-life balance
  - ✓ Better mental & physical health support



# Top trends include omnichannel retail, personalization, innovation, talent investment & a focus on sustainability



## Seamless, Omnichannel Retail

- Consumer retailers are investing in seamless shopping experiences across all channels, including brick-and-mortar stores, e-commerce & social to meet customer demand.
- Many are expanding purchase channels, such as buy-online-pickup-in-store, curbside pickup & home delivery



## Personalization & Customer Experience

- As more consumers are seeking personalized products & experiences, consumer goods companies are responding by creating customizable products, subscription services, personalized rewards & utilizing AI/machine learning to personalize product recommendations & marketing efforts



## Innovation & Disruption

- The consumer retail industry is evolving via disruptive tech (i.e., AI, AR, machine learning) & new business models (i.e., direct-to-consumer, subscription services)
- Many companies are investing in new product development & partnerships to stay ahead of the competition & innovate



## Investing in Talent & Employee Training

- Consumer goods makers are prioritizing employee training & development to keep up-to-date on the latest tech & industry trends, investing in DEI, providing more competitive wages/ benefit packages, & offering more opportunities for career advancement to keep employees engaged & motivated



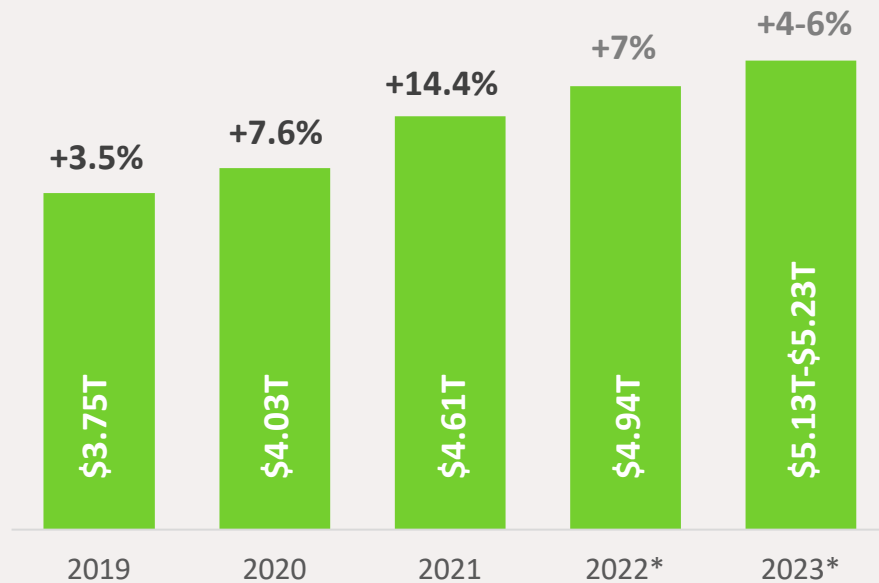
## Sustainability & Corp. Social Responsibility

- Consumers are increasingly aware of the impact of their purchases on the environment & society
- Companies are responding by developing more eco-friendly products, reducing packaging waste and manufacturing-related pollution & supporting more fair labor practices

# Post-pandemic buying habits remain strong, with the consumer retail sector forecast to continue to grow in 2023

2023 consumer retail sector sales growth projected to remain strong & above the pre-pandemic average

70% of total retail sales continue to come from brick-and-mortar. However, non-store & online sales expected to grow ~10-12% YoY

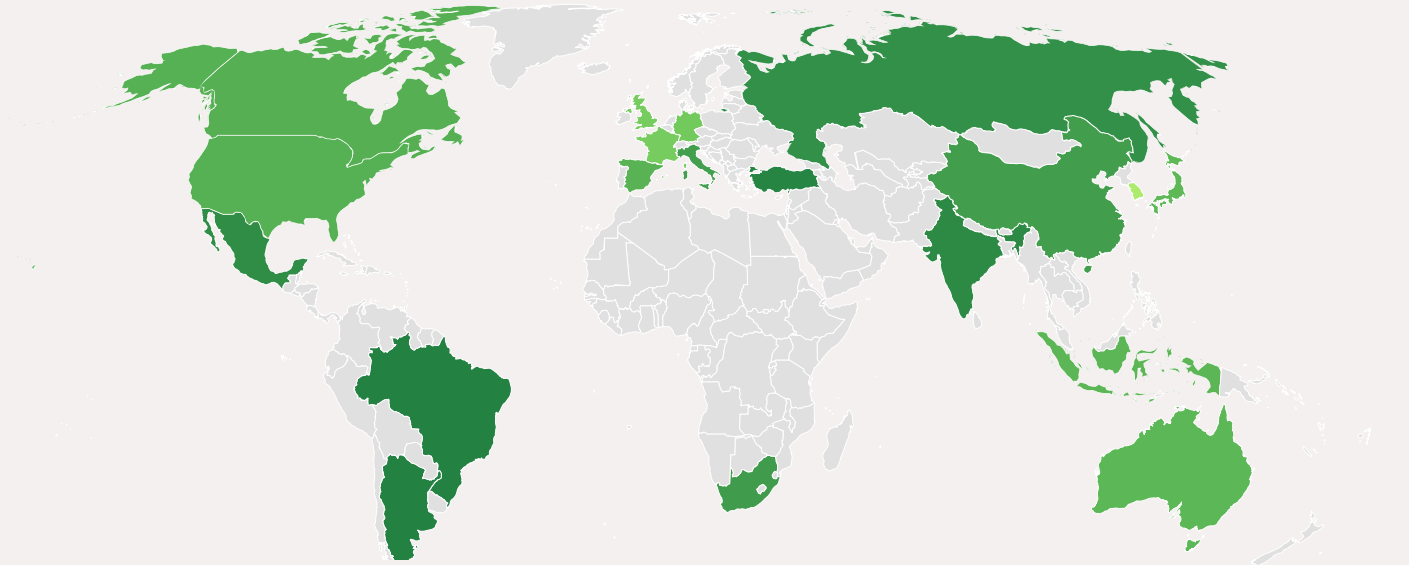


Source: National Retail Federation (NRF); \*Preliminary as of March 15, 2023; Edge by Ascential

Worldwide, double-digit e-commerce growth is forecast for many regions, with Brazil ranking #1 in retail e-commerce development

Retail e-commerce sales compound annual growth rate (CAGR) from 2023 to 2027

14.6% CAGR ————— 3.5% CAGR



# With a third of talent at risk for turnover, offering good career progression is the #1 way to reduce employee churn

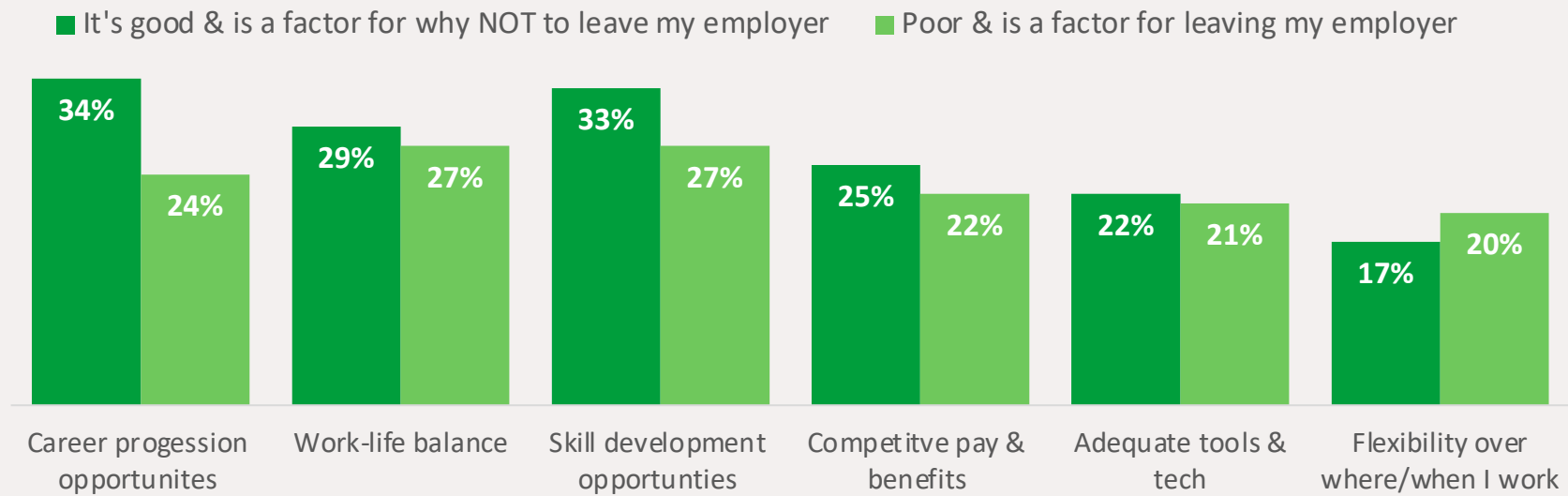
(Based on the 2023 Kelly Re:work report)

1 in 3 global consumer retail workers are at risk for turnover



34% of global consumer retail talent say they are likely to leave their employer within the next 12 months

Good career progression is the #1 reason consumer retail employees stay at an employer across the globe. Meanwhile, poor work-life balance & lack of skill development opportunities tie for the #1 reason workers are seeking new job opportunities



Source: Kelly Re: Work Survey, 2023; Respondent base: 4,200 (Talent) & 1,500 (Business Leaders)

# Talent shortages are taking a toll on workers & businesses, contributing to missed business opportunities & turnover

(Based on the 2023 Kelly Re:work report)

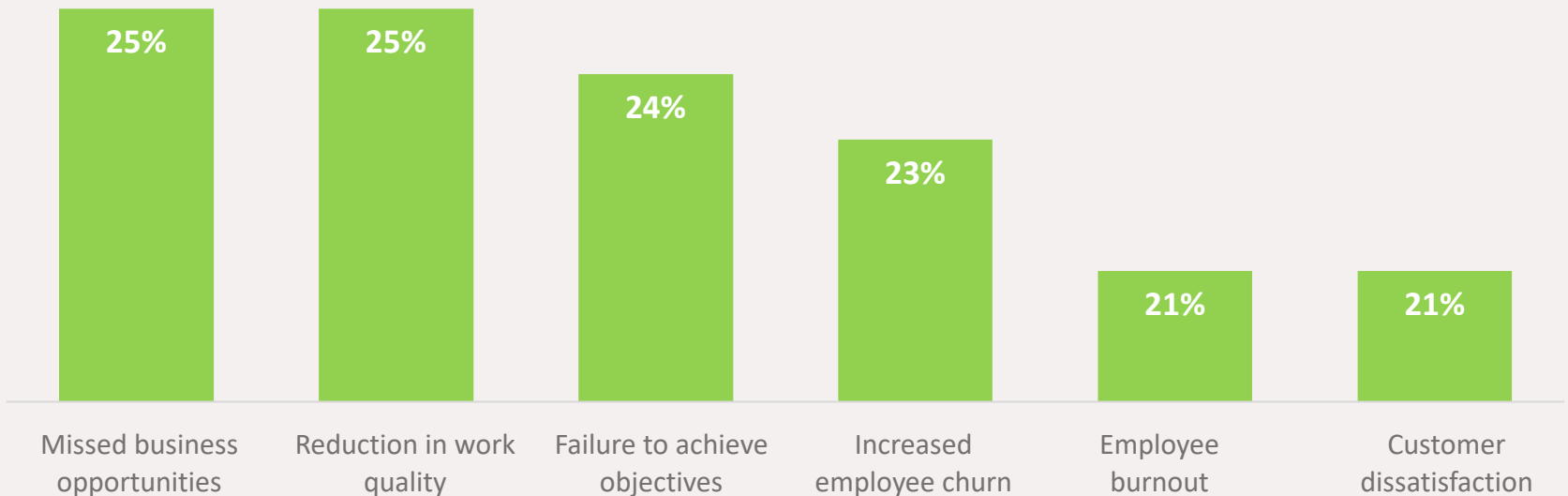
Over half of consumer retailers lack adequate staffing & resources



**56%** of global consumer retail talent say their team experiences resourcing & staffing challenges at least every 90 days

Lack of proper staffing & resourcing is impacting 1 in 4 consumer retail businesses negatively worldwide, while over 1 in 5 are seeing an uptick in employee turnover, burnout, & customer dissatisfaction

Q: Over the past 12 months, have any of the following occurred in your team as a result of resourcing challenges/understaffing?



# Consumer retail firms are focusing on deploying multiple tactics to improve workforce capability & resiliency

(Based on the 2023 Kelly Re:work report)

More than half of consumer retailer executives are **focusing efforts on recruiting more temporary & permanent talent, strengthening training programs, & improving company culture & engagement** in order to strengthen workforce resiliency over the next two years

Q: How important will each of the following activities be to strengthening the resilience of your workforce over the next two years?



Automation is also picking up speed....



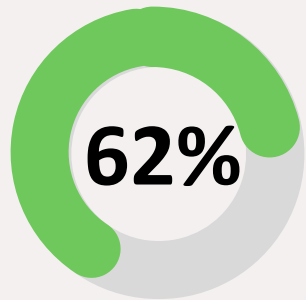
**42%** of global consumer retail executives plan on automating specific tasks or processes to free up employees to focus on other activities

# Consumer retail firms are taking action to improve worker attraction, retention & fluidity amid a tight labor market

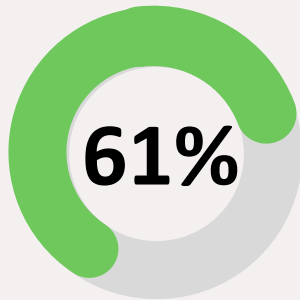
(Based on the 2023 Kelly Re:work report)

Consumer retail execs plan to improve attraction & retention rates by **providing better skills development opportunities & offering more benefits that enhance employee work-life balance**, aligning with the reasons why employees choose to leave or stay with their employer.

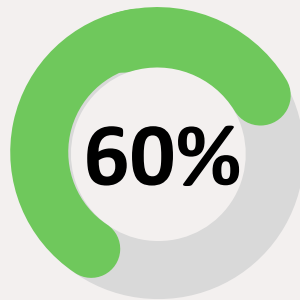
Q: Which of the following steps has your organization taken –or plan to take – to improve talent acquisition & retention & bolster your competitiveness in a tight talent market?



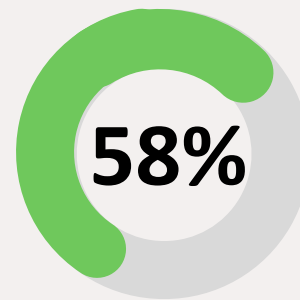
Providing better  
skills development  
opportunities



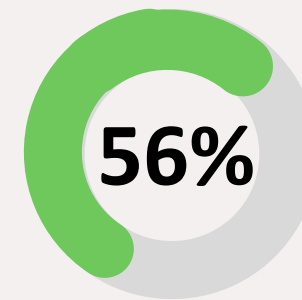
Offering better  
physical & mental  
health support



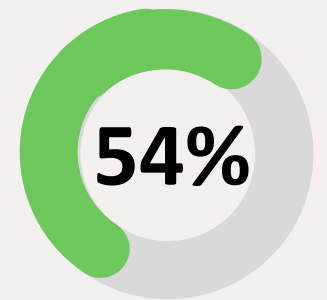
Improving leave  
(i.e., parental, sickness,  
sabbaticals)



Shortening the  
work week (i.e.,  
four-day workweek)



Offering greater  
flexibility during the  
working day (i.e.,  
hybrid working etc.)



Offering unlimited paid  
time off (i.e., take as  
much paid leave as  
employee wishes)



# Despite economic uncertainty, demand for US consumer retail talent remains strong, fueling double-digit wage increases vs. pre-pandemic levels



16 million

Consumer retail workers in the US  
(2023)



\$18.31

Median advertised hourly wage  
**+14%** in the past three years  
(May '19-April '20 vs. May '22-April'23)

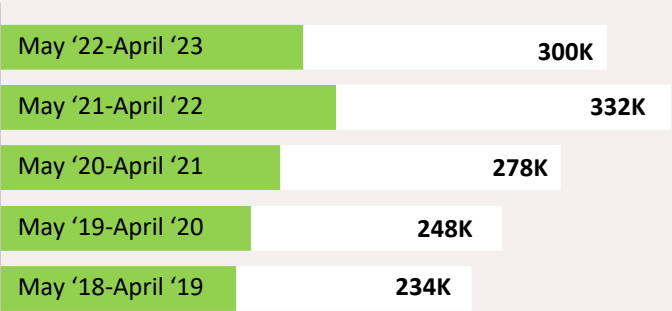


**+21% increase**

in unique job postings in  
the past three years  
(May '19-April '20 vs. May '22-April'23)

## Consumer Retail Talent Demand

Rolling 12-month Avg. Online Job Postings (May-April)



## Top In-Demand Consumer Retail Roles

- Store Managers
- Sales/Retail Associates
- Warehouse workers
- Customer Service Reps
- Delivery Drivers
- Key Holders
- Retail Merchandisers
- Operations Managers
- Order Fillers
- Warehouse Associates
- Operations & Training Supervisors

DEMOGRAPHICS	% COMP.
Age 18-34	45%
Age 35-54	33%
Age 55+	22%
Male/Female Ratio	50%/50%
White	62%
Hispanic or Latino	18%
Black or African American	12%
Asian	5%
Two+ races or other	3%

Source: Lightcast, May 2023; Other includes American Indian or Alaska Native or Native Hawaiian or Other Pacific Island

# How consumer retail employers attract & retain a skilled workforce

## Pay Increases

Competition for consumer retail workers is compelling more firms to raise wages (i.e., global retail employers are increasing wages 4.8% in 2023)

## Upskilling & Reskilling

Consumer retail firms are reskilling & upskilling to advance their existing workforces (e.g., Unilever's Reskilling for the Future employee program)

## DEI Strategy

The industry is focusing on improving diversity, equity, & inclusion (e.g., Kraft Heinz Global Inclusion Council to track & maintain DEI initiatives )

## Better Mental Health Support

More consumer retail companies are exploring ways to better support employee mental health & wellness (e.g., more PTO mental health days, flexible scheduling)

## Cultivating Next-Gen

Apprenticeships & collaborating with universities/colleges (e.g., P&G's student program, seminars, workshops, & internship opportunities)

# What consumer retail employers need to know to build a more capable, resilient & engaged workforce



**TALENT ATTRACTION & RETENTION:** Consumer retail firms across the globe are rethinking benefits offered, such as better compensation packages, more robust health benefits, improved leave options, work-life balance initiatives, career progression opportunities & improving company culture to attract & retain more talent.



**TRAINING & WORKFORCE DEVELOPMENT:** Driven by a tight labor market & with more than half of consumer retail firms dealing with staffing challenges, many organizations are looking to strengthen their training & development strategy to foster greater employee engagement, expand worker skill sets, & reduce turnover rates.



**SUPPORTING EMPLOYEES BETTER:** To avoid employee burnout & absenteeism, consumer retail organizations are exploring ways to improve employee work-life balance, such as more workplace flexibility, better mental & physical health support, improved leave options, unlimited PTO & shortening the workweek.

