



# WHAT'S IN STORE FOR RETAIL WORKERS?

A nationwide survey reveals the struggles of traditional retail store employees and how online sales, technology and shifting cultural norms are impacting the future of the industry.

nexxt



## IN THIS WHITEPAPER YOU'LL FIND:

- Recent Statistics on the State of the Retail Industry
- Insight into the Life of a Traditional Retail Employee
- Current Retail Worker Sentiment: How Much Fear is Fear Itself?
- The Impact of Warehouse/Distribution Centers
- Tips for Retail Worker Retention & Retraining

# LIFE FINDS A WAY

## The Current State of the Retail Industry

*“Everyone’s trying to figure out a way to invest in technology to take [retail] people out. I think the best ROI for retailers right now is an investment in organic intelligence. What do I mean by that? People are no longer going to stores for product, they’re going for people. If they’re going to go into a store, they want amazing service, amazing expertise, insight, and navigation to the right product, right away. But the majority of the retailers will face the triple threat of **stagnant wages in the middle class, a transition away from typical retail goods to more experiences, and the overstoreing of America.** We could lose a third of our retail [stores] and probably not miss them.”<sup>i</sup>*

Professor Scott Galloway  
New York University



The retail industry in America is enormous, with estimates placing the number of people employed anywhere from the almost 5 million people working in a traditional sales capacity<sup>ii</sup> (brick-and-mortar stores) to the 42 million jobs supported by the retail industry itself<sup>iii</sup> (logistics, management, healthcare, human resources, etc.). **Bottom line** — there are a ton of people involved in retail, and seemingly all of them (along with thousands of other pundits) have an opinion on the future of the industry.

For the purposes of this whitepaper, we’re going to focus on two main groups — those **traditional retail workers** (people involved in brick-and-mortar store sales) and **warehouse/distribution center workers** (people involved on the logistics side of the business). The reason is that most opinions circle around the demise of the first group (traditional workers who won’t be needed as technology replaces them) in favor of the second group (warehouse workers to fulfill all of the online shopping orders).

There is plenty of data supporting the premise that the traditional retail worker's industry is evaporating. Tens of thousands of retail workers have lost their jobs since the Great Recession. **In total, 83 of the 100 largest metro areas experienced losses in retail employment. Some metro areas like Detroit and Minneapolis have particularly struggled, losing about 10,000 retail workers each.**<sup>iv</sup> In the first nine months of 2017, layoffs at department stores like Macy's and J.C. Penney led to the loss of more than 70,000 jobs, and a laundry list of once-thriving shopping mall staples like Payless and Toys "R" Us have filed for bankruptcy.<sup>v</sup>

These losses have led many economists to ring their death knells, but recently, against all odds, new signs of life are emerging.

**Just look at the data. The pace of retail closings has slowed, as the most unprofitable stores have been culled and the weakest companies have collapsed.** (Survival of the fittest, anyone?) At this time in 2017, nearly 5,700 stores had shut across the United States. So far (as of September 2018), about 4,480 have closed. Hiring is up too, with an average of roughly 50,000 retail jobs being added each month since February, according to the National Retail Federation.<sup>vi</sup> Many think 2017 was the asteroid that killed the dinosaur, but also that evolution has begun anew, creating unique lifeforms with stronger features honed by struggle and strife. But just what does this new environment look like?

**READ ON TO FIND OUT.**



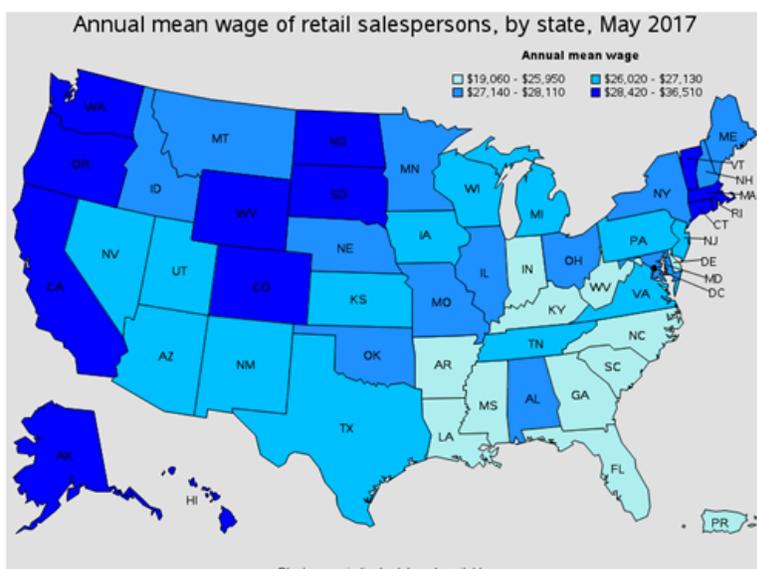
# PRICE CHECK

## Insight into the Life of a Traditional Retail Employee

Most Americans interact with traditional retail workers on an almost daily basis, whether at a cash register or when looking for something particular in-store. It's a tough job, and like most customer service oriented positions you're dealing with frustrated people who are short on time and patience.

Nexxt, a recruitment media company, recently launched a **comprehensive market survey to more than 1,500 retail workers nationwide** to capture the pulse of the industry right now, hear how employees are being treated, and get their feelings on how automation, e-commerce, and other trends might impact their future.

What emerged was a mixed bag of positive and negative experiences, with 84% saying they enjoyed working in retail because they liked working with people, and 48% expressing they loved the problem solving component of the work. Overall, 46% reported making from \$8-\$12/hour, with 40% making over \$12/hour. While these are in-line with many state minimum wage ranges, opportunities for retail workers seem to be lacking. Almost 6 out of 10 retail workers reported they did not receive any benefits from their companies, and 38% thought there was little opportunity for promotion/advancement.<sup>vii</sup>



### BEST PLACES TO LIVE FOR TRADITIONAL RETAIL SALES WORKERS (Based on Salary):

#### District of Columbia

- Hourly Mean Wage (\$17.55)
- Annual Mean Wage (\$36,510)

#### Washington

- Hourly Mean Wage (\$16.00)
- Annual Mean Wage (\$33,270)

#### North Dakota

- Hourly Mean Wage (\$15.74)
- Annual Mean Wage (\$32,730)

#### Rhode Island

- Hourly Mean Wage (\$15.57)
- Annual Mean Wage (\$32,390)

#### Connecticut

- Hourly Mean Wage (\$15.40)
- Annual Mean Wage (\$32,030)

Source: <https://www.bls.gov/oes/current/oes412031.htm#st>

When you combine low wages and few benefits with the 30% of respondents who said they take “a lot” of abuse from customers, working in retail can be a difficult environment. The actual environment of a retail worker varies, along with their preference for location:<sup>viii</sup>

- **39%** said they prefer working in a traditional brick-and-mortar store
- **40%** said warehouse/distribution centers were best
- And **only 21%** said they’d opt to work in a call center

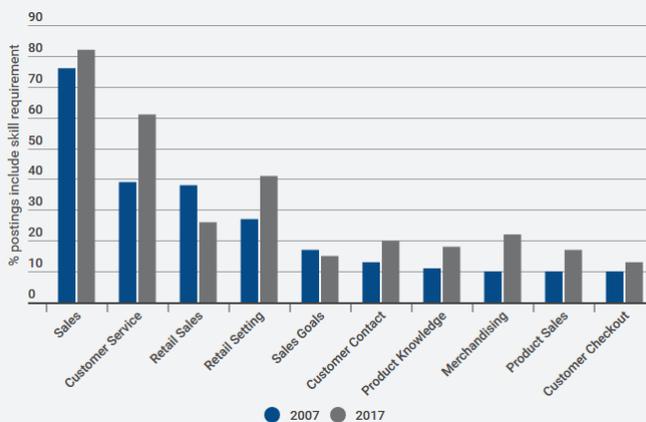
Location preference might just have to do with the evolving nature of what is expected of a traditional retail worker, and while retail workers may have skirted by in the past just knowing how to operate the register, now they are expected to be “hosts” to their “guests” (the customer). The creation of this catered experience over the past 10 years has resulted in an increased demand for more of the soft skills that come with personal interactions. And coupled with generational demands for more “omni-channel” shopping options (giving the customer more choices to purchase/return online or in-store), **senior leadership is reevaluating the efficacy of brick-and-mortar locations – not merely as destinations to pick up a product, but as hospitality centers for the brand.** These investments are being made at an opportune time, when the strong economy is giving retailers the necessary cash. The shift has even led to a raise in employees’ starting salaries in an effort to bolster retention and morale.

Many other retailers are using this opportunity to expand their physical presence and spend billions to overhaul existing stores, including Dollar General, which has announced opening more than 900 new locations. Also joining the trend? Big-box retailer behemoth Target, which apparently doesn’t want to be seen as that “big” anymore. Target has lately “targeted” a new market of young urbanites – with plans to open about 30 smaller stores in cities and near college campuses this year.<sup>ix</sup>

“Our stores are at the center of our strategy, and they are at the center of our success right now,” Target’s chief executive, Brian Cornell, said after the retailer reported its largest quarterly sales growth in 13 years.<sup>x</sup> But is this change in attitude/outlook (after so long a period of negativity), coming too late for current workers? And will they be the ones retrained into these new hospitality-centric roles?

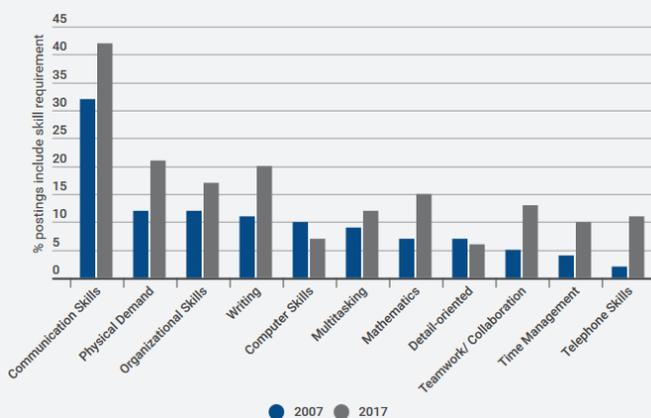


### Marketing skill demand for sales associate



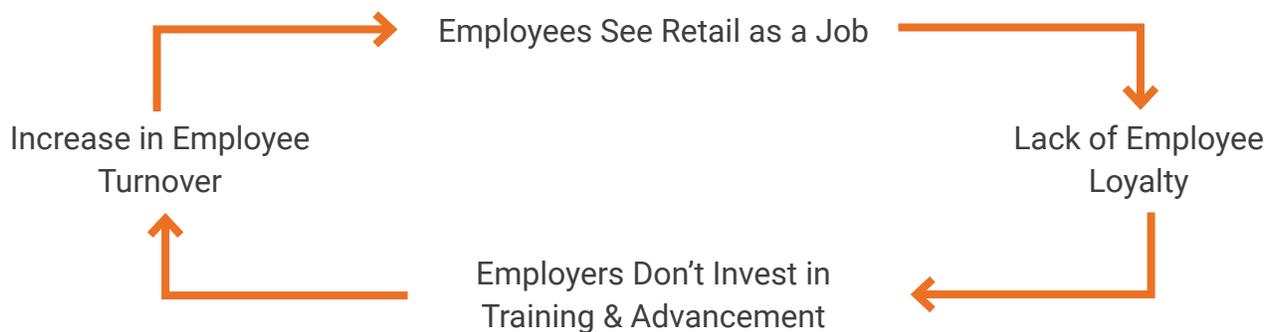
Source: <https://nrf.com/blog/how-the-retail-sales-associate-role-has-changed-over-the-last-decade>

### Other skills demand for sales associate



Source: <https://nrf.com/blog/how-the-retail-sales-associate-role-has-changed-over-the-last-decade>

**83% of current traditional retail workers said they were open to new job opportunities**, and few saw retail as their career. In fact, 68% thought of their job as just that – a job.<sup>xi</sup> And when employees see their profession as a job instead of a career, **a self-fulfilling cycle can begin:**



So while there does seem to be hope on the way for the traditional retail industry, it seems employers still have work of their own to do in convincing their current staff to stay on board until that hope arrives.

# BREAK TIME

## Current Retail Worker Sentiment: How Much Fear is Fear Itself?

A 2015 report by Citi Research found that **two-thirds of U.S. retail jobs are at “high risk” of disappearing by 2030**. Self-checkout lanes can replace cashiers. Autonomous vehicles could handle package delivery or warehouse inventory. Even more complex tasks like suggesting what toy or shirt a shopper might want could be handled by a computer with access to a shopper’s buying history, similar to what already happens online today.<sup>xii</sup>

Witnessing all this change are the retail workers, and they are scared. So much so that **71% of retail workers believe that traditional retail is dying**.<sup>xiii</sup> Most believe that more stores will close soon due to online competition, and **60% feared that closing storefronts would take away from store-based jobs**.<sup>xiv</sup> An even more specific worry among retail workers? Automation.

64% of retail workers believe there are more job opportunities in warehouse/distribution centers than the retail stores themselves, but **63% of warehouse/distribution workers believe that robots will take over those warehouse/distribution jobs in the next 10 years**.<sup>xv</sup> While these numbers are stark, how much of this fear is justified? And how much of automation will be a threat, versus an improvement in customer/worker experience?

According to BRP (Boston Retail Partners), **around 45% of retailers are set to use some type of artificial intelligence (AI) technology between now and 2020**. These innovations help retailers on the back end, analyzing data such as video feeds to figure out how many bags shoppers carry as a way to predict store performance.<sup>xvi</sup> Walmart recently acknowledged that it is testing the use of robots that can move down the aisles of its stores, scanning shelves for out-of-stock items, missing shelf tags or other problems. **The robots are said to be 50% more productive than human workers at the task, and they are able to scan shelves three times faster with considerably more accuracy**. They can also do the job more often than their human counterparts.<sup>xvii</sup>



But some analysts/consultants, like Micah Solomon, think that in order for technology to truly impact the brick-and-mortar environment, we'll need something called **“digital parity” – customers’ desire for a physical experience that is every bit as convenient, extensive, and streamlined as what they’ve encountered online.** It’s only then that the physical store starts to outshine online commerce, assuming it has engaged human associates ready and eager to meet the electronically self-identified customer and tell them about the product they’re interested in buying. At that point, **the technology becomes an enhancer, a facilitator, of the human connection. And the physical stores start to win again.**<sup>xviii</sup>

This mixture of human/robot interaction is proof that despite some concerns of traditional retail workers, their future workspace might be shared instead of destroyed. Consider the world wherein the two parties work together – shoppers browse online and provide critical buyer behavior data, and then come into the physical store to receive the catered experience from trained human employees. Companies like Warby Parker and Bonobos are already deploying this strategy. In the case of Bonobos, online sales still dominate, but the physical stores provide a dramatic increase in brand awareness. And instead of a pure sales function, they serve more as “guide shops” where customers can set an appointment to see a stylist, try on different outfits and set up a style profile. As with Warby Parker, you will not leave with anything. Bonobos uses its physical locations to build ease and community.<sup>xix</sup>

But the multi-billion dollar question remains – will the robots eventually take over anyway?

David Autor of MIT recently published a study on automation that examined data on 28 industries in 18 countries. He found that, since 1970, automation hasn’t reduced jobs – in fact, it has slightly increased them. But since the beginning of the 2000s, **automation has reduced workers’ income.**

According to his research, workers’ employment, hours, or wages haven’t fallen. But wages have risen less rapidly than overall economic growth, with owners getting an increasingly large share. Autor suggests this trend could continue as automation increases.

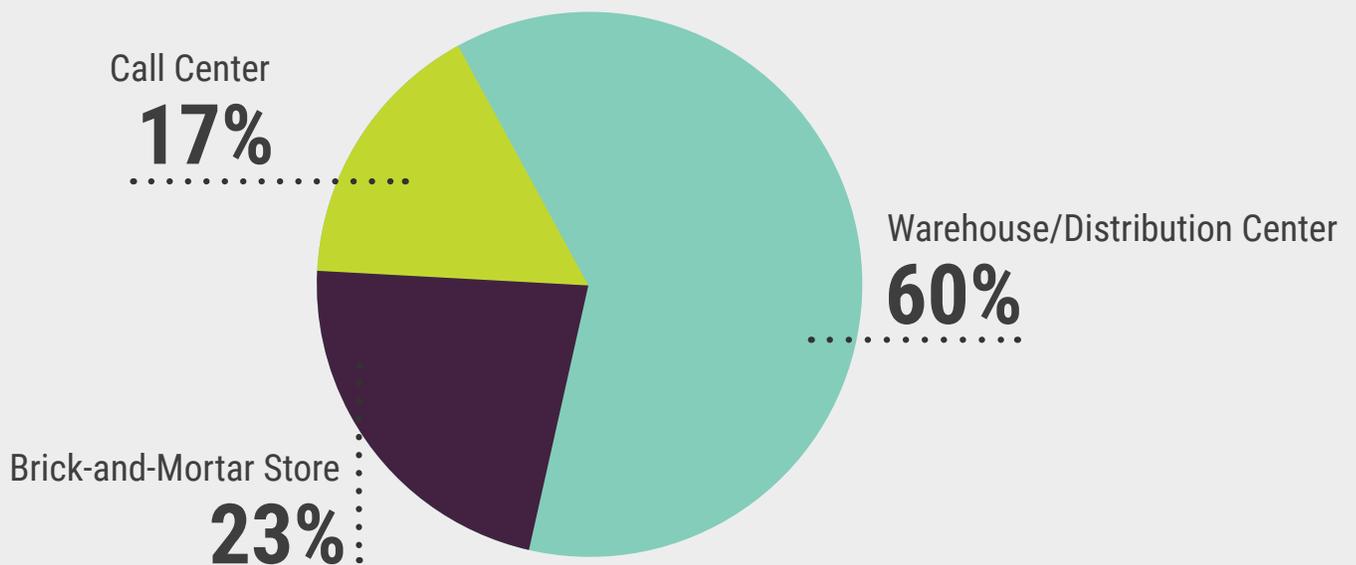
“No, the robots will not take all of our jobs,” Autor said. “The concern should not be about the number of jobs, but whether those jobs are jobs that can support a reasonable standard of living.”<sup>xx</sup>



Like traditional retail jobs, there are varied reactions to the job satisfaction of warehouse/distribution center workers. Of those respondents to the Nexxt survey who do have experience working in that environment, **the majority (60%) find the job to be rewarding.** (Interestingly, 68% also consider it a job, not a career).<sup>xxv</sup> Among the common gripes though were:

- **38%** do not like warehouse jobs because there is little room for promotion/advancement
- **33%** said the job is physically draining
- **31%** said the work equates to long hours/shifts

## WHAT WAREHOUSE WORKERS WANT: PREFERRED WORKING ENVIRONMENT



Source: Nexxt 2018 "Retail Worker" Survey



# Where Oh' Where Are Warehouse Workers?

## 6 Challenges Hiring Managers Face Finding Talent

1

### **Difficulty Keeping Up With Demand**

August is usually the peak season for recruiting retail warehouse workers, but now it's busy all year. This constant need for hiring is straining even the most resolute hiring managers.

2

### **Competition is Intensifying**

Competition is strong and it's not just from other warehouses — it's from construction, landscaping, shipyards and anywhere else that might offer better pay or conditions.

3

### **Pay is Increasing**

Money talks and once they get experience, workers will jump to another company offering higher pay, often not even giving their current employer an opportunity to match it.

4

### **Employers are Getting Creative**

Companies are creating flexible and less traditional shifts that are more attractive to some workers.

5

### **Hours and Shifts are Changing**

People want full-time work nowadays — a full paycheck for a full 40 hours. That's hard for many distribution centers, which ramp-up hiring for the peak season and can't afford to keep workers on full-time hours the rest of the year.

6

### **New Workers are Failing Background Checks**

With a low unemployment rate, it's harder to guarantee the people available for work will pass the background checks.

Source: Supply Chain Dive  
<https://www.supplychaindive.com/news/warehouse-labor-shortage-recruiter-adapt/523563/>

# EMPLOYEE OF THE MONTH

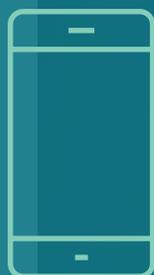
## Retail Worker Hiring, Retention & Retraining

In the past two years, Walmart (America's largest private employer) — long plagued by a bad customer service reputation and consistent reports of low wages — has spent \$2.7 billion on training programs designed to improve how employees interact with customers. It has also raised wages: the average pay for non-managerial full-time employees is now \$13.85, up 17% from three years ago.<sup>xxvi</sup>

Many of today's jobseekers are looking for more than a paycheck — they want to advance their education. Sales associate applicants are seeking out opportunities to help grow the business, learn and move into new roles. Employers who offer ongoing training opportunities and a pathway to future positions might see slower turnover and greater engagement from their sales staff.

This could all be good news for respondents to the Nexxt survey<sup>xxvii</sup>, of which:

- **38%** are actively looking for a job
- **23%** are occasionally looking
- **22%** are not looking, but open to new opportunities



### HELP IS JUST A CALL (OR TEXT) AWAY

Hiring managers looking for retail talent may have the answer (literally) at their fingertips:

**69%**

of retail workers would like to receive information about job opportunities via text message

**62%**

use their phone to search for jobs

**64%**

use their phone for job alerts

**63%**

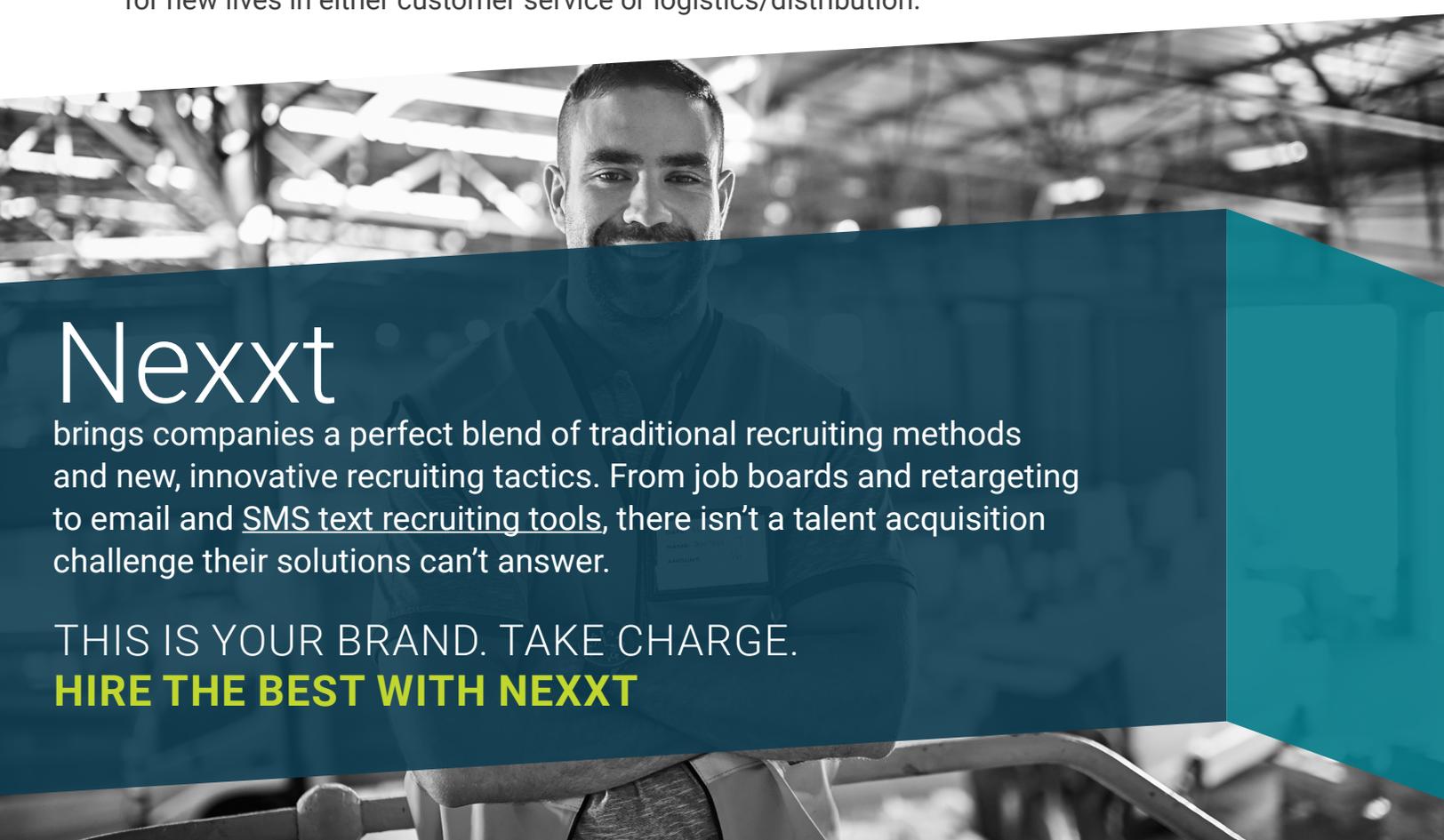
apply to jobs on their phone

As the retail industry changes, so too must the methods to attract and retain workers. A lack of higher education among traditional retail workers doesn't mean a lack of sophistication, and 51% of retail workers reported using a professional social media network to interact with potential employers. But as always, if you're looking for retail talent... money talks. **43% of respondents to the Nexxt survey said that if you want to hire or retain a worker in retail, just pay them more money.**<sup>xxviii</sup>

But while throwing money after a problem can work for instant gratification, **building and sustaining a brand is often a more impactful long term strategy**, especially for those companies short on inexhaustible cash reserves (i.e. most companies). So, how do you reach these employees without breaking the bank?

Giving employees more money is a solution to their problem. But what if, instead of just finding solutions to problems, hiring managers also worked to ensure the problems themselves don't reoccur as often? **By listening to employees, acknowledging their pain points and working to address them, you're building brand loyalty, something that has more lasting value than just randomly upping salaries.** The more employees feel heard, validated and empowered with new opportunities, the easier it is to retain workers and bring on new ones.

**REMEMBER** – There are countless predictions and projections for the death of traditional retail, but history and research shows there is also an opportunity for a rebirth by transitioning to a catered in-store experience and retraining workers for new lives in either customer service or logistics/distribution.



# Nexxt

brings companies a perfect blend of traditional recruiting methods and new, innovative recruiting tactics. From job boards and retargeting to email and SMS text recruiting tools, there isn't a talent acquisition challenge their solutions can't answer.

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## ABOUT NEXXT

Nexxt, a recruitment media company, is a dynamic employment solution catering to the next generation of hiring. For companies and agencies, Nexxt is a full-service recruitment marketing platform, providing a targeted method of sourcing the best people from a broader talent pool. For professionals, Nexxt is an employment solution, powering more than 50 niche career sites to make finding the perfect job easier. Nexxt combines predictive technology with multichannel marketing to a diversified talent network of nearly 60 million candidates on focused career sites, allowing recruiters and hiring managers to build custom campaigns and efficiently fulfill their hiring needs. To learn more and see what's Nexxt, please visit [hiring.nexxt.com](http://hiring.nexxt.com).

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<sup>iii</sup>National Retail Federation

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<sup>xxiv</sup>Nexxt 2018 “Retail Worker” Survey

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<sup>xxvii</sup>Nexxt 2018 “Retail Worker” Survey

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