

Competition for workers grows, putting the onus on retailers to keep employees happy

Article

The news: Private sector employers added **475,000 jobs** in February, including **170,000 leisure and hospitality jobs** (where retail workers are grouped), per ADP's monthly jobs count.

Those strong numbers are making competition for retail workers increasingly tough and leading them to feel empowered.

- To help attract and retain workers, retailers including **Target**, **Macy's**, and **Costco** are boosting store and supply-chain workers' pay.

More on this: While many large retailers are increasing wages, those increased costs haven't hurt their bottom lines, per The Wall Street Journal.

- Target announced it will increase its starting hourly wage range for store and supply-chain workers to \$15 to \$24, **per** a company press release.
- Costco plans to raise its starting hourly wage for store workers to \$17.50 this month. For some employees, it could be as high as \$28.50.
- **Walmart** said last September it would raise workers' pay to at least \$12 per hour, and its starting wages for store employees range between \$12 and \$26, with supply-chain roles starting at up to \$28 an hour, a spokeswoman told The Wall Street Journal.
- **Amazon's** minimum wage is \$15 an hour, with average hourly wages at around \$18.

Profits for these companies are also increasing, supported by strong sales growth and efforts to control costs in other parts of their operations, per The Wall Street Journal.

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Suzy Davidkhanian

Principal Analyst, Insider Intelligence

Analyst take: “Store associates are retailers’ front line,” said **Suzy Davidkhanian**, eMarketer principal analyst at Insider Intelligence. “They’re critical to the brand experience. Experienced, knowledgeable employees are a differentiator. We know that employees attribute a lot of value to pay and that unhappy employees are more likely to leave. Turnover is bad for the customer experience and expensive for retailers.”

Unionization fights: The tight labor market is also empowering workers to seek change from their employers.

- Employees seeking to unionize a Seattle Amazon Fresh grocery have asked management for higher pay, a more flexible attendance policy, longer breaks, and other benefits, [per](#) Insider. The push comes at the same time that three US Amazon warehouses are in the midst of unionization campaigns.
- A labor group organizing workers at **Starbucks** has filed 20 complaints over the past week accusing the company of workers’ rights violations that range from a threat to shut down all stores in the Buffalo, New York, market to discriminatory enforcement of policies, [per](#) Bloomberg.

The big takeaway: The current labor market is leading many retailers to recognize that boosting store and supply-chain workers' pay can be good for business. It ensures their stores are staffed with well-trained employees, which can help keep shoppers satisfied despite higher costs due to inflation.

- Moreover, there's a significant cost to unhappy employees.