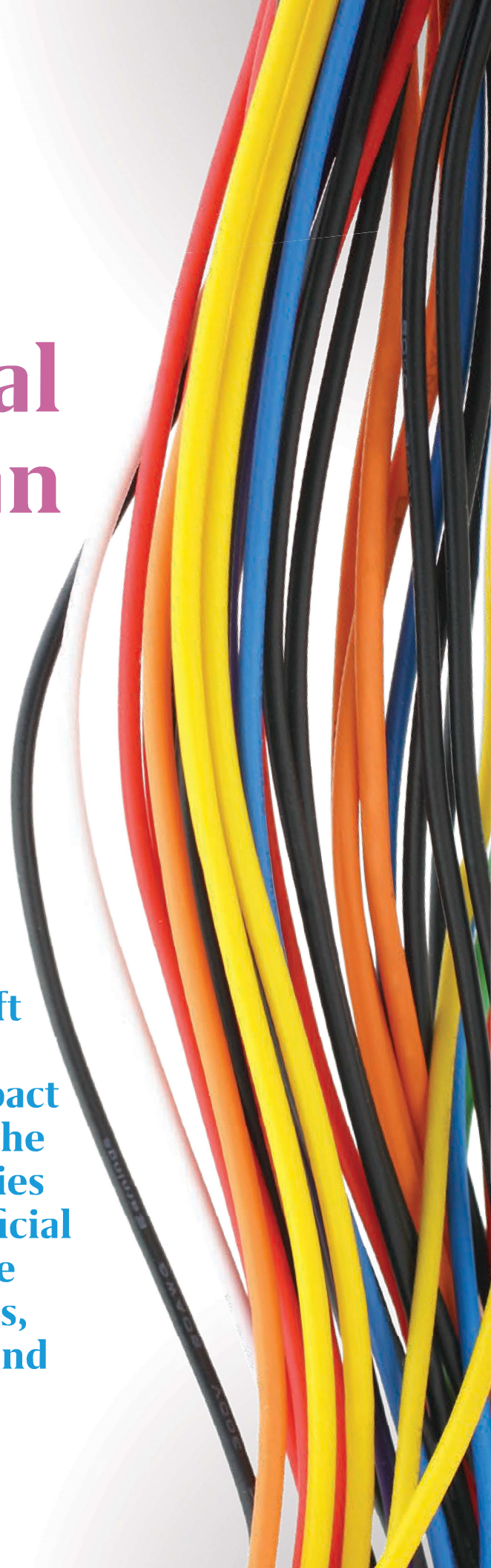


# What will the fourth industrial revolution mean for retail?

It's being called the fourth Industrial Revolution – the blurring of boundaries between the physical, digital, and biological worlds – and it's fundamentally changing the size and shape of the workforce. Between the fusion of technological advances and the shift to meet the changing demands of customers, there's a noticeable impact around adding new types of jobs. The emergence of disruptive technologies such as e-commerce, robotics, artificial intelligence, and virtual reality have increased the demand for new skills, altered processes and operations, and new consumer lifestyles.



As a result, businesses have had to adapt their strategies to keep up with such technological advances. In particular, HR has had to learn how to adapt and keep up with a changing workforce. The rise of e-commerce outlets like Amazon has made it harder for traditional retailers to attract customers to their stores and forced companies to change their sales strategies. Many companies have turned to sales promotions and increased digital efforts to lure shoppers while shutting down brick-and-mortar locations.

Yet while many retailers over the years have filed for bankruptcy and closed brick-and-mortar stores, some have been able to successfully revive their brands and begin a second act by focusing on their online presence, establishing non-traditional store fronts such as “hubs”, and creating a seamless experience for the customer of new or exclusive products, on-site stylists, good music, food, and coffee.

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## Economic and industry challenges and trends

From the shrinking real estate footprint of brick-and-mortar to better meet buying behaviors to regulatory issues like minimum wage increases, the retail industry is facing four critical issues:



### Store closures

It's become more challenging than ever to lease retail space. But is the in-store model actually dead?



### Changing consumer spending habits

Consumer debt levels are at an all-time high, resulting in less discretionary income to spend.



### Artificial intelligence and automation

Technology is being used to create a customized buying experience, get products into customer's hands faster, and understand the customer better.



### Shifting workforce demographics

Attracting and retaining employees, navigating employee generational differences, career development, and work-life balance impact the way employers hire and retain talent.

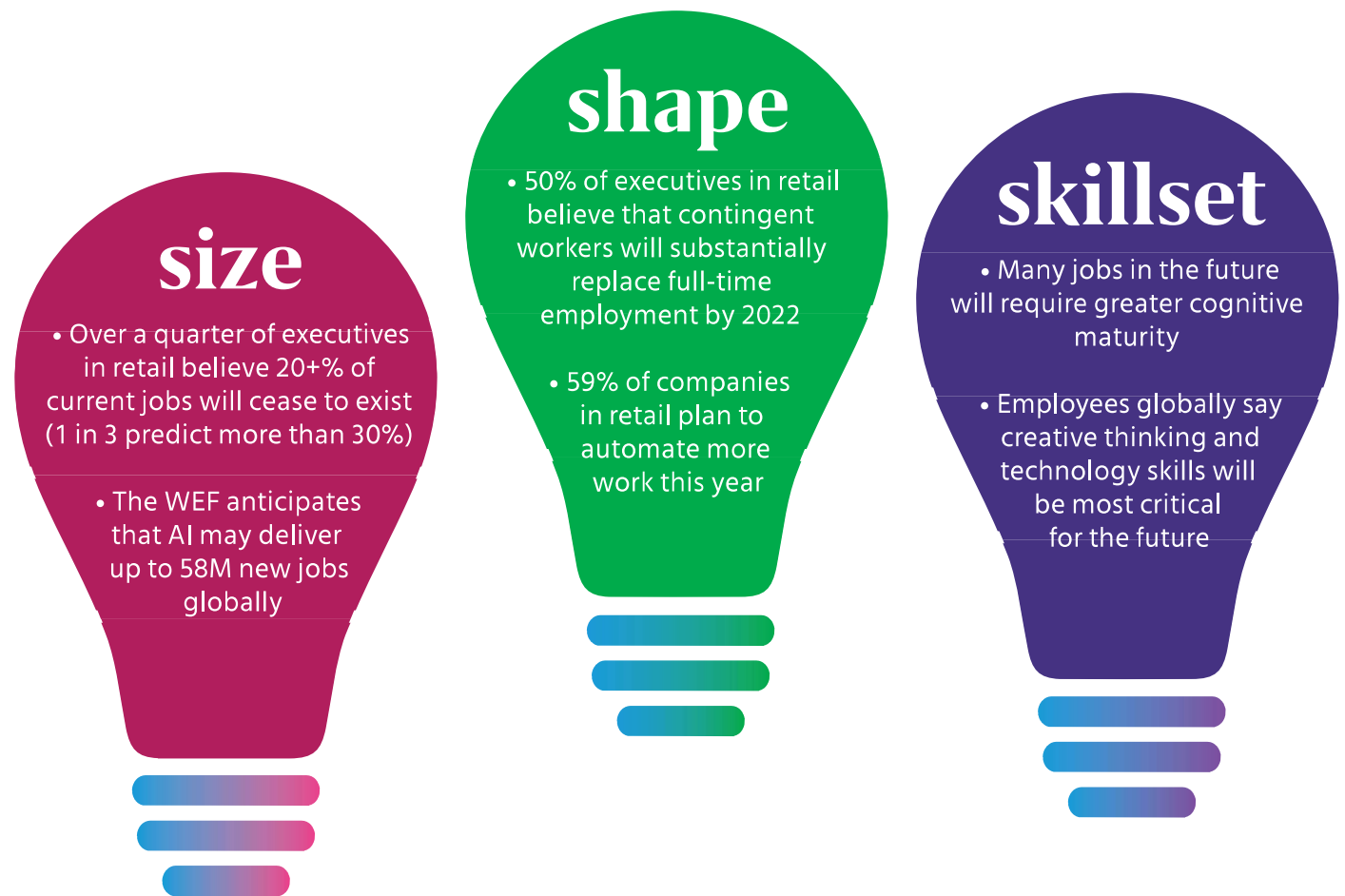
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With these economic, industry, and people challenges, the retail HR community provided insights to their people strategy in Mercer's [2019 US Retail Compensation and Benefits Survey](#). Overall, companies are staying consistent with their compensation budgets and pay increases. Two-thirds of the organizations surveyed planned no changes to their salary increase budgets for 2019. Twenty-two percent of the remaining one-third were lowering their projected salary increase budget due to economic uncertainty or general cost reduction initiatives. The remaining 36% of one-third of organizations were planning to increase their budgets, citing the primary reason as greater competition for workforce or anticipated labor shortages.

So, if retail organizations are not changing their salary budgets, what is changing in retail work?

## How the fourth industrial revolution is changing work

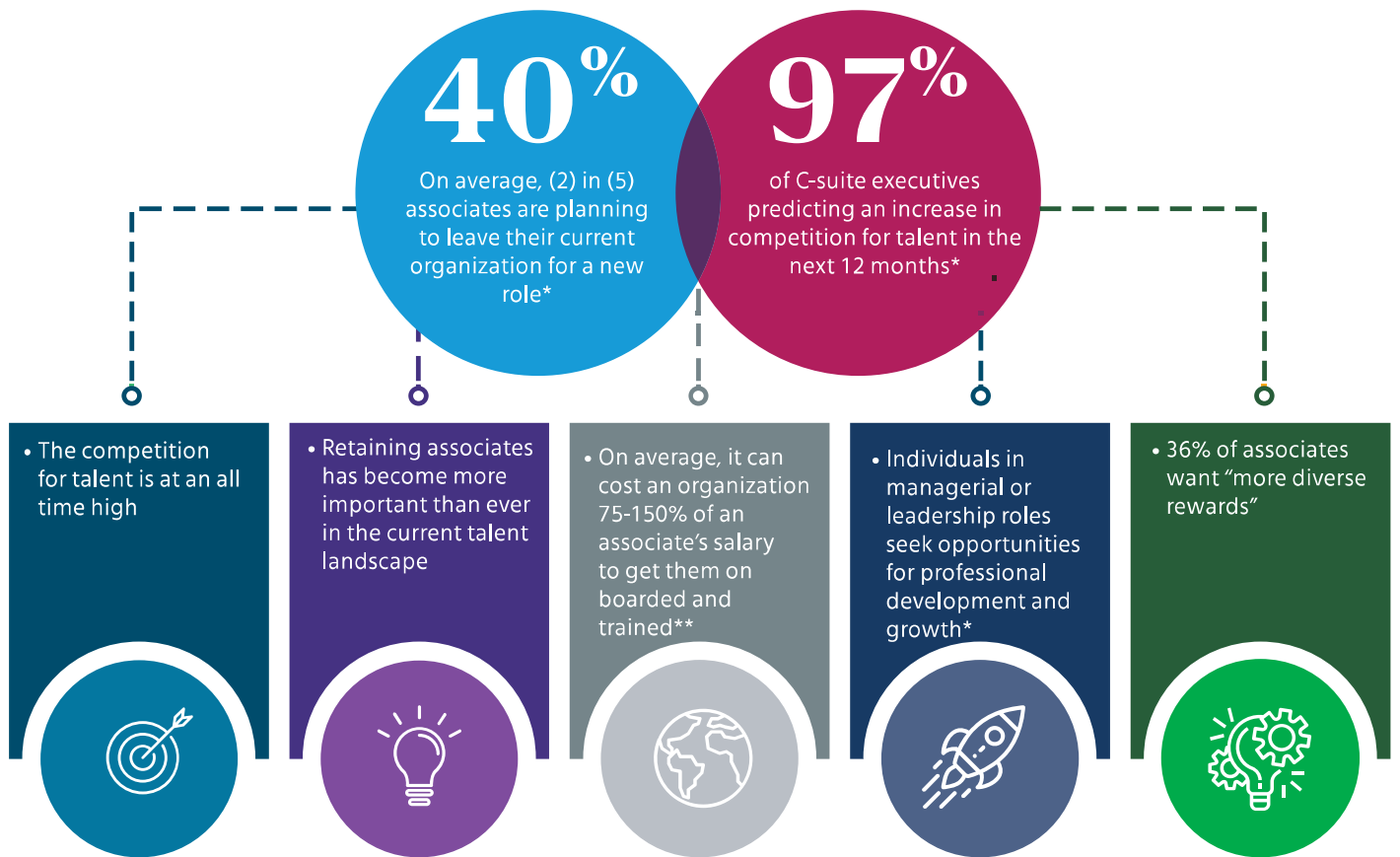
Automation and new ways of working provide opportunities for jobs to evolve and new ways for people to feel connected to the brand they are employed by. These new ways of working will require a different skillset. New jobs will require more cognitive maturity and more empathy — uniquely human skills.



## Reinforce and reward future direction

More and more, we're learning about the importance of connectivity. At least 20% or more of the workforce is falling into the millennial generation — the largest generation in the workforce. If you're not connecting with this group, your shortage of talent is going to increase.

Individuals desire to be connected to their organization's mission, to their own purpose and aspirations, and to one another. To be successful, it's critical to pay attention to the networks, affiliations, and ecosystems that fuel their business and be intentional in fostering communities. Winning organizations will be those that become *most human* in their interactions — those that build trust, engage in genuine and generous dialogue, and deliver purposeful experiences that delight and surprise their people. The mantra has gone from "attract & retain" to "attract and continually attract."



\*2019 Global Talent Trends Survey

\*\*<https://online.alvernia.edu/articles/cost-employee-turnover/>

So why do people choose to join a company, why do they stay, and what causes them to leave? When we asked employees **what the most important thing their company could do today to improve compensation, the top four answers were:**

1. Offer more types of rewards and compensation.
2. Give me opportunities to earn more.
3. Link my compensation to the success of specific projects.
4. Align rewards to what I truly value.

In Mercer's [2019 US Retail Compensation and Benefits Survey](#), **job security, career opportunities, and pay came out on top for why employees say they joined their current company. Job security is also the top reason, by far, that people stay.** This is important insight for HR, especially given the pace of change and focus on new technologies, which has an impact on how safe people feel in their job.



**Now is the time to look at rewards and compensation to make sure you're ready for this evolving workforce**

Mercer's [2019 US Retail Compensation and Benefits Survey](#) provides you with compensation and policy and practices data that will ensure you have the right insights to make key decisions regarding your workforce. Use the data to benchmark your compensation strategy and see how your retail salaries compare to the competition. Create, design, and evaluate pay and benefit strategies to attract the right talent, mitigate turnover, and develop incentive structures and succession plans.



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