



Retailers Rethink Holiday Season Strategy

Store safety, staffing,
and shopping trends in
the COVID-19 era

This report—which analyzes responses from about 300 managers and executives representing U.S. retailers, more than half of which operate 100+ physical stores (61%) and employ more than 5,000 employees (55%)—examines how retailers spanning numerous industry segments are bracing their in-person operations for the upcoming holiday shopping season amid concerns around the COVID-19 pandemic.



Retailers show resilience and optimism

Coping with COVID-19

Retailers approach the holidays
with a plan to keep physical
stores in business

Despite the significant impact of the global COVID-19 pandemic on safety and staffing practices in the retail sector, stores have had months to adapt and prepare for the holidays, leaving many optimistic about their business in the busy season ahead.

Will stores stay open?

Retailers display a mix of confidence and caution approaching the holiday season

A little optimism goes a long way

Almost all U.S. retailers (91%) are confident—and half (54%) are “extremely confident”—that stores will be open and fully operational on Black Friday,* suggesting retailers have weighed the risks and rewards and have a plan to keep people safe in stores on the busiest shopping day of the year.

And yet, according to 4 out of 5 retailers (83%), closing a store during the busy holiday season is not unthinkable, and half (53%) say it’s likely that if their region were experiencing rising cases of COVID-19, they would voluntarily shut down store operations and tell employees to stay home.

However, if stores are forced to close for an extended period during the holiday season due to COVID-19, 3 in 5 retailers (59%) have a plan to keep store associates employed, while the remainder are either unaware of whether their organization has a contingency plan (27%) or admitted that they do not have a plan to keep store associates employed (14%).



“Holiday Creep” in 2020: Stores are offering holiday sales earlier than ever to maximize revenue

With Amazon Prime Day (Oct. 13-14) kickstarting the season, two in five retailers surveyed (40%) reinforced that shoppers can expect holiday deals to hit stores in October, and a quarter (26%) plan to onboard seasonal store staff earlier than in 2019.** Just about half (49%) predict in-store holiday sales will decrease year over year, while more than a quarter (28%) are predicting an increase.

*Black Friday is Nov. 27, 2020; **According to a 2019 holiday hiring study conducted by Kronos, more than half of all hiring decisions for the 2019 holiday season were completed in October (26%) and November (28%), and 1 in 4 retail hiring managers (26%) were still looking to fill seasonal openings on Black Friday (Nov. 29, 2019).

COVID-19 gives curbside a tremendous boost

Year-over-year availability of curbside pickup options has grown dramatically, nearly doubling since the 2019 holiday season. For the upcoming season:

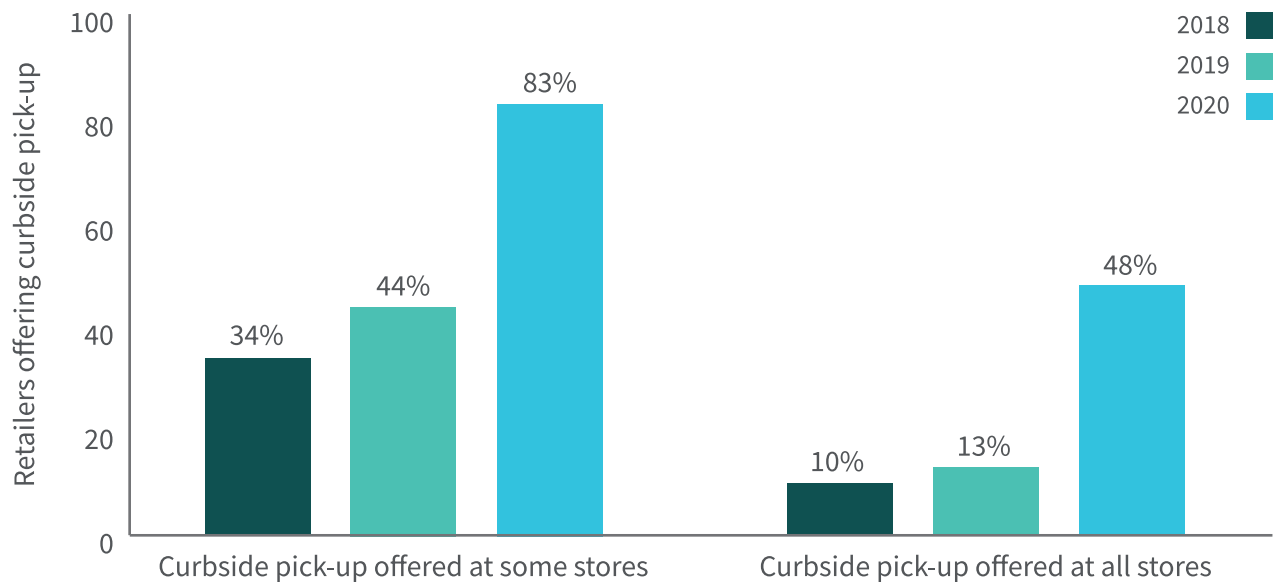
Four in 5 retailers (83%) will offer curbside pickup in at least some stores, compared to just 44% in 2019 and 34% in 2018;

Half of retailers say all their stores (48%) will offer curbside pickup, compared to just 13% in 2019 and 10% in 2018; and

Staffing up to support curbside pickup is a “top priority” for stores, according to half of retailers (47%).

Staffing to support BOPIS and same-day/next-day delivery also gets a bump for the holidays

To meet rising demand for buy online, pickup in-store (BOPIS) options, a quarter of retailers (26%) “significantly” increased their 2020 hiring target for seasonal staff dedicated to supporting curbside, in-store, and drive-through pickup. At the same time, a quarter of retailers (26%) plan to offer free same-day or next-day delivery from stores in the coming season—with a quarter (24%) saying they’ll employ their own drivers, and 1 in 5 (19%) planning to use a third-party delivery app or service.



With shoppers happy to spend but hesitant to enter stores, curbside pickup is a savior for retailers trying their best to salvage brick-and-mortar sales volume in 2020—and will likely be one of many “contactless” retail solutions that stick around post-pandemic.

By the numbers

The impact of COVID-19 on the retail workforce

- More than two-thirds (67%) of retailers had a store employee test positive for the virus.
- The vast majority (86%) say stores have experienced understaffing related to COVID-19.
- Four in 5 (80%) say store employees have quarantined because of COVID-19.
- On average, three-quarters (75%) have furloughed store employees. However, apparel, book, consumer electronics, luxury, and housewares retailers made furloughs at a proportionately higher rate than other industry segments surveyed—collectively, 92% of these segments furloughed staff.

80%

of retailers say store employees have quarantined because of COVID-19

81%

of retailers think it's possible that concerns about COVID-19 could lead employees to quit mid-season

Concerns for employee well-being

Throughout what is already a stressful time of year, the emotional well-being of frontline retail employees cannot be overlooked. Nearly 3 in 4 retailers (72%) anticipate that store employees will often feel anxious or stressed out about COVID-19 while at work this holiday season. In fact, the majority (81%) think it's possible that personal concerns about COVID-19 could lead employees to quit mid-season, while 75% think an uncomfortable customer interaction could lead to the same end.

“The holiday shopping season is already a stressful time for retail employees—COVID-19 will surely be an additional catalyst.

Retail employers have a vital responsibility to protect their people by creating safe workspaces and empowering managers to foster a culture of trust and transparency. And given that leadership already recognizes the likely existence and impact of COVID-related anxiety among the workforce, the 2020 holiday winners will be the ones who proactively do something about it.”

DR. CHRIS MULLEN,
executive director,
The Workforce Institute
at UKG

Safety is second-to-none with sales at stake

Store Safety Proves Vital

Customer safety and workforce well-being predicted to be the hot-ticket items this holiday

Safety is the 2020 holiday season buzzword—but what exactly are stores doing to keep customers and staff safe? Who's overseeing these safety procedures, and will everything be in place by the time the first holiday displays are up? Retailers reveal what's in store.

Safety first, people first

Priorities align to keep everyone safe in stores



Safety is trending: How are retailers keeping people safe in stores this holiday season?

- 83% require employees to wear masks, and 82% require customers to wear masks;
- 80% are increasing cleaning frequency;
- 73% enforce social distancing, but just half (47%) manage in-store traffic by indicating one-way aisles or using floor markers;
- 67% provide PPE (personal protective equipment) for all staff members, and 60% have transparent shields/barriers separating employees and customers;
- 55% conduct employee health screenings before each shift;
- 50% manually monitor and limit headcount, while 33% hired “occupancy counters” to ensure capacity is not exceeded and 13% use people-counting software;
- 48% offer contactless payment options to expedite checkout, though only 15% offer mobile scan-and-go options; and
- 32% offer special store hours for at-risk/elderly shoppers—though this is slightly more common for larger retailers (36%) than those with fewer than 100 stores (24%).

Burden on shoppers will likely be minimal, as just 11% of retailers plan to take temperatures at the door and 8% plan to log contact information should they need to be contacted about an exposure.

73%

of retailers enforce social distancing in stores

55%

of retailers conduct employee health screenings prior to each shift

Managers are vital to store success

In an era of COVID-19, retailers are asking a lot more of store managers than ever before:

- 72% of retailers say store managers are in charge of overseeing and enforcing safety requirements, while 66% say store managers are responsible for establishing cleaning protocols;
- 66% are training managers to intervene if customers push back on safety requirements; and
- 47% say managers will be more visible this year on the floor than in past years—whether to help fill shifts or enforce safety requirements.

Meanwhile, just a quarter (26%) are equipping stores with task management software to help managers validate the completion of important safety tasks by employees.

Contact tracing is a high priority for retailers

Almost all retailers (95%) believe their organization has an obligation to notify employees who may have been in contact with a co-worker who tests positive for COVID-19—and the feeling is mutual: 86% of U.S. employees agree, according to a national survey by UKG.

Further, 9 in 10 (90%) think it is important that their stores implement a COVID-19 contact tracing program before the 2020 holiday shopping season kicks off—but only half think it is very (28%) or extremely (26%) likely that their organization will actually implement a contact tracing program across all stores before the start of the season.

Contact tracing tech-check

About one-third of retailers (38%) are using a workforce management solution to determine who has been in contact with a co-worker testing positive for COVID-19, while close to half (47%) utilize this technology to manage COVID-related leave or absence.

“While safety concerns in the workplace are prevalent, employees generally trust their employer to take care of them. This should serve as an obvious reminder that employers have a moral obligation to step up and employ all methods necessary to protect workers—both physically and mentally—throughout this challenging time in our history.”

DR. CHRIS MULLEN,
executive director,
The Workforce Institute
at UKG

95%

of retailers feel obligated to let employees know if there's potential they've been in contact with a COVID-positive co-worker, and 86% of U.S. employees agree

New roles and rules help ensure stores stay open

A New Employee Experience

Ready for the new normal

Two-thirds of retailers (67%) expect their organization will emerge stronger from the COVID-19 pandemic—while a third (37%) feel almost certain. But at the same time, they recognize the vital role of the workforce in keeping their brick-and-mortar business afloat: Four in 5 (80%) say flexible workforce management practices are more important than ever—and 44% strongly agree.

The realities of staffing for the holidays mid-pandemic

Retail navigates all new business pressures

If store associates catch COVID—what then?

Three-quarters of retailers (76%) are realistically expecting that a store employee will, at some point, test positive for COVID-19 during the holiday shopping season. It's something 1 in 3 (34%) think will occur "often" in stores and 84% say would be disruptive to business.

- About 2 in 5 (39%) plan to compensate store employees for their normally worked schedule if they are instructed by a manager or health official to quarantine and are unable to work.
- More than a quarter of retailers (28%) will cover the cost of testing for employees who are experiencing COVID-19 symptoms, regardless of their health coverage.

97%

Almost all (97%) retailers agree: Understaffing poses a disruption to store business. And with half (48%) bracing for holiday shifts to be regularly understaffed due to COVID-19, this is a big problem.

Impact on staffing levels and the bottom line

Four in 5 retailers (81%) brace for holiday shifts to be regularly understaffed as a result of employees being in and out of quarantine, and more than 1 in 4 (28%) are prepared to offer associates additional compensation or other rewards to come into work if COVID concerns become prevalent.

However, despite anticipation that employees will test positive at least somewhat regularly and need to quarantine, just 2 in 3 retailers (35%) have established a quarantine pay policy to ensure consistency and avoid liability.

Further, 1 in 3 (35%) say their stores have already struggled financially as a result of providing additional paid time-off for employees for reasons related to COVID-19.

Retail stores continue to demonstrate remarkable resilience as they evolve to provide more curbside pickup, online options, and augmented staff roles to keep the shopper and employee experience alive this holiday season.

According to at least 3 in 4 retailers, flexibility (80%), transparency (77%), and agility planning (76%) are now more important than ever before.

AMANDA NICHOLS,
senior manager, retail,
hospitality, and food
service practice, UKG

A snapshot of the holiday workforce

More than a quarter of retailers (28%) say they've created new seasonal positions dedicated to helping stores manage and enforce safety protocols.

To support the demands of COVID-19 in stores, 92% of retailers will employ at least one of the following roles during the holiday season:

- Management staff to oversee and enforce COVID-19 safety protocols (52%);
- Staff to support curbside pickup (52%);
- Staff to support BOPIS (48%);
- Staff to oversee heightened sanitation procedures (47%);
- Staff to conduct employee health screenings prior to each shift (37%);
- In-store order pickers (44% of large retailers; 27% of retailers with fewer than 100 stores);
- Occupancy counters (33%);
- Staff to enforce social distancing in stores (32%) or stationed outside to manage lines (30%);
- In-store warehouse support (25%); and
- Support for drive-through pickup (22%), and same-day delivery drivers (18%).

Rethinking shift design and employee experience

To protect the health and well-being of employees during the 2020 holiday shopping season, retailers are:

- Making schedule accommodations for at-risk employees (46%);
- Conducting regular employee pulse surveys to give managers insight into employee well-being (36%);
- Staggering employee shifts to allow for proper cleaning and social distancing between shifts (26%);
- Scheduling the same people together each week (22%);
- Offering contactless payroll options to benefit unbanked employees (15%); and
- Enabling employees to clock in and out of shifts from their mobile device (14%).

Whether to minimize crowding, push sales online, or to give employees a much-deserved break, more than half of retailers (58%) say their physical stores will be closed Thanksgiving Day.

Recruiting for the 2020 season

To fill seasonal store roles, 3 in 5 retailers (59%) are seeking out new, best-fit talent—while half (51%) are looking to re-hire former seasonal employees based on their existing familiarity with the job.

- Two in 5 (41%) will use the holidays as an opportunity to recall or rehire employees who were furloughed or laid off in 2020 due to COVID-19 shutdowns.
- One third (33%) will staff to demand, recruiting workers only as needed.
- For 1 in 5 (20%), seasonal hiring is temporarily on hold because of COVID-19.

Fun fact: Per the 2019 Holiday Hiring Pulse Survey, 3 in 4 retail hiring managers (72%) called returning seasonal associates their highest performers.

About this Report

Survey Methodology

This survey was commissioned by UKG (Ultimate Kronos Group) and conducted online by Qualtrics from September 2–11, 2020, among a pool of 302 retail managers, directors, executives, and owners in the U.S. spanning numerous industry segments, from big-box and department stores to apparel, consumer electronics, discount, drugstore, hardware, home improvement, housewares, sporting goods, and luxury retailers — more than half of which operate 100+ brick and mortar stores (61%) and employ more than 5,000 employees (55%).

Kronos Incorporated and Ultimate Software merged on April 1, 2020, and on October 1, 2020, became UKG.

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