UKG

WORKFORCE INSTITUTE

2024 RETAIL & HOSPITALITY INDUSTRY INSIGHTS REPORT

ASIA PACIFIC EDITION

What's Trending in Retail Work

In today's competitive landscape, your people are your greatest competitive advantage.

The data is clear:
Invest in your people and systems for business success.

Welcome

Retail is exploding with opportunity. It's the space for people to work with brands that matter in their day-to-day lives, and with the right people in place to care for customers in stores, retailers have everything to gain, as consumer spending remains healthy.

Creating a workplace culture that makes people want to stay — especially in an industry marked by high turnover y — means paying attention to what keeps employees happy. Getting it right starts with fully understanding the state of play across retail, hospitality, and food service in 2024.

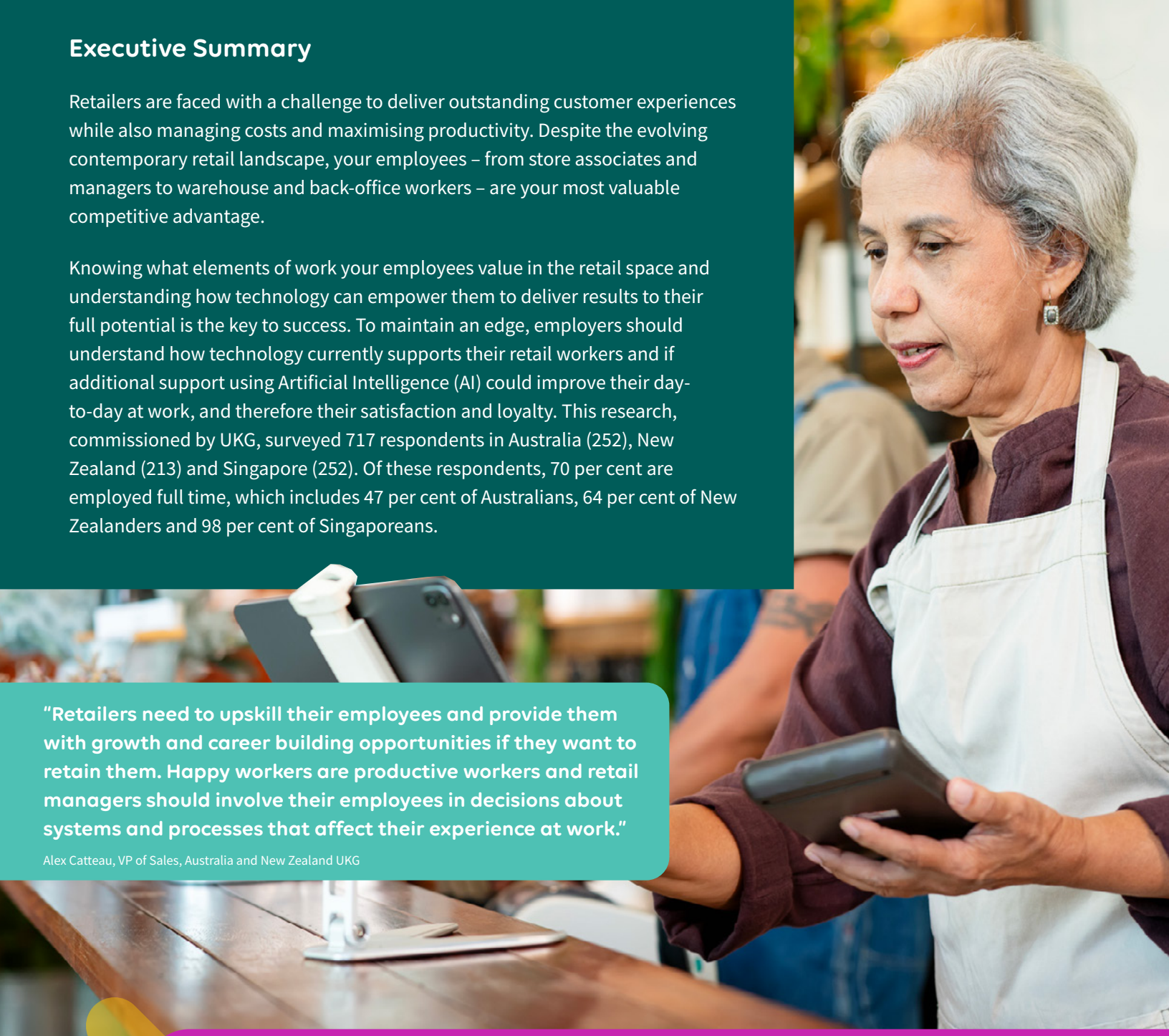
This report synthesises current field research to highlight the key trends that matter most to people on the frontlines. Our analysis finds that employers who balance employee and business needs, while meeting your people where they are today, will ultimately achieve success.

Alex Catteau
VP of Sales, Australia and New Zealand UKG

Executive Summary

Retailers are faced with a challenge to deliver outstanding customer experiences while also managing costs and maximising productivity. Despite the evolving contemporary retail landscape, your employees – from store associates and managers to warehouse and back-office workers – are your most valuable competitive advantage.

Knowing what elements of work your employees value in the retail space and understanding how technology can empower them to deliver results to their full potential is the key to success. To maintain an edge, employers should understand how technology currently supports their retail workers and if additional support using Artificial Intelligence (AI) could improve their day-to-day at work, and therefore their satisfaction and loyalty. This research, commissioned by UKG, surveyed 717 respondents in Australia (252), New Zealand (213) and Singapore (252). Of these respondents, 70 per cent are employed full time, which includes 47 per cent of Australians, 64 per cent of New Zealanders and 98 per cent of Singaporeans.



"Retailers need to upskill their employees and provide them with growth and career building opportunities if they want to retain them. Happy workers are productive workers and retail managers should involve their employees in decisions about systems and processes that affect their experience at work."

Alex Catteau, VP of Sales, Australia and New Zealand UKG

IN THIS ISSUE

What's Trending?

WHAT'S TRENDING?

Understanding and fulfilling employee expectations

Becoming a great workplace is all about listening and getting the basics right.

Finding a way to balance business needs with employee expectations pays off. McKinsey & Company found that **retailers with lower frontline turnover have higher comparative store sales by three percentage points**[1] — proving that organisations are indeed incentivised to listen to people and understand what's important to them.

Rethinking what it means to work in retail

Retaining talent long term depends on treating people like people. Communication and collaboration with employees are essential to understanding and nurturing the deeper dynamics driving workplace experience and satisfaction.

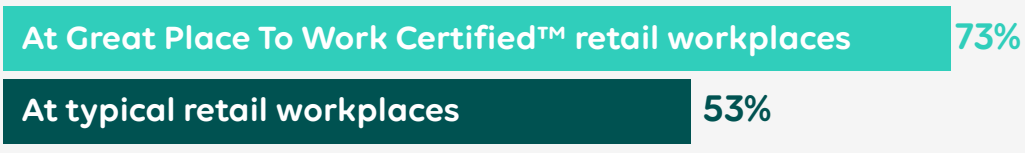
Employers must be prepared to shift direction quickly. In just five years, retail employees' attitudes and desires have evolved significantly, and analog technologies have been replaced by innovative, high-tech solutions. An entirely new generation is entering the workforce, and new drivers of retention and discretionary effort are pushing employers to rethink and reprioritise the employee experience.

According to Great Place To Work®, the most successful retail companies in 2024 are focused on four intertwined factors to retain their employees: creating opportunities for a purposeful career, training them in a variety of skills, involving them in decisions, and ensuring their people feel their total compensation is fair.

Great Place To Work®

Retailers have room to improve career development programs[2]

Employees who say employer-provided training and development supports their career growth:



Employee retention is heavily driven by having a sense of purpose as well as a visible and financially viable path forward.

When employees find special meaning in their work, they are **1.6x more likely to want to stay** at their workplace for a long time.[2]

Even in high-turnover industries, many workers are looking for meaningful careers. Employers should stop assuming retail workers only plan to stay for a few months. More than three-quarters (77%) of employees at great retail workplaces, and close to half (48%) of workers at typical retail companies, have little-to-no intention of changing jobs.[2]

Considering this, it's important for workplaces to invest in understanding the long-term growth objectives of their employees and to prioritise upskilling and career-building opportunities for people at every level and in every role.

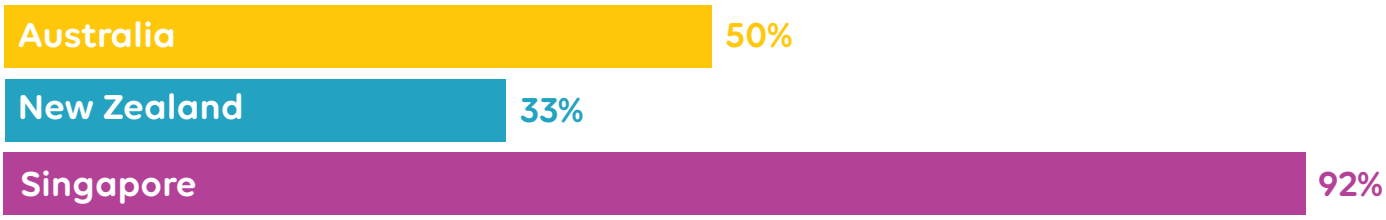
> **More than half of employees in typical retail workplaces say management does not involve them or their coworkers in decisions that affect their jobs or work environment. Pay has always been important, but today it's just one of many factors influencing employment decisions. If employers don't survey their people to understand what is needed to retain them, then how can they expect to get it right?**
>
> — Sarah Lewis-Kulin, Vice President, Global Recognition, Great Place To Work

> **We value the voices and opinions of all our associates, regardless of title, department, or seniority. We have a saying that everyone has a voice 'around the fire,' which is a nod to the beloved firepit that is in the center of our global home office.**
>
> **— Fran Horowitz, CEO, Abercrombie & Fitch Co.[4]**

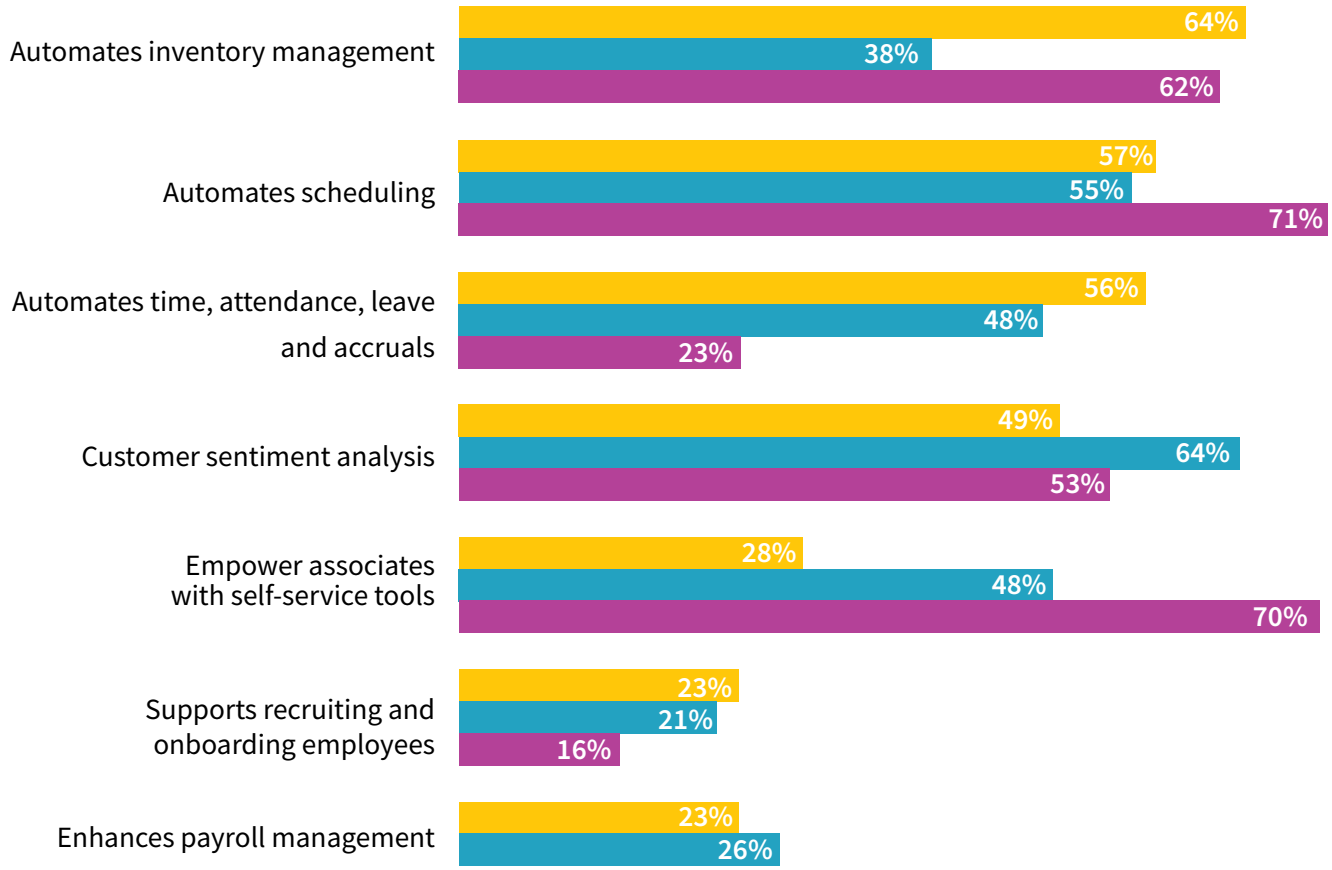
Retail workers **want** to use AI technology to improve systems and their day-to-day experience at work. Singapore leads the way in AI adoption in the retail workplace, with **92 per cent of employees using automation.**

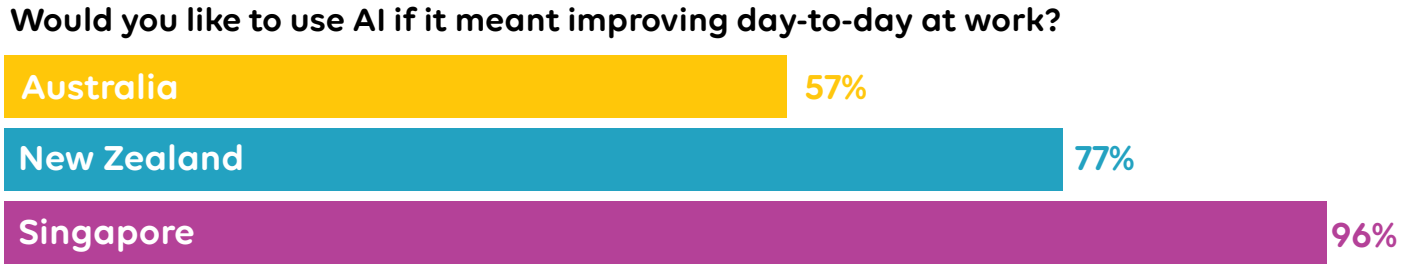
By leveraging AI, retailers will experience increased operational efficiency and higher employee satisfaction. Just 39 per cent of all retailers across Australia, New Zealand and Singapore surveyed somewhat agree that their company provides sufficient technology needed to support their day-to-day at work. Of those workers who felt they weren't technologically supported by their company, an overwhelming **80 per cent would like to use AI** to improve their day-to-day and overall job satisfaction.

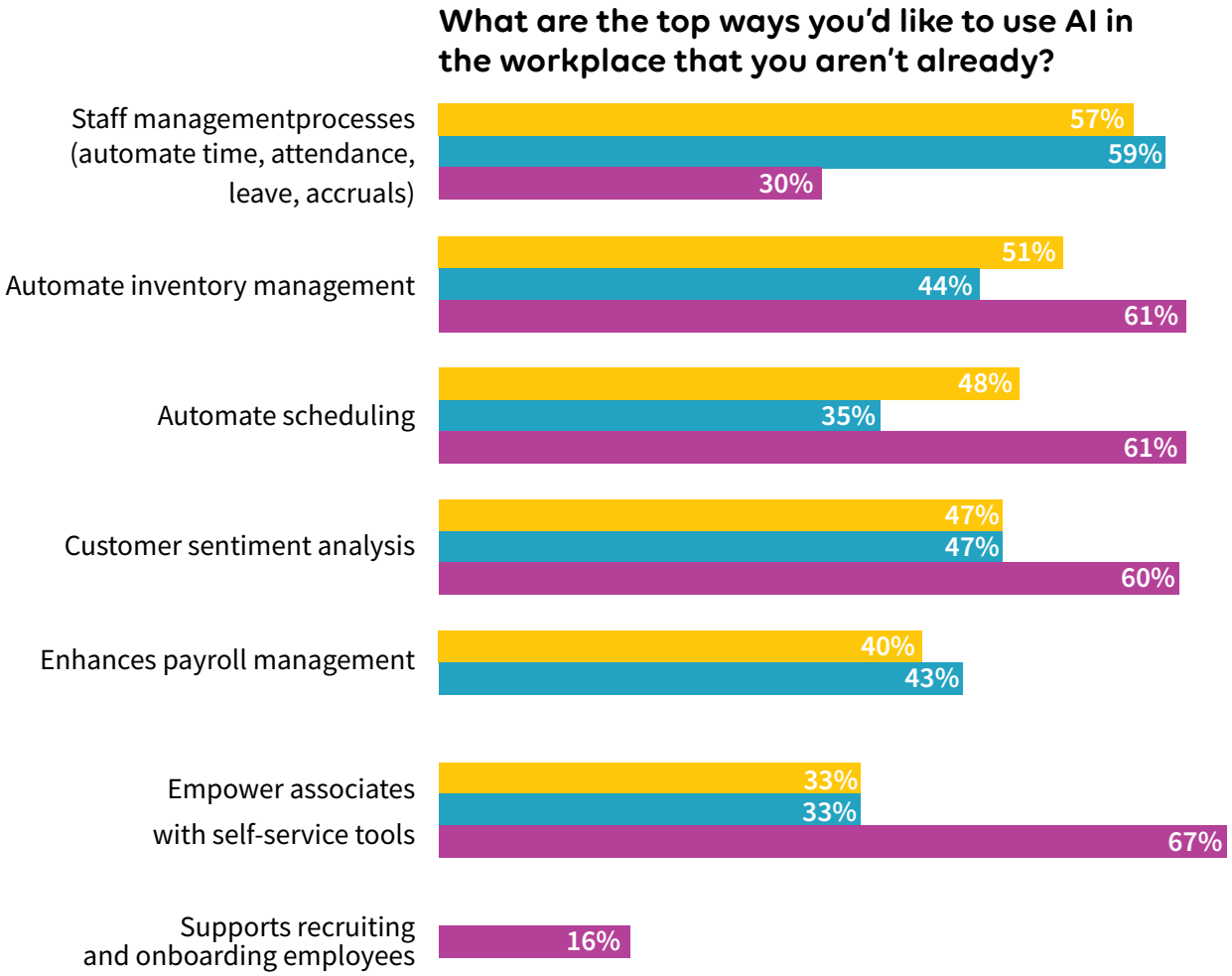
Do you use artificial intelligence (AI) / automation in the workplace?



How does AI improve your day-to-day work?







> **They offer an objective point of view and provide a safe space for our people to seek guidance to find resources and development opportunities, resolve personal and professional issues, access benefits, and more.**
>
> **— Peggy Riley,**
> Vice President, Employee Communications and Engagement, Wegmans[5]

WHAT'S TRENDING?

Getting creative with flexible work solutions

Flexibility is the number one perk that Australian and New Zealand retail workers

Retail workers value shift and time flexibility. Flexibility has become a key focus in discussions about the future of work and failing to provide flexibility significantly undermines hiring and retention efforts for your workforce. By implementing a flexible employee work schedule, which may include a shift swapping system, a framework is put in place that can be adjusted easily and when needed.

PUTTING IT INTO ACTION

The UKG workforce management solution is currently used by approximately 18,000 Cotton On team members in 16 countries and applies nearly 100 different pay rules.

In Australia, more than 92% of team members are using the mobile app on their own devices, and about 55% of team members worldwide are using the app on their own devices and another 37% are using a company device. This flexibility not only increases engagement and improves the overall employee experience but also allows team members to balance their work and personal lives more effectively.

> **The mobile app has increased team member engagement and improved team member experience.**

Natalie McLean,
Chief Retail Officer, Cotton On

'What workplace features and benefits are most important to you?'

75% of Aussie retail workers believe time and scheduling flexibility is most important to them

- **58%** health and wellbeing are most important
- **52%** support from management
- **44%** meaningful work

68% of Kiwi retail workers believe time and scheduling flexibility is most important to them

- **50%** health and wellbeing
- **50%** support from management
- **42%** compensation

For Singaporeans, career development and career building opportunities is the top desire (79%)

- **75%** support from management
- **62%** health and wellbeing
- **49%** time and scheduling flexibility

Retail workers are feeling burnt out. Can technology help them?

Mitigating burnout and effectively managing fatigue are vital in ensuring your workforce remains energetic and efficient. By understanding how your employees are feeling and if they are feeling supported by management, you can assess and provide the right tools and processes to alleviate fatigue. A quarter or more of retail workers feel burnt out.

To what extent do you agree that you feel burnt out in your current role?

Australia: Somewhat agree 25%

New Zealand: Somewhat agree 37%

Singapore: Somewhat agree 28%

Being understaffed is the top reason for burn out among retail workers.

What are the top reasons you feel burnt out?

We are understaffed 77%

I want a higher salary **63%**

Poor management **49%**

We are understaffed 67%

Poor management **63%**

I want a higher salary **62%**

We are understaffed 82%

I want more flexibility **65%**

I want a career change **60%**

Methodology: This study was conducted between July – August 2024. The sample comprised of a multi-national representative samples of 252 Australian retail workers, 213 New Zealand retail workers, and 252 Singaporean retail workers in employing businesses aged 18 years and older. Questionnaire was designed by Ogilvy and survey fielded by Dynata Global in collaboration with Ogilvy/UKG Workforce Institute.

UKG Talk: boosting productivity, flexibility and employee wellbeing

Hamilton Island, a premier luxury destination in Australia's Great Barrier Reef, relies on 1,400 staff across 400 roles to serve 5,000 guests.

UKG Talk has become an indispensable communication and operational platform for Hamilton Island. By enabling real-time, centralised messaging, it streamlines operations and enhances the guest experience through swift coordination and response.

The platform plays a vital role in supporting both guest and employee safety, ensuring that time-critical information is delivered instantly and reliably. Moreover, UKG Talk fosters a strong culture of belonging—empowering staff with easy access to essential resources like policies, files, and company announcements, while also promoting wellbeing, retention, and productivity.

> At Hamilton Island, we don't just provide people a job - we provide people a home. That comes with a big responsibility. So 'culture' is more than just a 'workplace culture', it's a community lifestyle that we are trying to build and deliver. UKG Talk is central to that.
>
> — Rebecca Tomkins, Group HR Director, Hamilton Island

WHAT'S TRENDING?

Amplifying respect for store managers

Store managers aren't just team leaders — they're the physical embodiment of your brand's mission and values.

Store managers drive the culture that shapes the experience for customers and employees at every location. Team members don't merely *report* to their managers, they rely on them for support and direction — especially related to career growth.

In fact, having a "good manager" is the top driver of employee loyalty in retail per a study by Customer Management Practice. But this pivotal role is often pulled in many directions. Managers are balancing priorities and met with dwindling staff support, contributing to a rampant rise in burnout.

Managers, who have more employment options than the people they manage, are also 1.75x more likely to quit.

Store managers need support, too

Managers claim working in customer service is growing more difficult for them and their staff. Labour cuts aren't helping matters and technologies like self-checkout aren't really, either. Struggles to address retail crime, violence, and theft further increase managers' apprehension.

Helping managers run their stores more efficiently will go a long way toward benefiting the entire organisation. The best way to support frontline leaders is to provide tools and technology that simplify their critical role and allow them to devote more time to building a strong team around them.

1 in 3

retail employees attribute overall success and happiness at work to the support they get from their manager.[8]

3 in 4

retail employees say manager support and encouragement directly motivates them to go above and beyond.[9]

– UKG Workforce Institute

Helping managers understand their role is anything but trivial

Retail managers are key to achieving organisational goals and retaining top talent, but it's easy to get bogged down in day-to-day challenges. Research from the UKG Workforce Institute found 67% of retail managers chose the role because they "like to help others succeed." And the feeling is mutual: Retail employees value their managers' support.

Retaining people in this vital role depends on senior leadership listening to and addressing their needs. Often segmented out from the employee base when talking about employee experience, retail managers are an essential part of the workforce — and their experience matters, too.

PUTTING IT INTO ACTION

What managers say and do holds immense sway. Recognising this, a UKG customer operating more than 75 grocery stores and employing 10,000 employees in the Midwest is holding weekly "huddles" for managers across the company. These soft trainings don't just cover new products and customer feedback. Predetermined topics can range from food evangelism to mental health, and the grocery chain invites managers across all locations, including corporate headquarters, to share ideas, new perspectives, and tools to have more engaging conversations with their teams.

These huddles convey one important message to managers: *What you say can influence others.* The goal is to empower these leaders to speak up and share their enthusiasm for products and trends with frontline employees, who then bring this ownership and positivity into their interactions with customers.

Career development, purposeful work, involvement in strategic decisions, and fair pay all contribute to creating an environment where managers can step into a more influential role marked by meaningful interactions with staff and intentional and strategic customer touchpoints.

TECHNOLOGY IN FOCUS

Leveraging technology to solve retail challenges

People-focused features help retailers zero in on the moments that matter.

Facing critical talent shortages and a rapidly evolving world of work, retail leaders are embracing new technologies designed to solve their most pressing challenges. In many cases, AI is at the center of these workforce innovations.

Originally deployed as a trusted sidekick for store managers and team members, AI is pushing performance boundaries. It anticipates and provides insights to support people at key moments, empowering them to accomplish more in the flow of work.

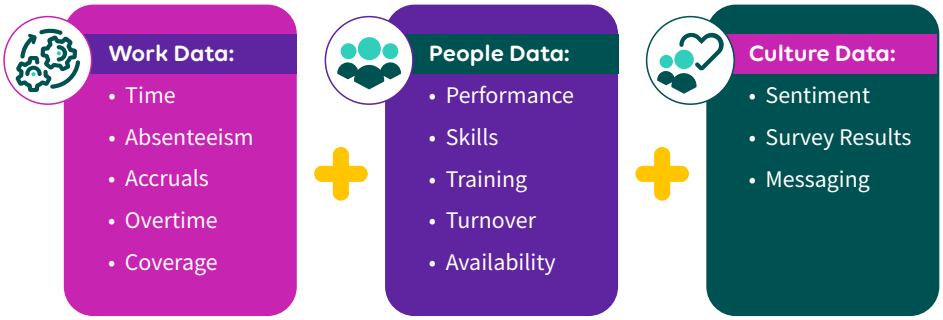
AI doesn't make decisions — it helps your people do that.

Organisations already succeeding with AI are ahead of the pack: 40% of retail workers say employers neglect their tech needs, and Deloitte found that just half of retail executives are confident in their company's ability to use AI effectively.

Smart use of AI represents a commitment to meeting the needs of employees

In today's retail labour market, becoming an employer of choice is key to improving business outcomes for the long term. Emerging AI tools can pair rich workforce datasets with industry benchmarks on what employees say make great cultures, presenting managers and leaders with an objective view of their organisation's current state along with prescriptive guidance to improve business outcomes.

Enterprise retailers are empowered to make critical business decisions when backed by 360-degree visibility into their workforce and culture data, customer preferences, and data related to manufacturing, supply chain, and inventory logistics.



Humans and AI together represent the ultimate collaboration. Retailers should invest in technologies designed to ensure that humans remain at the center of the experience and always in control, no matter how powerful the automation.

Spotlight on AI-driven tools to solve industry challenges

A survey of executives from Retail TouchPoints found operating budgets for new in-store technology are increasing. Retailers have exciting options to transform store managers into strategic leaders and to provide better employee experiences through connection, teamwork, learning, and growth.

Aligning work to talent

AI is particularly powerful in optimising labour models. Its granular forecasting capabilities lead to more intuitive scheduling, segmented by season, day of the week, and even individual department demand within day parts.

Improving associate training and development

AI delivers personalised learning paths to upskill associates to more advanced roles. Training is proven to help with retention, and many frontline workers will stay loyal to an employer if provided opportunities that support a long-term career path.[2]

Increasing flexibility

AI-powered schedules make it easier for employees to take time off or swap shifts while ensuring stores are properly staffed. Earned wage access provides another layer of flexibility for retail workers living paycheck to paycheck or shift to shift by letting people withdraw a percentage of earned pay before their payday.

Engaging people beyond the day to day

Mobile apps are the best fit for fostering collaboration, recognising and celebrating each other, and building trust between employees and managers. When enabled, actionable insights powered by machine learning measure the impact and engagement of each communication.

Improving tasking

AI helps prioritise and sequence tasks based on current and dynamic conditions so workers know the next best task that will provide maximum impact to the customer.

Addressing loss prevention

Stores are implementing AI to detect theft or fraud in real time, identify patterns of shrinkage, make predictions about potential losses based on point of sale and self-checkout data, and identify high-risk areas in stores.

Compliance with industry regulations

Increased regulation — spanning minimum wage hikes, predictive scheduling requirements, and union rules — are met with advanced AI solutions to ensure rules are applied consistently and employees are paid fairly.

PUTTING IT INTO ACTION

Accurate labor forecasts enabled UKG customer Costa Coffee to increase staffing efficiency by 65% while keeping overtime costs down.

"Store managers can accurately plan their staffing needs well in advance and make data-driven decisions so our stores always have the right people with the right skills in the right place," said Katie Little, labour operations manager at Costa Coffee.

References:

[1] David Fuller; Bryan Logan; and Aneliya Valkova, *The Great Attrition in frontline retail—and what retailers can do about it,* McKinsey & Company (July 29, 2022), found at https://www.mckinsey.com/industries/retail/our-insights/the-great-attrition-in-frontline-retail-and-what-retailers-can-do-about-it.

[2] Great Place To Work data was obtained from benchmarks related to a study of over 4,000 typical companies, the yearly benchmarks of all Great Place To Work Certified companies from 2019 – 2024, and benchmarks from the Fortune 100 Best Companies to Work For in 2024.

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About the UKG Workforce Institute

Established in 2007, the UKG Workforce Institute is a global think tank of researchers, economists, and HR and business leaders dedicated to driving organisational performance through an emphasis on people. Through investigative research and executive analysis, our esteemed board members share proprietary studies, data-driven insights, and actionable strategies for succeeding in the changing world of work.

UKG

Our purpose is people