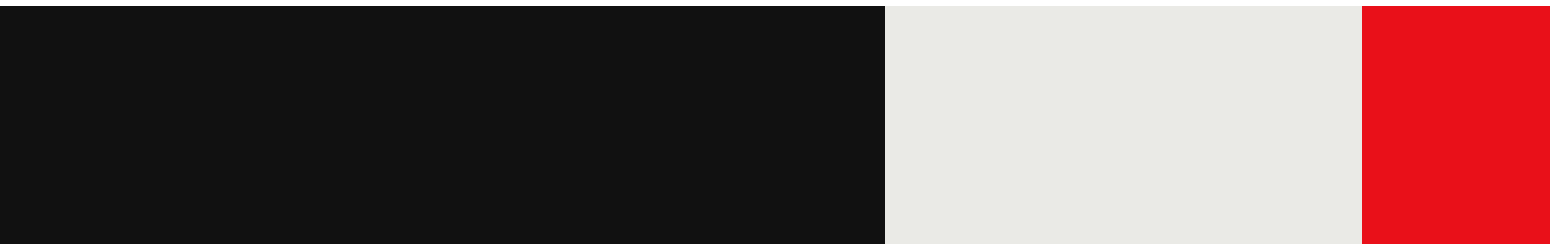



Retail and hospitality firms grapple with staffing challenges

Article



The trend: While **Best Buy** is the latest high-profile merchant to turn to [layoffs](#) to cut costs, many retailers and hospitality firms are dealing with the opposite problem: an inability to hire enough staff.

- **Over half of retailers and hospitality companies (53%) said staffing and wage issues were their top concerns heading into summer, [per](#) a survey by Multimedia Plus.**
- The situation has gotten worse as 36% said positions have gotten harder to fill over the past year.
- Demand for workers remains high. There were 829,000 retail and 1.5 million leisure and hospitality openings in February, according to the US Labor Department's [February Job Openings and Labor Turnover Survey](#).

Serving up a good experience: The challenge is particularly acute for restaurants and other hospitality companies.

- **The majority (62%) of [restaurants](#) face staffing shortages, [per](#) the National Restaurant Association. Companies such as [Domino's](#) and [Jack in the Box](#) have recently said that their inability to hire enough workers hurt their bottom lines.**
- **Demand remains high as spending at restaurants and bars rose 13.0% year-over-year in March, [per](#) the US Commerce Department.**
- Restaurants are trying to keep up. Hiring at independent restaurants hit a six-month high in March, with 61% of operators actively adding permanent and temporary employees, [per](#) Alignable's April Small Business Hiring Report. That's up from 50% in February.
- But churn remains a challenge. The quit rate among hotel and restaurant workers rose to 5.9% in February, up 0.6 percentage points from January.

Making jobs more appealing: With roughly [1.67 openings](#) for every person looking for a job, companies are looking for ways to make their positions more appealing.

- **Kroger, Walmart, and Lowe's** are among the retailers that have increased hourly wages to attract workers amid fierce competition.
- Others are boosting benefits. For example, **Harris Teeter** last week began offering [paid parental leave](#) to full-time associates.
- But there's no easy solution given that retail sales associates have the worst job in the US, [per](#) a recent US News & World Report [analysis](#) cited in Bloomberg.
- Only 59% of store associates are happy with their jobs, [per](#) a Waitwhile survey. And merchants' inadequate staffing (cited by 46% workers) is a significant cause for that

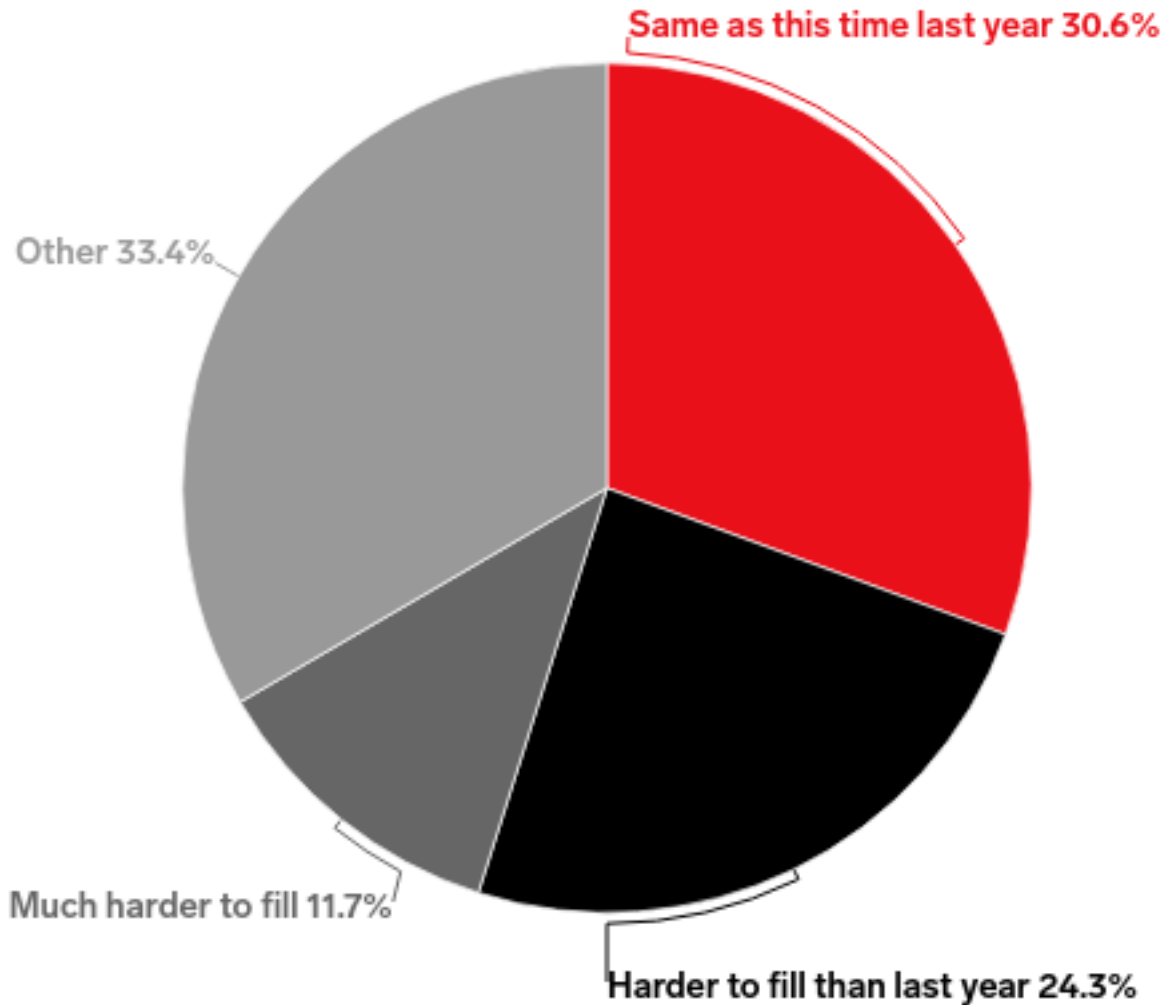
frustration (as are angry or frustrated customers and poor management).

The big takeaway: Retailers need to invest in workers to ensure they're delivering a good customer experience.

- The tight labor market is forcing retailers and restaurants to invest in higher pay and better training to attract and retain enough workers.

US Retail and Hospitality Companies' Difficulty Filling Open Positions, April 2023

% of respondents



Note: n=125 senior executives, compared to a year earlier

Source: Multimedia Plus, April 12, 2023

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