

The Great Resignation forces retailers to boost pay and benefits

Article

The news: The tight labor market is forcing retailers to boost pay and benefits as they seek to retain both corporate workers and store employees.

The corporate end: The Great Resignation has driven workers at all rungs of the retail ladder to rethink their work.

- The pandemic helped spur strong retail sales growth. Now, many of the companies that have benefited are attempting to scoop up talent as their businesses mature.
- **Amazon** has seen a number of senior leader [departures](#) over the past year, including at least **200 corporate employees** who defected to Instacart and Gopuff, [per](#) the Information.
- In an apparent response, Amazon more than doubled its cap on base pay cash compensation to **\$350,000** from \$160,000, [per](#) The New York Times.

US Retail Ecommerce and Total Retail Sales, Q3 2020-Q3 2021

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Retail ecommerce sales (billions)	\$191.57	\$235.96	\$196.81	\$211.44	\$204.62
—% change vs. prior quarter	-1.1%	23.2%	-16.6%	7.4%	-3.2%
—% change vs. same period of prior year	36.3%	31.9%	39.1%	9.2%	6.8%
—% of total retail sales	13.1%	15.2%	13.4%	12.5%	12.4%
Total retail sales (trillions)	\$1.460	\$1.548	\$1.472	\$1.692	\$1.652
—% change vs. prior quarter	10.6%	6.0%	-4.9%	14.9%	-2.3%
—% change vs. same period of prior year	7.0%	7.0%	16.4%	28.1%	13.2%

Note: figures are unadjusted; excludes financial brokers and dealers, ticket sales, agencies, and travel

Source: US Department of Commerce, "Quarterly Retail E-commerce Sales, 3rd Quarter 2021," Jan 11, 2022

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The service-sector end: Retailers are increasing pay and benefits for store workers, as well as those who work in fulfillment and transportation.

- **Apple** plans to significantly increase the benefits it provides US retail store workers, [per](#) Bloomberg.
- Amazon in September boosted its average starting wage for fulfillment and transportation workers to **\$18 an hour** along with comprehensive benefits worth an additional \$3.50 per hour, [per](#) a company release.
- **CVS** last year boosted its hourly wage to **\$15 an hour**, [per](#) a company release.
- **Walmart** has made [several moves](#) over the past year to improve its employer-sponsored digital health benefits.
- While retailers tend to lay off large swaths of seasonal workers in January, many did not do so this year due to the difficulties attracting and retaining service-sector workers. "Businesses are hoarding labor," **Mickey Levy**, chief US economist at Berenberg Capital Markets, [told](#) The Washington Post.

A broader context: The Great Resignation is making it difficult to hire and retain workers.

- More than 4 million Americans quit their jobs in July, and that pace of resignations has continued. About **4.3 million Americans**, or 2.9% of workers, quit their jobs in December, [per](#) the US Bureau of Labor Statistics (BLS).
- To retain workers, **14.5%** of private-sector businesses have increased their base wages, [per](#) BLS.
- Around **63%** of brick and mortar retail tenants are currently in hiring mode, and about 71% of that group said it is harder to find qualified job candidates than in the past, [per](#) a Levin Management survey.

The takeaway: The tight labor market is empowering workers. In addition to the fierce competition for top technology talent, retailers also have to pay heed to the consumer-facing workers who are the public face of their organizations. If they fail to find ways to keep their employees satisfied, they'll likely lose staff, causing their customer experience to suffer.