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Retailers and restaurants struggle to hire and retain enough workers

Article

The situation: The tight labor market is making it extremely difficult for retailers and restaurants to hire and retain enough well-trained workers to deliver a good customer experience.

The trends:

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- **People are increasingly quitting retail and hospitality jobs.** The quit rate among retail workers reached 4.1% in January, topping the prepandemic highs for the industry for the first time since last April, per the US Labor Department. The rate for hotel and restaurant workers is even higher, at 5.4% for January, although the trend line is more muddled. The rates for both industries stand in stark contrast to the overall quit rate of 2.5%, which has been on a downward trajectory since April 2022.
- **Competition for workers is tough.** Workers see ample opportunities to find a new job with roughly 1.9 jobs per worker looking for a position. Employers keep hiring, as they added 311,000 jobs in February, per the Labor Department, with retailers accounting for about 50,000 of those jobs and food and drinking establishments adding about 70,000.
- **Wages are rising.** Average hourly earnings rose 4.6% year-over-year (YoY) in February, as companies ranging from **Kroger** and **Walmart** to **Home Depot** and **Lowe's** boost hourly pay to make their jobs more appealing.

Why it matters: The situation makes for a challenging environment for companies seeking to deliver a positive customer experience, which is critical to customer retention.

- **Poorly trained staff are hurting retailers' relationships with consumers.** Forty-one percent of US consumers rate the in-store experience as being less enjoyable now compared with pre-COVID-19, per a survey conducted by Pollfish for Theatro. And nearly two-thirds (64%) blame "poorly trained or prepared" staff for the decline, while 60% cite inadequate staffing levels as the reason for the drop-off in quality.
- **Workers are frustrated.** As companies roll out customer-centric initiatives such as Target's curbside returns service, they risk stressing workers and driving them to quit. "We just don't have enough staff to do these things properly," **Adam Ryan**, a **Target** employee and organizer with Target Workers Unite, told Insider, noting the service makes workers' jobs "more difficult and tedious," and doesn't come with additional pay.
- **Staffing shortages are hurting companies' bottom lines.** Sixty-two percent of restaurants report being understaffed, per the National Restaurant Association. And companies such as **Domino's** and **Jack in the Box** have said staffing shortages have hurt their bottom lines.

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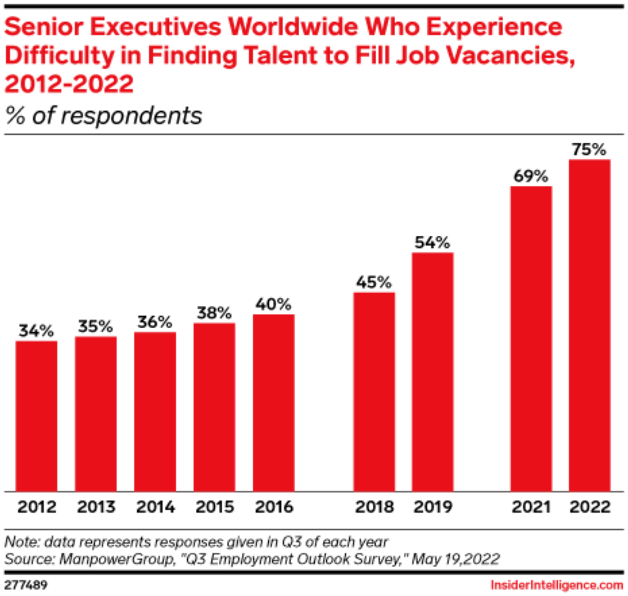

The big takeaway: Despite headlines about economic uncertainty and layoffs, demand for retail and restaurant workers remains high.

- While many retailers and restaurants have raised wages, they often pay less than other industries that are also looking to hire for jobs that can be less taxing. As a result, retailers and restaurants may need to pull other levers, such as turning to automation, to reduce their staffing needs.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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