# retail relationships reset

EMPLOYER ⟶ EMPLOYEE

# Revitalizing the employer-employee relationship

The retail sector faces a pivotal transformation in employer-employee dynamics. This shift, underscored by Gallup's prediction of a 'relationship reset', is driven by global challenges ranging from the pandemic's aftermath to the burgeoning impact of AI. This paper delves into this vital relationship, drawing insights from recent research findings to navigate and harness these changes for a resilient and prosperous retail future.

## Understanding the challenges

Two sets of challenges - macro and micro - are reshaping the employer-employee landscape:

### MACRO CHALLENGES

**Economic shifts:** Global events, including geopolitical tensions, climate change, and inflation, have led to supply chain disruptions and a squeeze on spending.

**Technological evolution:** Rapid advancements in technology demand a workforce skilled in new systems and processes, adding pressure on staff adaptability.

**Market realities:** The rise in online commerce and changing consumer behaviors are reshaping retail strategies, impacting traditional roles and expectations.
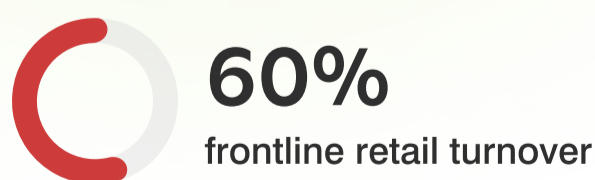
### MICRO CHALLENGES

**Career progression:** Limited development opportunities and unclear career paths are major deterrents for retail employees, leading to disengagement.

**Work flexibility:** The growing need for adaptable work arrangements - in terms of hours and location - remains unmet for many in the sector.

**Recognition and trust:** A lack of frequent, meaningful recognition and transparent communication from leadership has eroded trust and morale.

## The consequences of strained relationships

Neglected employer-employee relationships in retail lead to tangible losses:

**60%**
frontline retail turnover

**-23%**
potential loss in profitability

**-10%**
customer satisfaction

### Employee turnover

Frontline retail turnover, consistently above 60%, not only disrupts operations but also significantly affects recruitment, store productivity, and revenues. High churn rates lead to increased expenses in hiring and training, compounding the financial strain on retail operations.
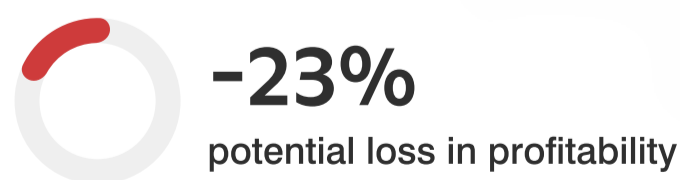
### Customer service

Employee engagement directly influences customer satisfaction and loyalty. Engaged employees are known to boost sales productivity by 18% and profitability by 23%. Disengaged employees would negatively impact achieving these results.
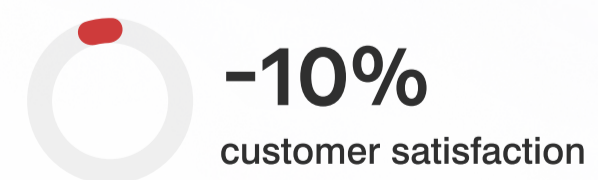
### Brand reputation

The internal culture of a company plays a crucial role in shaping customer perception. A negative internal culture can lead to a 10% reduction in customer satisfaction, jeopardizing brand loyalty and potentially affecting long-term customer relationships.

## Who can make the change?

Strengthening the employer-employee bond in retail is a shared responsibility:

- **Company leadership:** Sets the vision and tone, ensuring the organizational direction aligns with employee and customer needs.

- **Line managers:** Act as the crucial link, translating company strategies into day-to-day operations and fostering team development.

- **HR departments:** More than administrative support, HR strategize on employee engagement, retention, and culture-building initiatives.

# Recommendations for improvement

To effectively reset the employer-employee relationship in retail, here are actionable strategies informed by the latest industry insights:

### 1 Understand your workforce

Engage in a detailed analysis of your team's demographics, interests, and ambitions. Use these insights to tailor your Employee Value Proposition, guided by the seven key dimensions of retail employee experience identified by Lotis Blue Consulting. This strategy allows you to craft and incentivize tailored growth paths, maximizing individual productivity by aligning experiences with each employee's career stage and profile.

### 2 Jumpstart communication

Use dynamic and interactive tools, inspired by social platforms. PwC's 2022 HR Tech Survey highlights the importance of adopting technologies like mobile-first solutions, gamification, and enhanced leadership communication to drive tech adoption effectively. This strategy transforms workplace communication, making it as engaging as social media – a change that particularly resonates with Gen Z employees.

### 3 Foster two-way dialogues

Establish channels for employees to express ideas and concerns. This fosters a culture of transparency, crucial for effective onboarding, integration, and retention. Effective communication streamlines information flow and reduces misunderstandings, leading to greater overall efficiency.

### 4 Leverage leadership

Create platforms for executives to share the company's vision, fostering a sense of belonging and purpose. Echoing the World Economic Forum's insights, real loyalty stems from meaningful connections, not just financial perks. This strategy is crucial for engaging employees, especially the younger generation, ensuring they feel integral to the company's mission and become true brand advocates.

### 5 Recognition and rewards

Implement a system that not only acknowledges employee achievements for morale and retention but also inspires extra discretionary effort. According to Great Place to Work, when employees feel recognized, they're more likely to contribute beyond their usual responsibilities. This strategy transforms recognition from a basic retention tool into a powerful driver of exceptional employee contributions.

## About Relesys

Established in 2014, Relesys is a trailblazer in retail technology, creating customized Communication & Performance solutions for some of the biggest global retail brands. Our platform offers seamless integration of internal communication, performance management, gamification, and training, uniquely tailored for each client.

Serving giants like Salling Group, Specsavers, and Mercedes, we empower over 17,000 stores across 84 countries in 21 languages. Headquartered in Copenhagen, Denmark, our team of specialists are committed to innovating the retail experience, championing efficiency and engagement in every frontline worker's role.