

Trek, San Francisco 

US RETAIL REPORT

# The Big Shift

Radical changes in  
a slowing economy

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# Introduction

At Deputy, we sit at the heart of the labor markets, enabling us to observe and report on the global workforce effectively. In the last two years, we've developed the concept of the "Shift Work Economy," defined as workplaces with paid-by-the-hour employees and scheduled shifts on either an agreed, rotating, or irregular basis.

Our workforce management software collects information on people's work schedules and hours, job satisfaction and more. Deputy's shifts/hours published and shifts/hours worked data provide an insight into how industries with a significant shift worker employee base have performed in the past and may perform in the future.

When we analyze these insights via the lens of gender, generation, geography, and industry, it allows us to see labor demand before it materializes and identify workplace trends such as compliance behavior, shift worker wellbeing, job stability, and scheduling fairness and more.

Deputy powers the schedules of over 170,000 US-based retail workers across 41,000 workplaces. Using our workforce data, The Big Shift report on US Retail delves into how the industry is faring three years since the global pandemic first began and how it is faring as it faces challenges like supply chain disruptions, inflation, oncoming recession and unprecedented staff shortages.

We make predictions on the changes, challenges and opportunities for the coming year and take a look at the expanding rights of workers across the United States and what that means for both business owners and the workers they employ.

With a probable recession looming, many are exiting the industry to other sectors in search of more job security, higher wages, predictable schedules and flexibility - all practices the US retail sector needs to seriously consider adopting to thrive and come out the other side stronger of the current economic challenges.



**Silvija Martincevic**

*CEO at Deputy*

# Data Analysis

The Big Shift: US Retail Report was produced by the leading scheduling software platform, Deputy, utilizing aggregated Deputy customer data. The report features an industry-focused data analysis of US shift workers across the retail industry.

Independent Labor Economist, Shashi Karu, analyzed 1,914,468 shifts and 13,838,196 hours of 24,217 shift workers to produce the insights in this report.



## Shashi Karu

*Consulting Economist*

Shashi provides specialized advisory services in policy and market design; thought leadership in the city, workforce, and future technologies; and economic strategies. He works with a variety of federal and state government entities, international development organizations, tech start-ups, and ASX-listed companies. Prior to this, he held senior professional roles in several consulting firms. Shashi obtained his Ph.D. from the University of Melbourne.



Industry sample sets will not add up to the overall number of shift workers due to data being analyzed from other industries not called out in the report, churn, and other events that have occurred between Jan 2020 and Jan 2023. This data has been normalized to account for seasonality and demand of workforce fluctuations throughout the week (e.g. weekdays vs. weekends).

In the report "women" refers to female-identifying Deputy users and "men" refers to male-identifying Deputy users.



Untuckit, Atlanta ↘

**US Retail Report**

# Executive Summary



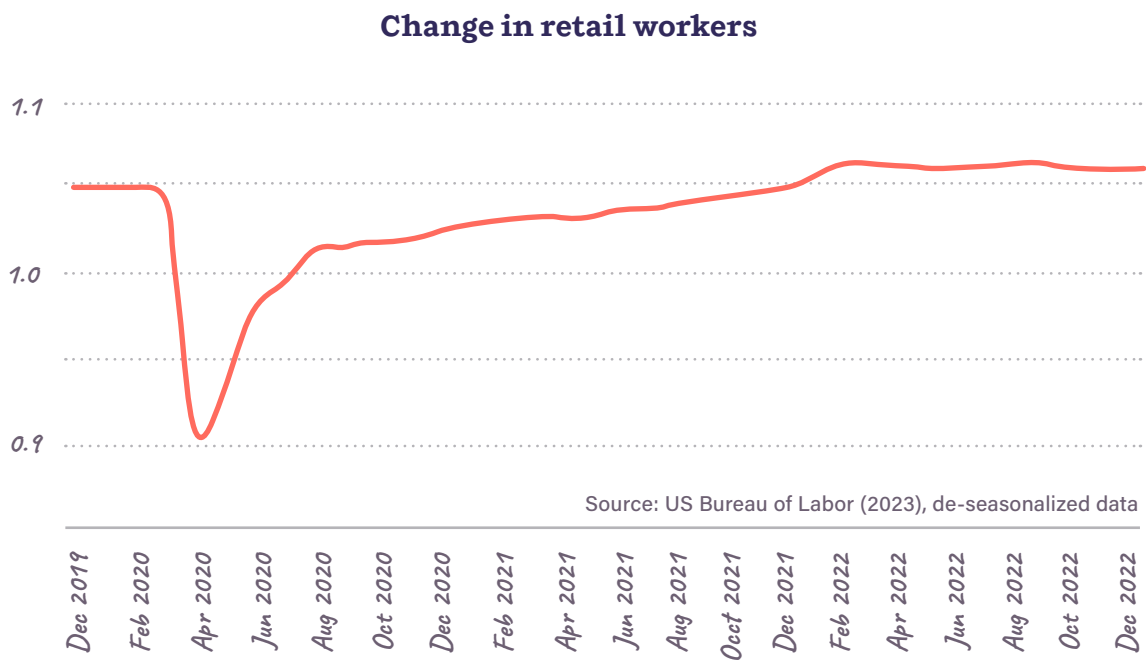


# 2022 was a year for recovery in retail

Retail industry employment grew (for the first time) above its pre-pandemic employment levels in early 2022. The industry currently employs 5% more employees in 2022 compared to 2019.

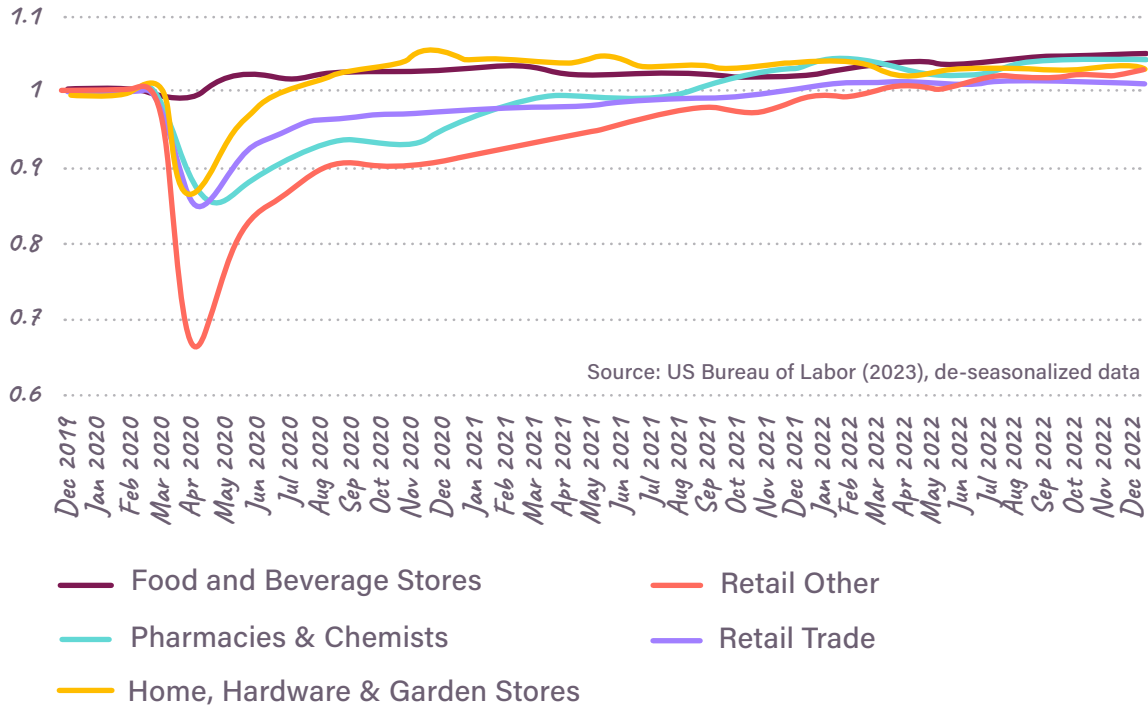
The employment levels in the US remained the same throughout the year because of:

- Tight labor market conditions
- Slowdown in American consumer spending



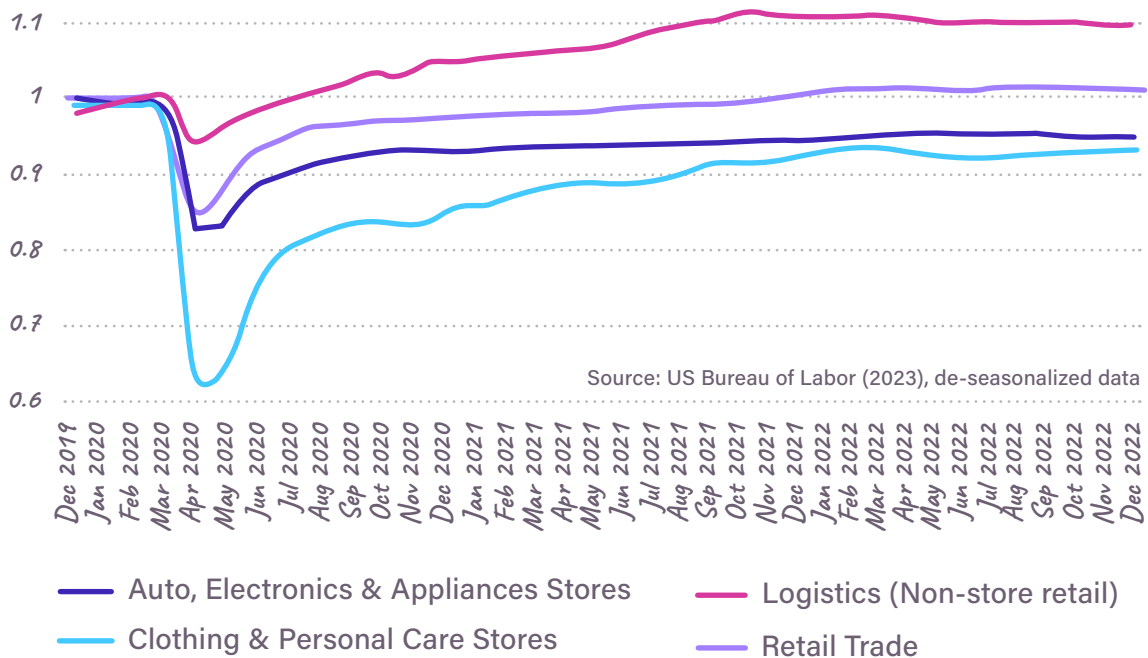
Job recoveries were driven by the vital spending on Food and Beverage Stores and Pharmacies. Other industries such as Home, Hardware, and Garden Stores, as well as Retail, have regained pre-pandemic employment levels.

### Change in retail workers by sector



The strongest job growth was observed in Logistics (Non-Store Retail). The sector increased its employment by more than 10% from pre-pandemic levels, propelled by online spending and Buy-Online Pick-up In-Store (BOPIS).

In fact, a few sectors have not been able to see recoveries into 2022, faced with increasing competition from online retail. Clothing and Personal Care stores saw decreases in employment as consumers moved to online retail competitors.





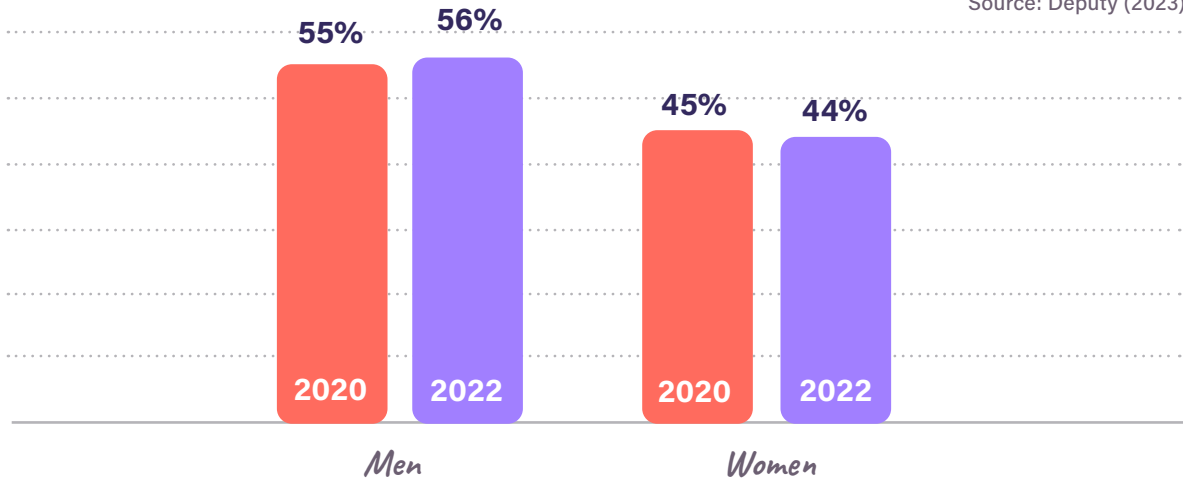
Auto, Electronics, and Appliances too lost ground to online retail channels, where Automotive retail faced challenges in supply chain sourcing from international markets.

Deputy data identifies no substantial change in employment by gender.

Nevertheless, men continue to retain a greater share of shift work hours (at 56%) compared to women (44%) in the Retail industry.

### Proportion of shift work hours

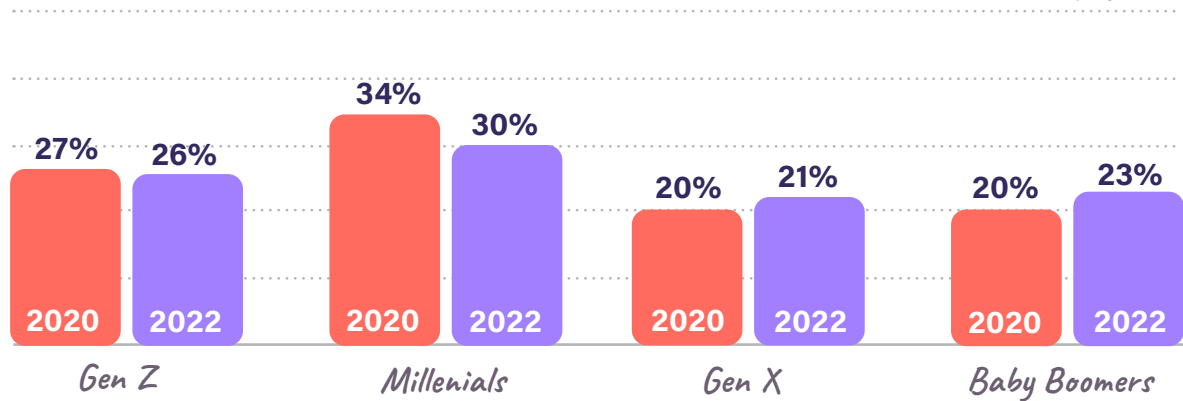
Source: Deputy (2023)



Difficulty in hiring and retaining workers in tight labor market conditions has led to an increase in the share of older workers (Gen X and Baby Boomers).

### Proportion of shift work hours

Source: Deputy (2023)



This corresponds with US Labor Market data which saw greater hiring of older workers, as businesses sought to encourage them to re-enter the workforce (including some who undertook early retirement during the pandemic).

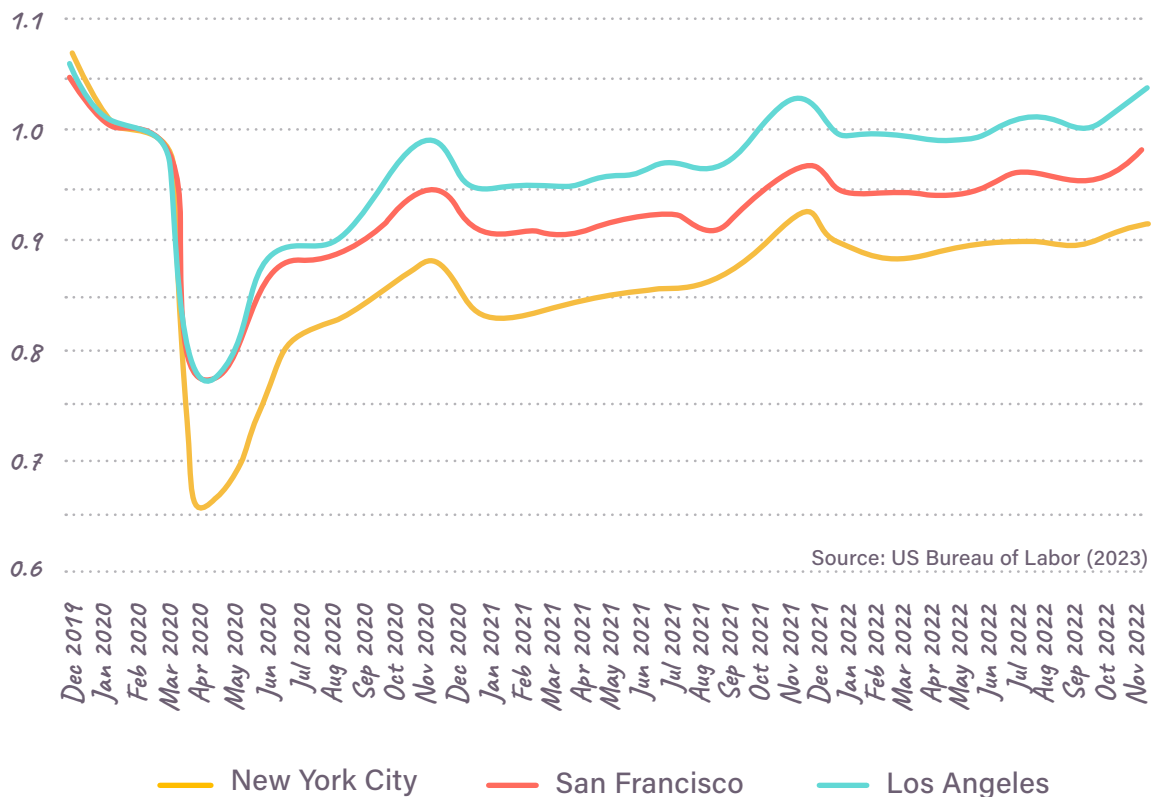
# The retail sector continues to be impacted by work-from-home culture

US cities with geographically distinct working districts have been significantly impacted by hybrid working trends. As more consumers work from home, retail spending opportunities are shifting away from their city centers.

For example, in New York City alone, the retail industry is employing 28,000 fewer workers compared to pre-pandemic levels. This is despite the national trend of recovery in retail employment.

On the other hand cities with less distinction between working and living locations have managed to stay resilient - like Los Angeles (which is an amalgamation of different small towns and work-living districts), where employment in the retail sector has grown by 5% above pre-pandemic levels.

**Employment trends in New York, LA, and the SF Bay Area**

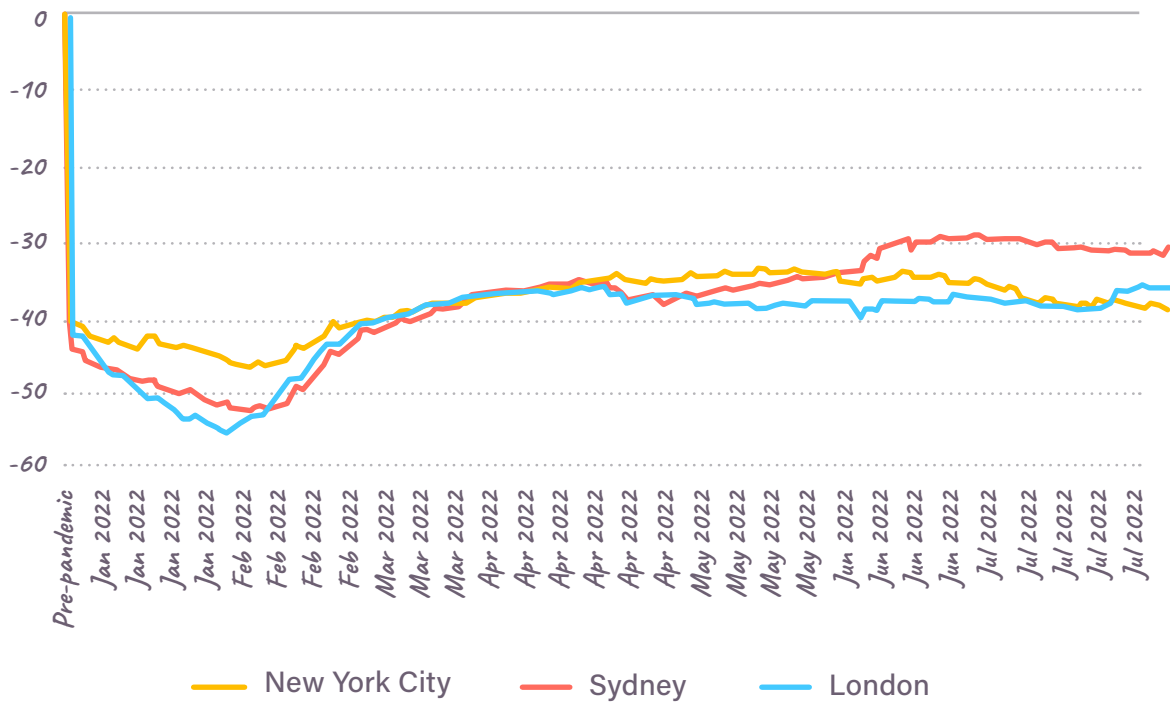


Retail employment in major cities continues to be impacted by work-from-home arrangements. Major cities like New York City and San Francisco have experienced declines in workplace activity by 50% and 40% respectively. As more consumers work from home, retail spending opportunities are shifting away from city centers.

An increasing number of city governments are looking to rejuvenate retail activity in city centers. These have largely focussed on redefining the role of city centers, as a center of social activity (through events and attractions).

Nevertheless, encouraging more residents to live in city centers remains the largest opportunity for economic recovery. Major city governments are likely to support the restructuring of city centers towards livable places, as they encourage a new retail base to be formed from residents.

**Google Mobility Index - Workplace Activity in City Centres**

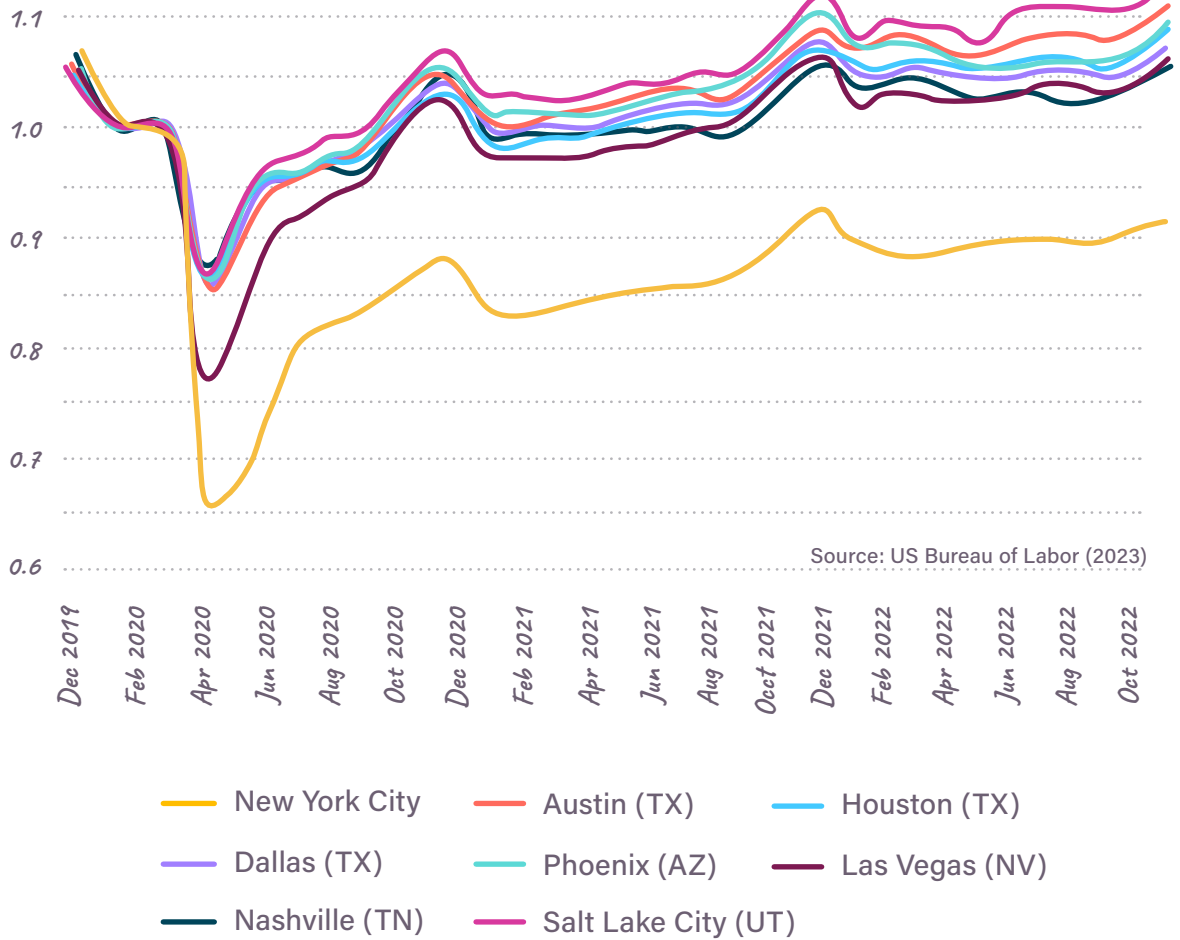


City trends are also reflected at the state level, with major young-growth markets in Texas, Florida, Nevada and Georgia leading retail employment growth. Florida and Nevada in particular have seen the strongest employment growth levels, increasing by 5% in retail employment compared to pre-pandemic levels.

As we enter into a period of economic slowdown, retail employment will increasingly shift towards these states. In other states like Illinois, Oregon and New Jersey, retail employment has recovered to pre-pandemic levels.



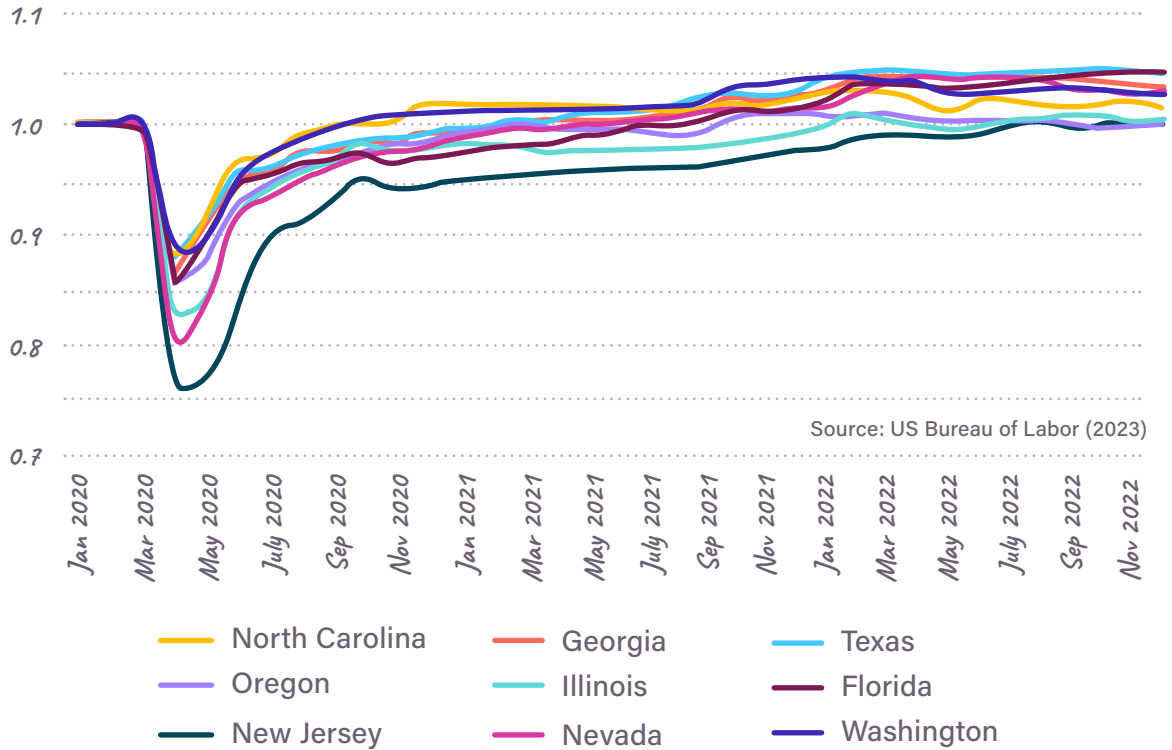
### Retail Employment Trends in Young-growth Cities



City trends are also reflected at the state level, with major young-growth markets in Texas, Florida, Nevada and Georgia leading retail employment growth. Florida and Nevada in particular have seen the strongest employment growth levels, increasing by 5% in retail employment compared to pre-pandemic levels.

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### Retail Employment Trends in States

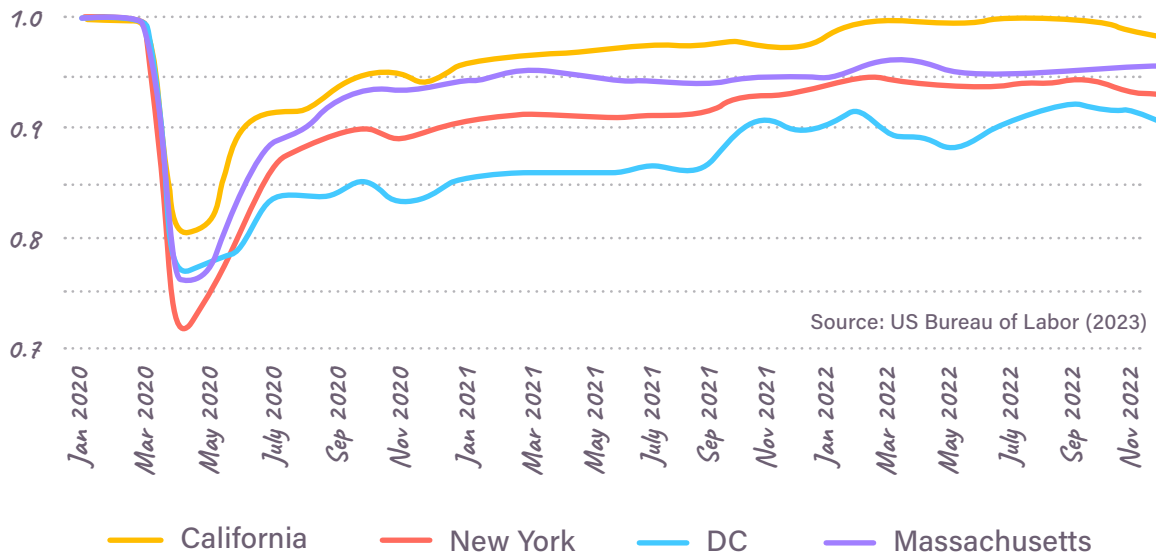


Major state markets have experienced the greatest declines in retail employment:

Washington D.C. is seeing the greatest drop in retail employment, nearly 10% below its pre-pandemic level.

This is followed by New York (State) (-7%), Massachusetts (-4%) and California (-2%). These trends reflect the impact of hybrid work arrangements, consumer slowdown and (for some states like California) the potential on-going effects of tech slow down.

### Retail Employment Trends in States

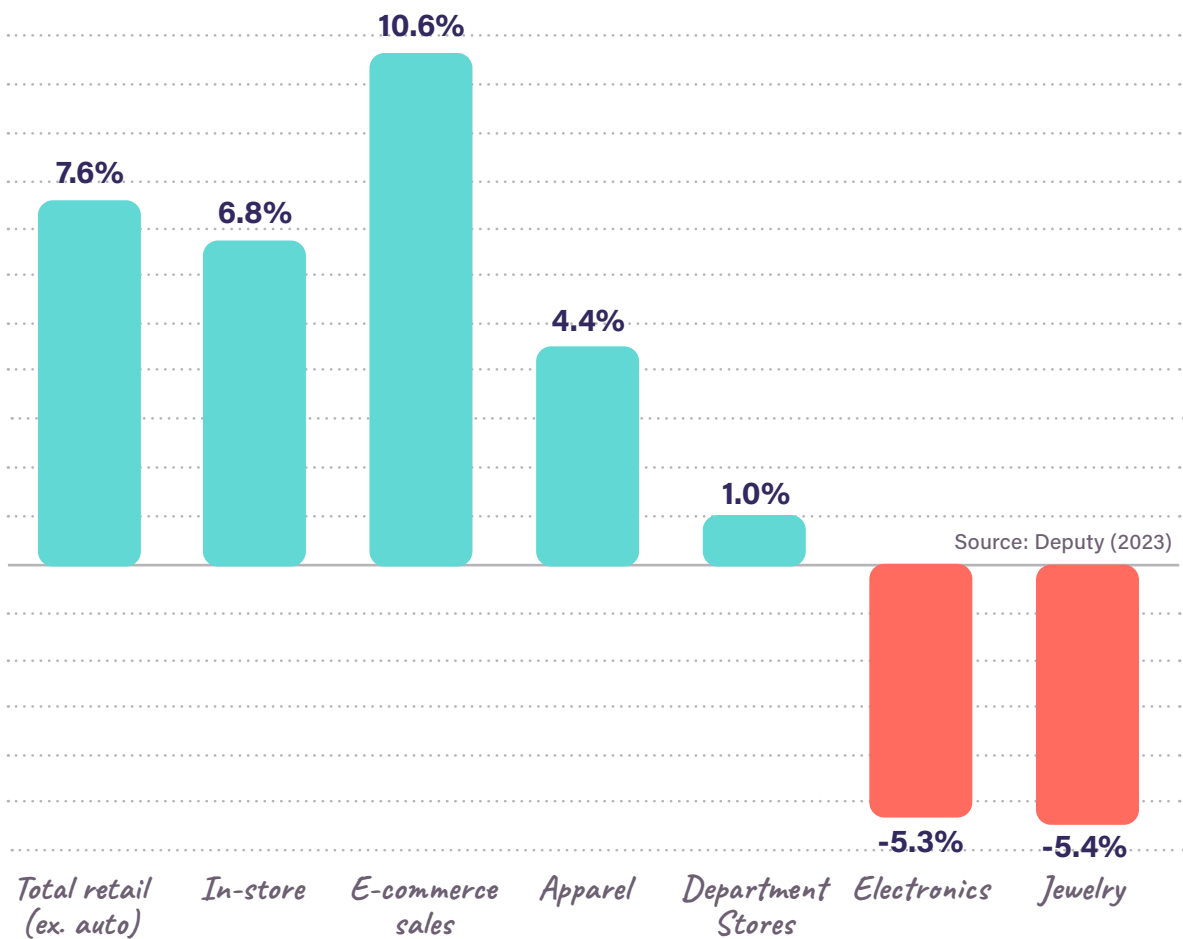


# Retail trends into 2023 and beyond

Growth in retail employment was supported by a modest increase in consumer spending. In the recent Christmas holiday period, retail spending was 7.6% higher, compared to similar seasons last year.

While in-store sales grew by 6.8%, most of retail spending growth was directed online to e-commerce sales (which grew by 10.6%). Spending data reveals that the shift to e-commerce spending continues, as consumers seek more convenience and price discounts on online platforms.

2021 - 2022 Retail Sales Growth



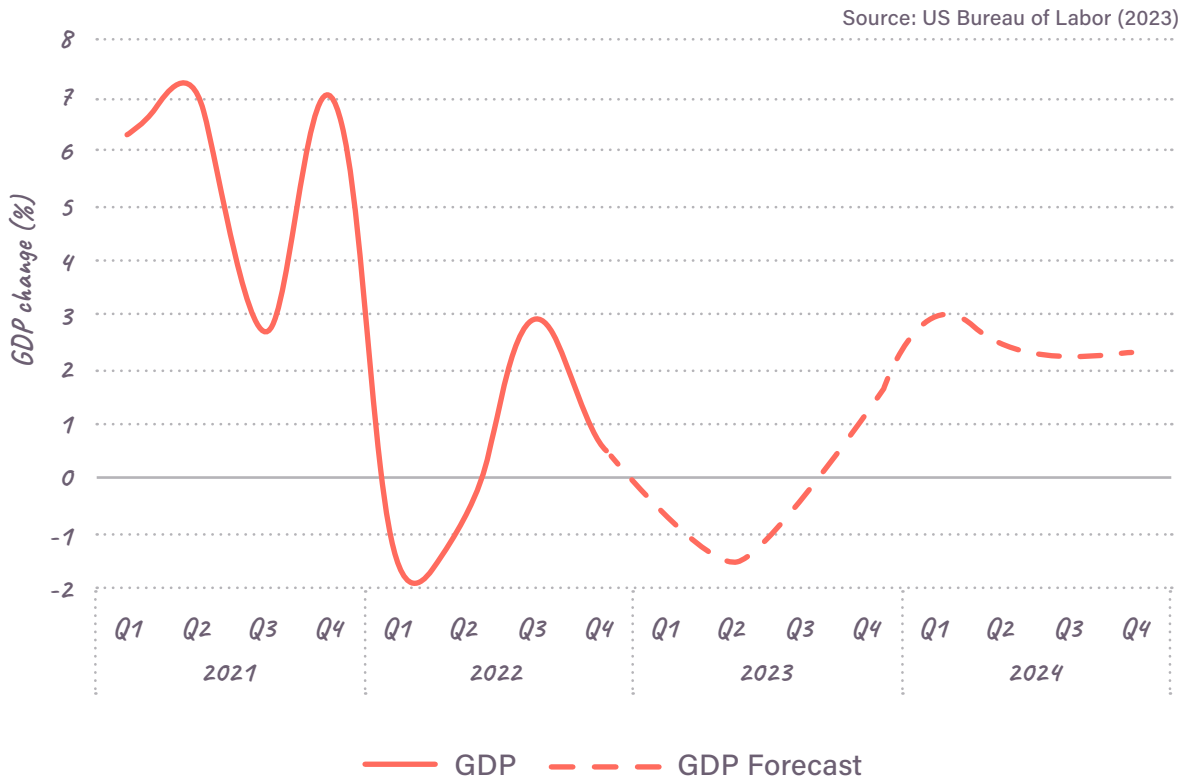
Further, data also shows that spending on non-essential and luxury items fell in 2022. This suggests that the economic climate is weighing on consumers' minds, as they limit spending in the face of an economic downturn.



Despite positive trends in 2022, the US is anticipated to enter a mild technical recession, with the economy growing an average of 0.1% in 2023.

In expectation, this is likely to be a milder downturn compared to other developed countries (UK and Europe, in particular), which is expected to enter a prolonged and deep recession, due to rising interest rates, utility costs and the Russia-Ukraine conflict.

### Economic Forecasts - GDP Growth (%)



Given rising costs and expected downturn, consumers are increasingly price-conscious, where many are looking to:

- Switch to cheaper generic brands
- Hunt for discounts and coupons
- Avoid shipment fees and sacrifice convenience through in-store pick-ups.

Older consumers (Gen X and Baby Boomers), are significantly more price-conscious, with retail surveys finding that nearly 71% of them are experiencing price pressure and more than half are looking to reduce expenditure on non-essential items.

**59%** of consumers believe prices have become too expensive and plan to reduce spending on non-essentials.

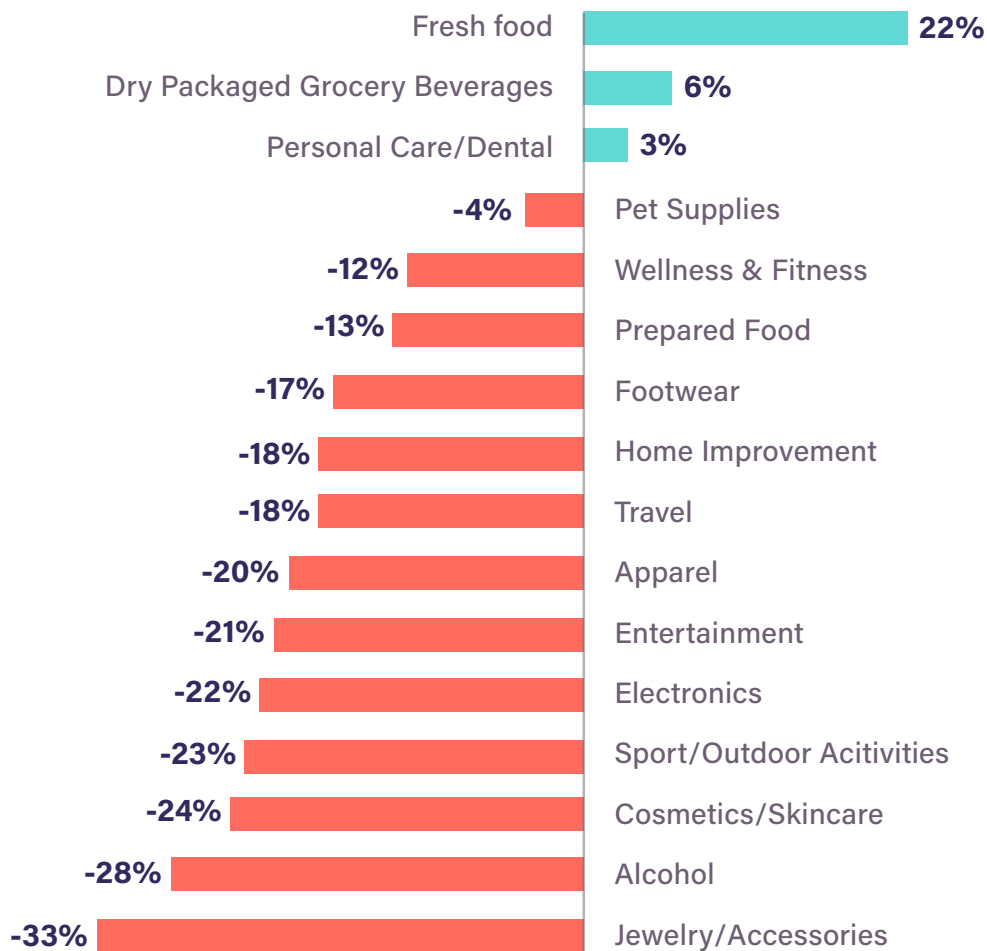


Source: Consumer Sentiment Survey (Fall 2022), Alvarez and Marsal (2022) and CBRE 2023

Considering expectations of a slowing economy, retail surveys have identified that many consumers are planning to cut spending across most items. However, spending on essential retail is expected to grow - like grocery and beverages, personal care and dental. This is in part, due to expected rising costs of the items.

In the context of this challenging economic environment, food and essential retailers will continue to outperform non-food retailing in 2023.

**Planned Changes in Spending by Category in 2023 (%)**



Source: Alvarez and Marsal (2022)

## A shift to young consumers

Retail surveys also find that only half of young consumers are experiencing price pressure, with 23% looking to spend less on non-essential items.

In tight retail market conditions, opportunities will increasingly shift to these young-growth consumer markets. Further, young consumers place more value on sustainability of products.

Most are not willing to sacrifice price for sustainability, with the majority planning to pay the same or slightly higher for environmentally-friendly goods. Retailers that place emphasis on the sustainability of the products are likely to grow in this challenging economic environment.

# 75%

of consumers are planning to pay slightly higher prices for products that are sustainable and environmentally-friendly.



*Source: Consumer Sentiment Survey (Fall 2022), Alvarez and Marsal (2022) and CBRE 2023*

## Mobile commerce and social media platforms

Younger consumers and their habits on smartphones are changing the nature of e-commerce and online shopping. M-commerce, or retail sales through mobile devices, are expected to account for 47% of e-commerce sales in 2023, growing to 58% by 2027.

Catering to younger market habits, new retail sales channels are expected to be developed through their use of social media platforms: The popularity of "social commerce" (i.e. using TikTok and Instagram for brand awareness) will support new direct-to-consumer sales channels on these platforms.

Further, the normalization of purchasing products through existing channels like Facebook Marketplace, is establishing new norms of spending online. Commercial retailers will increasingly diversify their sales channels in these new opportunities.

The rise of m-commerce and new sale channels will encourage growth in more direct-to-consumer (DTC) brands (like Warby Parker and Allbirds) that will seek to by-pass the "traditional" online sales channels (like Amazon).



## Digitally influenced retail, both online and offline

Despite trends that will intensify online retail sales, the majority of consumers prefer to interact physically with products. For the most part, mobile apps and social media will encourage the growth of “digitally influenced” in-store sales.

Consumers still place high value on physically interacting with products but will rely on social media and online searching for recommendations. As evidence, 62% of consumers research products online but buy or pick-up in store (BOPIS). While click-and-collect sales are estimated to represent 11% of all e-commerce, this is forecasted to grow as part of a trend towards “digitally influenced” in-store sales.

Given the growth opportunities in online facilitated in-store pick-ups, retailers will be increasingly expected to have both online and physical retail presence in consumer markets.

## The (RE)Purpose of retail shopfronts

As a consequence, there will be an increasing blurring of lines between traditional brick-and-mortar retailers and online retailers. Established online retailers and emerging online direct-to-consumer (DTC) brands will increasingly expand into physical spaces, with a focus of using physical spaces to establish strategic brand presence and innovate on convenience (stores without check-outs, automated mobile payments).

Other third-party e-commerce platforms (like Etsy and Shopify) will follow suit, to increasingly facilitate sellers to establish physical retail stores. In turn, brick-and-mortar retailers will increasingly imitate online competitors, expanding on their online-order delivery/pick-up options (brick-to-click services); trialling contactless stores; and adopting subscription payment services (like Amazon Prime). For example, Hudson is currently trialling contactless stores in the U.S. and Walmart is experimenting in subscription membership models.

Shopfronts will increasingly be re-purposed towards establishing brand presence, brand loyalty and counter lagging consumer confidence by enhancing customer experience (as modelled by retailers such as Apple and Aesop stores). In turn, shopfronts will be increasingly used to strategically divert life-time consumers' sales to higher margin channels (e.g. online and delivery), while offering in-store pick-up options.

# Mobile data & logistics: The future of retail

Given the opportunities in BOPIS, improving inventory management will be key to capturing new opportunities. Admittedly the economic downturn is expected to slow innovations in logistics and delivery. However deep-pocketed businesses (Amazon, Alibaba and Walmart) will lead the way in establishing new models of logistics.

Logistic-as-a-service providers will begin to emerge with operators like Shopify and Etsy increasingly enabling brick-and-mortar retailers to compete with large and established retailers (like Amazon and Walmart) in the BOPIS space.

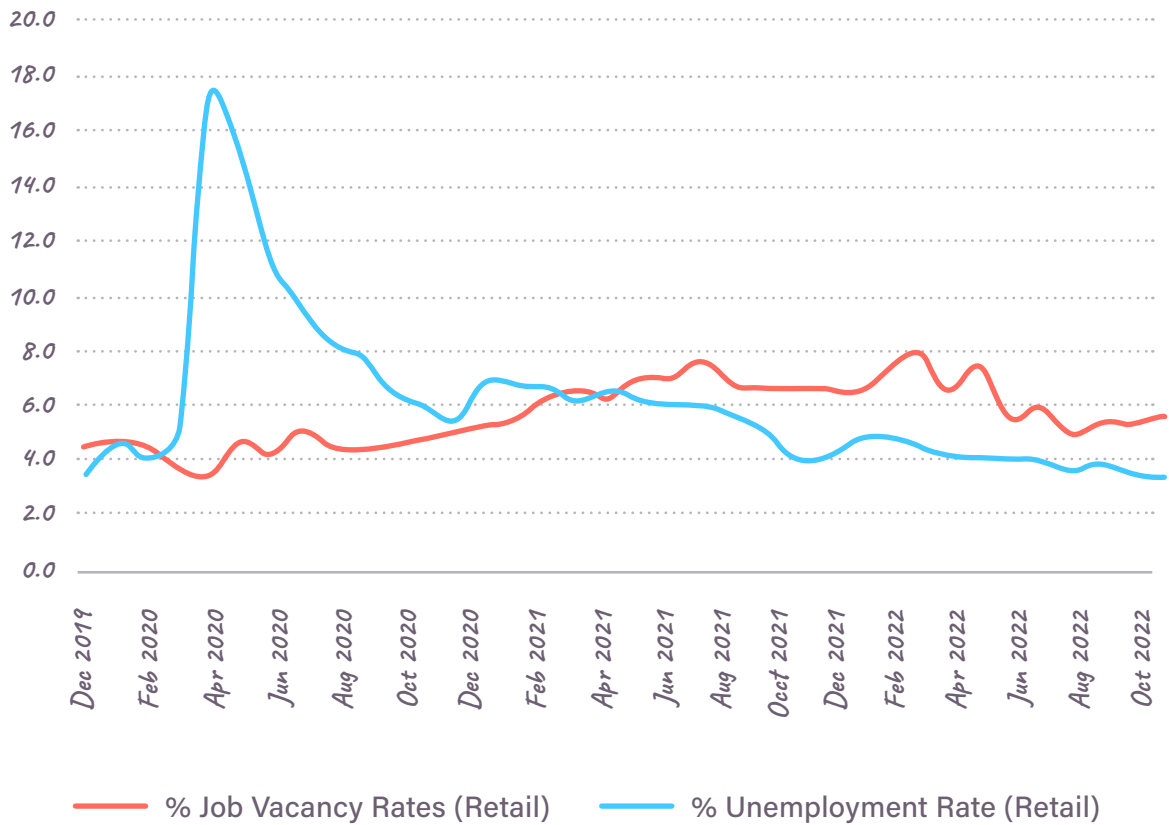
BOPIS opportunities will expand into change-resilient industries (like automotive retail), with companies like Carvana modelling how to innovate on logistics and online sales channels.

New revenue streams will emerge, as retailers adopt member subscription services and loyalty programs to transition customers retail journey on to online platforms:

- SME and brick-and-mortar retailers will increasingly adopt bespoke retail apps and mobile loyalty cards to connect with shoppers and improve customer satisfaction.
- The data on these mobile apps are a significant opportunity to model retail around their shoppers' habits and inventory management around what shoppers are expected to buy. Nevertheless, growing into these opportunities needs to be carefully managed, given privacy concerns and algorithmic biases that can affect consumer sentiment.

# Retail employment trends

Retail Job Vacancy and Unemployment Rates



Source: Unemployment includes wholesale employment workers. Data is U.S. Bureau of Labor Statistics. Unemployment Rate - Wholesale and Retail Trade and Federal Reserve Economic data (2022)

## Job shortages remain high but are easing

There are nearly 500,000 job openings in Retail in November 2022. While this is still high, this is also substantially below peaks of jobs shortages in early 2022.

Jobs are being filled for several reasons:

- 1 Wages are improving, encouraging workers to remain in the jobs (rather than quit, as many did during the Great Resignation).
- 2 Employers are increasingly using labour-replacing technology to fill the gaps.
- 3 Retailers are reducing job openings in response to lower consumer spending.

Nevertheless, automation and spending slow down do not seem to result in more job losses. Unemployment rate amongst retail workers continues to remain at 3.5%, a comparatively low level compared to historical averages.

# 15%

of job vacancies are due to long covid

# 3.1M

are reducing work hours due to long-term sickness

## Long covid is contributing to vacancies

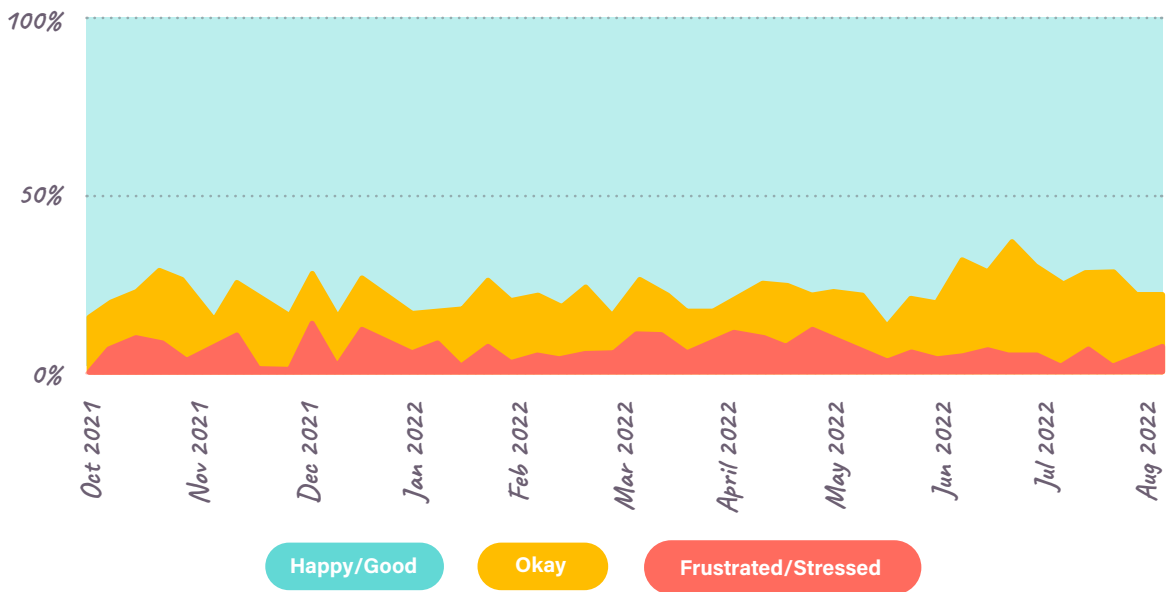
The major challenge facing the retail industry is a growing number of people exiting the workforce. More people are choosing not to work than ever before. US work participation rate is at its lowest in 25 years. (63.3% in February 2020 to 62.5% in February 2023)

There's growing recognition that long-term sickness, particularly long Covid, may be contributed to fewer workers and job shortages. More workers are reducing work hours due to sickness, where an estimated 1 in 10 job vacancies may be due to long Covid conditions.

## Cost of living pressure is on employees' minds

Deputy shift pulse\* data found a sharp fall in positive worker sentiment at the start of 2022. This coincided with increasing cost of living pressure during the first-half of 2022 (inflation, interest rate hikes). Nevertheless, recoveries in worker sentiment in the second-half of 2022, coincided with increasing wage levels during the same period.

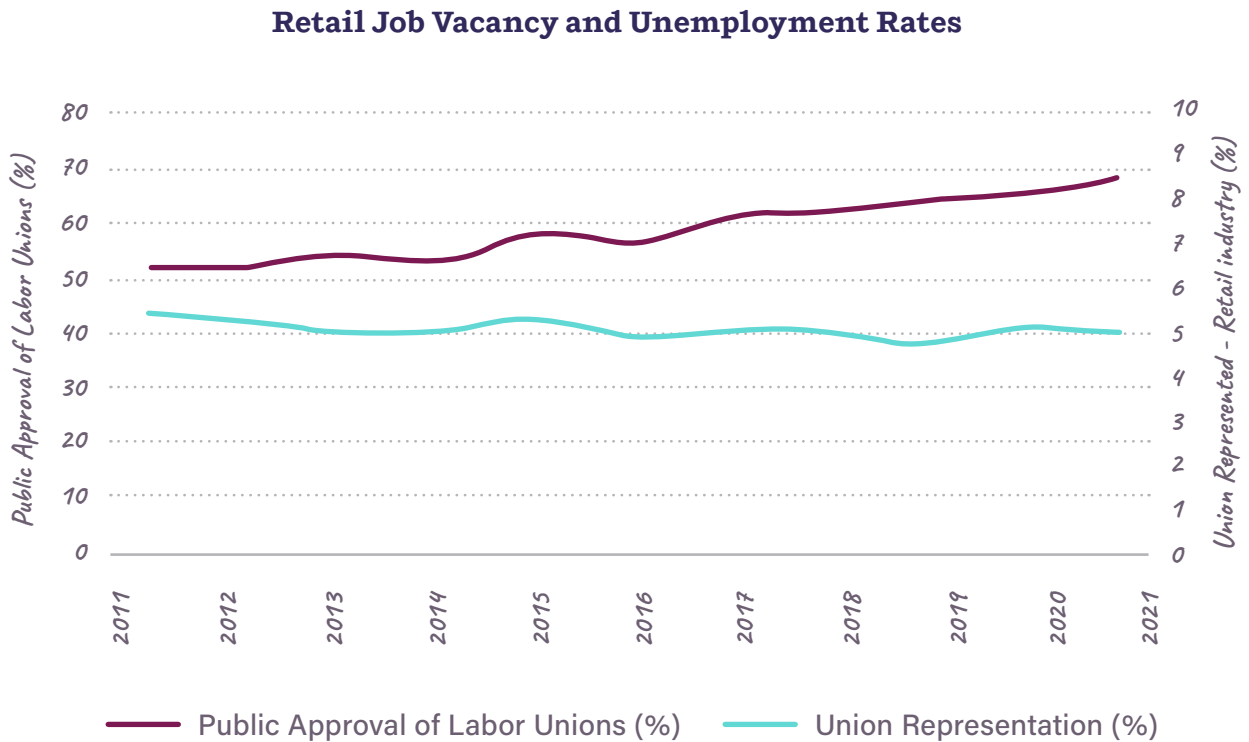
**Deputy Shift Pulse - % of Shift workers by sentiment**



\*Deputy's Shift Pulse feature enables staff who are clocking out to rate their shift across an index of emotions (Excited, Happy, Okay, Frustrated, Stressed) along with the option to add commentary. The rating is currently offered on mobile clock-out and is completely anonymous, with managers and supervisors accessing a dashboard to see the responses.

## The expansion of workers rights

Public approval of labor unions is the highest in 60 years, driven by public concerns of growing income inequality, worker's health and greater job insecurity. Nevertheless, unionisation is likely to concentrate in logistics and warehouse sectors, and large franchise retailers.



For other retailers, workers' rights will increasingly be raised through the legislative process. In this regard, city and state government will increasingly become the forefront for new legislation to improve work conditions and job security:

- Increasing recognition of employee benefits for gig-workers (like paid sick leave) and even legislative directives to classify gig-workers as employees.
- For retail workers and businesses, an increasing expansion of Fair Work Week Ordinances and Right-To-Request laws, to improve predictability of work hours in the retail industry.



## Gender effects of expanding workers' rights

While these legislations may raise compliance costs in the short-term, these are also likely to even the playing field between retail businesses (by providing a uniform code of conduct) and encourage more workers into the retail industry in the long-term.

Women are set to benefit the most from these legislations. Difficulty in accessing childcare, combined with uncertainty in scheduled work shift hours, has led many to exit the workforce entirely. A recent study by the US Department of Treasury identified that the US has significantly lower female labor force participation rate (51.7%) compared to other developed countries due to poorer childcare provision, constraints on competing caregiving responsibilities and less restraints on scheduling fair work hours.

The pandemic has exposed these vulnerabilities, with school/childcare closures driving substantial declines and resignations amongst female retail workers. In expectation, a by-product of Fair Work Week Ordinances and Right-To-Request laws will be encouraging the entry (and re-entry) of women in retail – through improved work conditions and greater reliability of work hours to plan for caregiving responsibilities.

Overall, the combined improvement in work hour reliability and increasing access to affordable childcare are likely to benefit retail workers and the average retail business, by increasing the supply of female workers into the retail labor market. Altogether, reform opportunities through the expansion of fair work legislations; government subsidies of childcare expenditure; and universal preschool are anticipated to support improvements across these domains.

A man and a woman are in a retail store, looking at a display of smartphones. The woman is smiling and looking up at the shelves. The man is looking at a smartphone in his hand. The shelves are filled with various smartphones, some in cases and some without. The background is slightly blurred, showing more shelves and products.

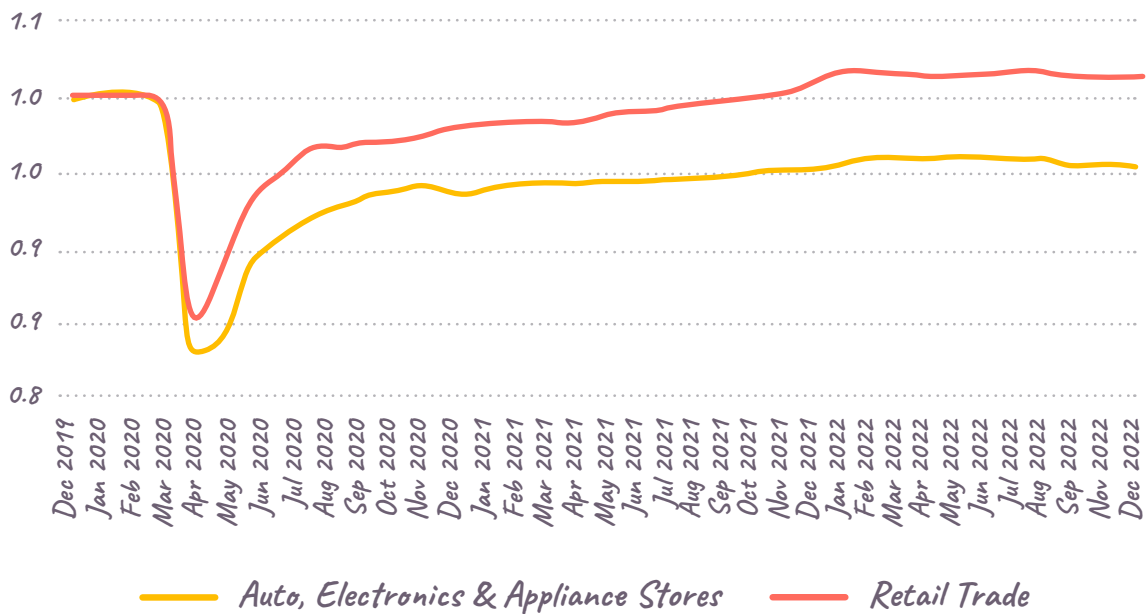
US Retail Report

# Auto, Electronics & Appliances

# The sector has seen a 9% increase in shifts being worked by women

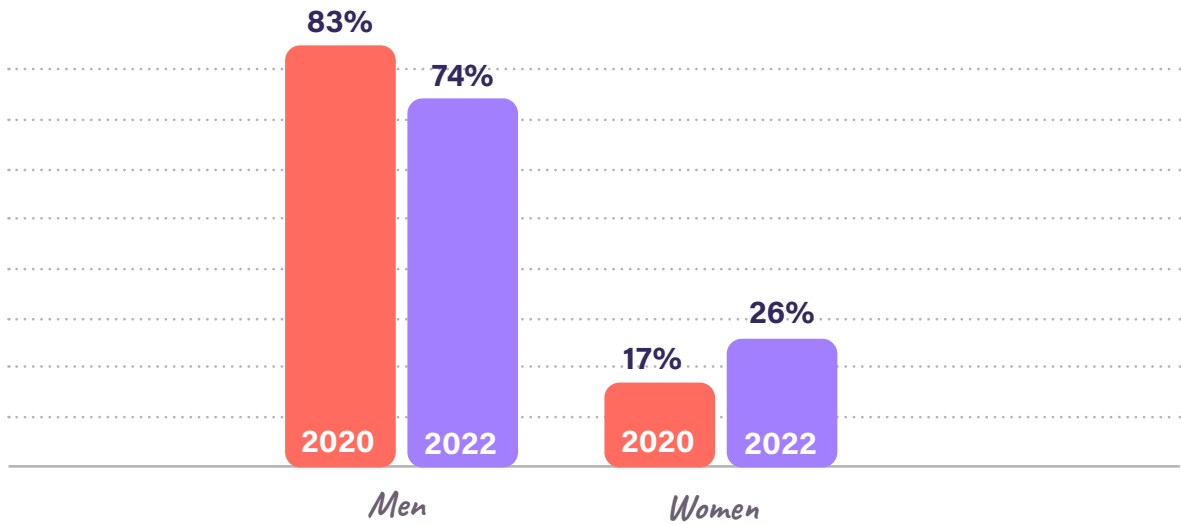
While retail industry saw recoveries into 2022, the Auto, Electronic and Appliance Stores continue to employ below its pre-pandemic levels. The industry has faced significant competition, as consumers are increasingly turning to online retail options and delivery.

Change in Employment



Further, rising costs of inputs have negatively impacted employment, as the sector is heavily reliant on imported materials and products. In particular, the automotive retail industry has been severely affected by prolonged lockdowns in China, and resulting constraints on its supply chain.

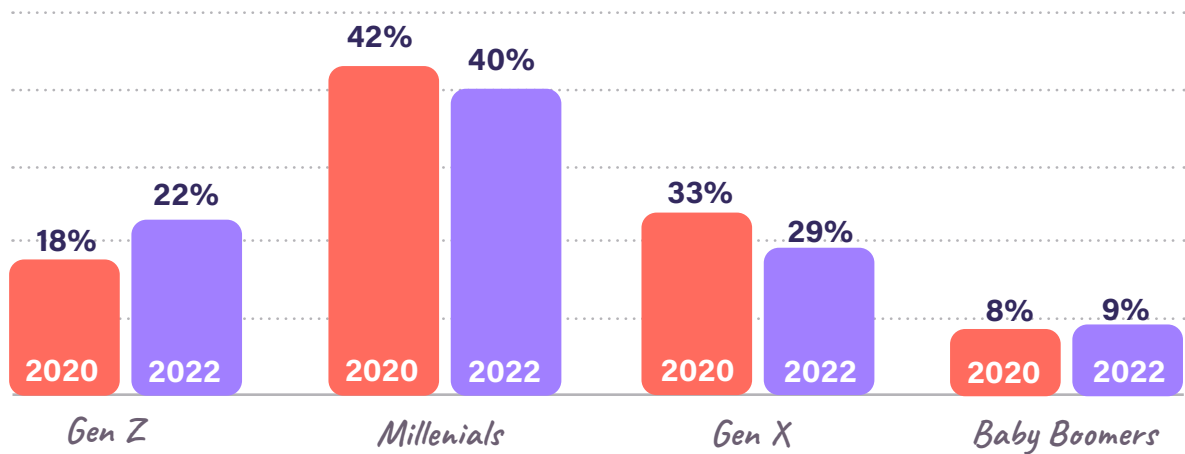
### Proportion of shift work hours



Female shift workers continue to be underrepresented in the sector, in part due to the male employment dominance in the automotive retail sectors.

Nevertheless, Deputy data reveals a significant increase in the share of women employed. In tight labor market conditions, the sector saw a 9% increase in the share of female shift workers.

### Proportion of shift work hours



In line with tight labor market conditions, the sector has been encouraging employment amongst younger workers, particularly Gen Z, which grew by 4% in share.

Baby Boomers also saw a marginal increase over the same period, and the industry sought to encourage re-entry of workers who took early retirement during the pandemic.

# Key Trends

## Re-Opening of China

Despite challenges, the sector is expected to experience relief from the re-opening of the Chinese economy. Costs are expected to decrease, and supply chain pressure to ease, as imported materials and products will become increasingly accessible with more open trading channels.

## Consumer Trends and Young-Growth Markets

Consumers are increasingly putting off expenditure on large items and luxury goods. While essential goods will remain resilient into the future, non-essential retail and purchases of cars and appliances are likely to remain stagnant or decline.

Nevertheless, retailers positioned toward young consumers or who have presence in young-growth markets are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends.

## Industry Ripe For Disruption

While other industries have remained affected by online retail competition, sectors like automotive retail have largely been resilient to change. Nevertheless, disruptors are making headway in these markets, but offering new models of online platforms and supply chain efficiencies to capture this industry. Retailers with strong cash reserves and well-developed moats are likely to imitate these innovative models and be in a position to grow in a challenging economic environment.



A woman with voluminous curly hair, wearing an orange button-down shirt, is smiling broadly while using a handheld barcode scanner. She is standing behind a counter with several cardboard boxes. In the background, there are racks of clothing, suggesting a retail or warehouse environment. The overall lighting is warm and soft.

US Retail Report

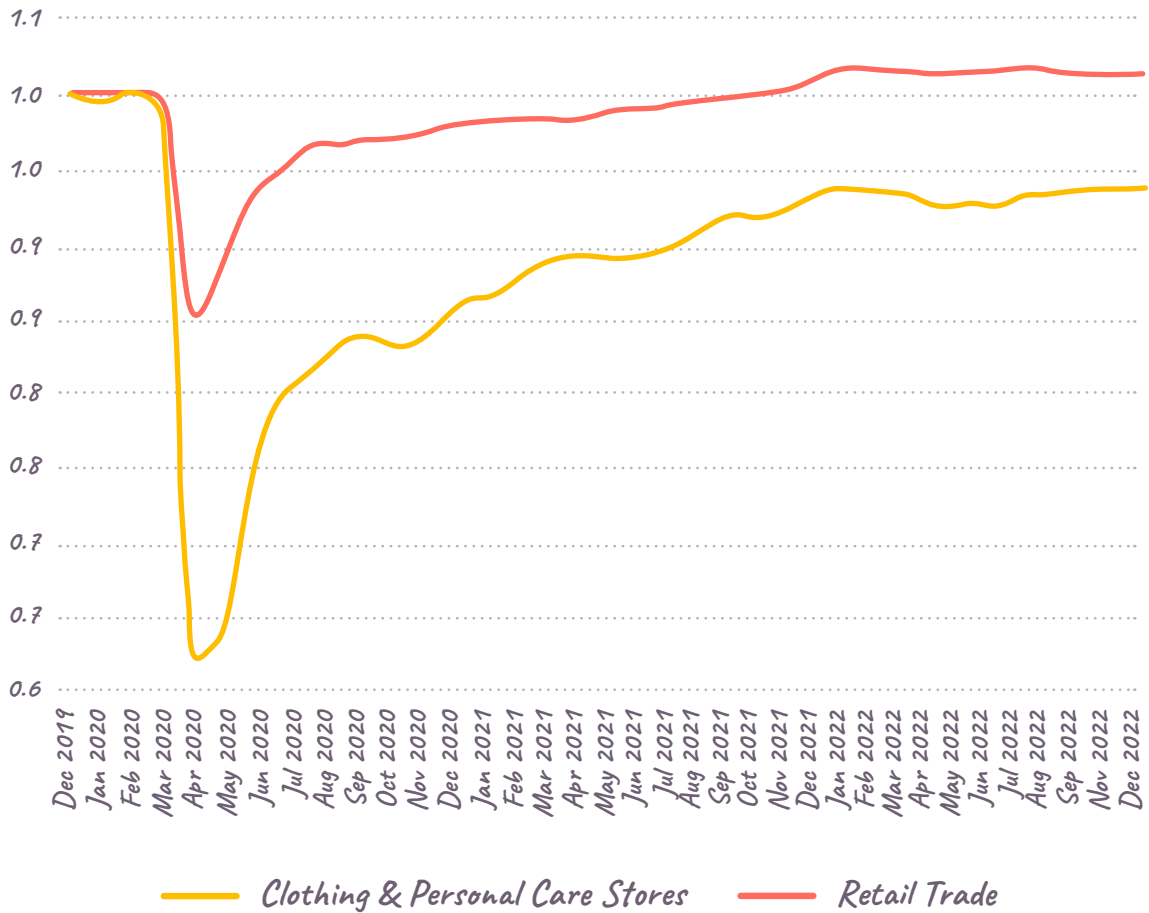
# Clothing & Personal Care



# Employment in the sector currently sits 6% below pre-pandemic levels

While retail industry saw recoveries into 2022, the Auto, Electronic and Appliance Stores continue to employ below its pre-pandemic levels. The industry has faced significant competition, as consumers are increasingly turning to online retail options and delivery.

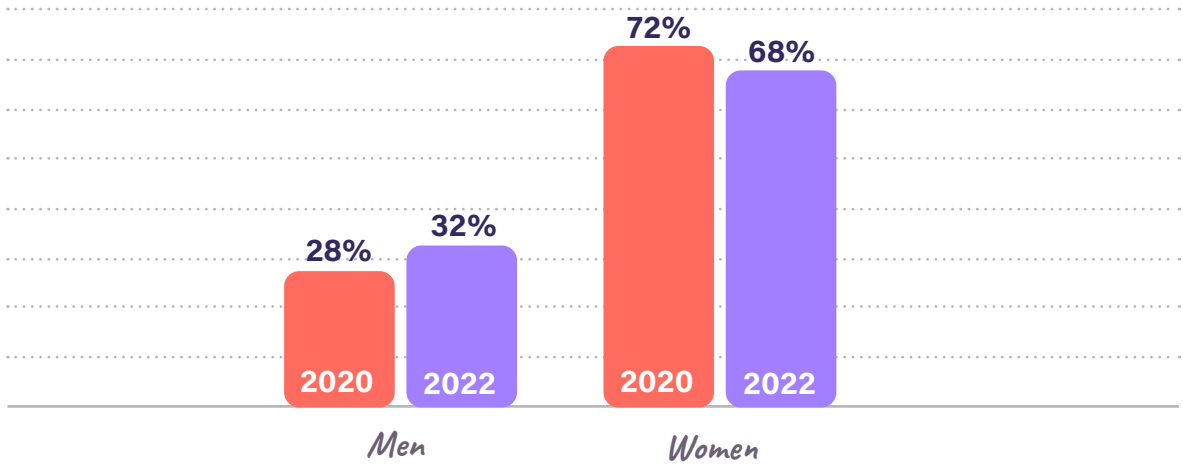
Change in Shift Work Hours



The sector is largely dominated by young workers, in which Millennials and Gen Z consist of nearly 90% of the workforce.

Nevertheless, in tight labor market conditions, the sector saw increases in older workers, as the industry sought to encourage more employees into the workforce.

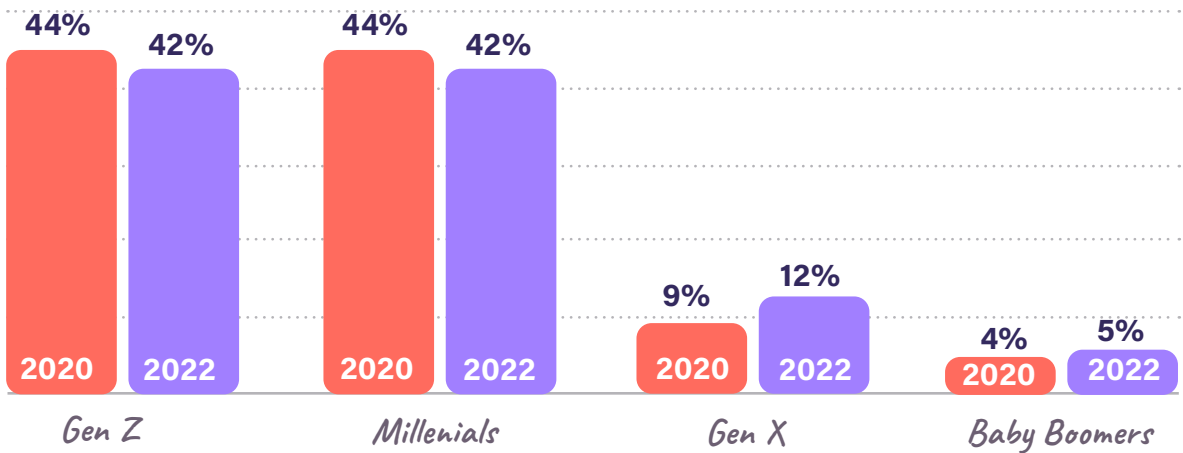
### Proportion of Shift Work Hours



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### Proportion of Shift Work Hours



# Key Trends

## Consumer Trends and Young-Growth Markets

Consumers are increasingly shunning expenditure on luxury goods. While essential goods like food and groceries will remain resilient into 2023, non-essential items will face a challenging period into an economic downturn.

Nevertheless, retailers positioned toward young consumers or who have presence in young-growth markets are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends.

## Online Competition and Digitally-Influenced Retail

Despite competition and trends that will intensify online retail sales, most consumers prefer to interact physically with products. Retailers will be increasingly expected to have both strong online and physical brand presence; and support BOPIS options for the price-conscious. New retail competitors will emerge, as online direct to consumer brands increase their physical presence; and new innovators take advantage of emerging retail platforms in m-commerce and social media.

## The (Re)Purpose of the Shopfront

Shopfronts in the sector will increasingly be repurposed towards establishing brand loyalty and counter lagging consumer confidence by enhancing customer experience.

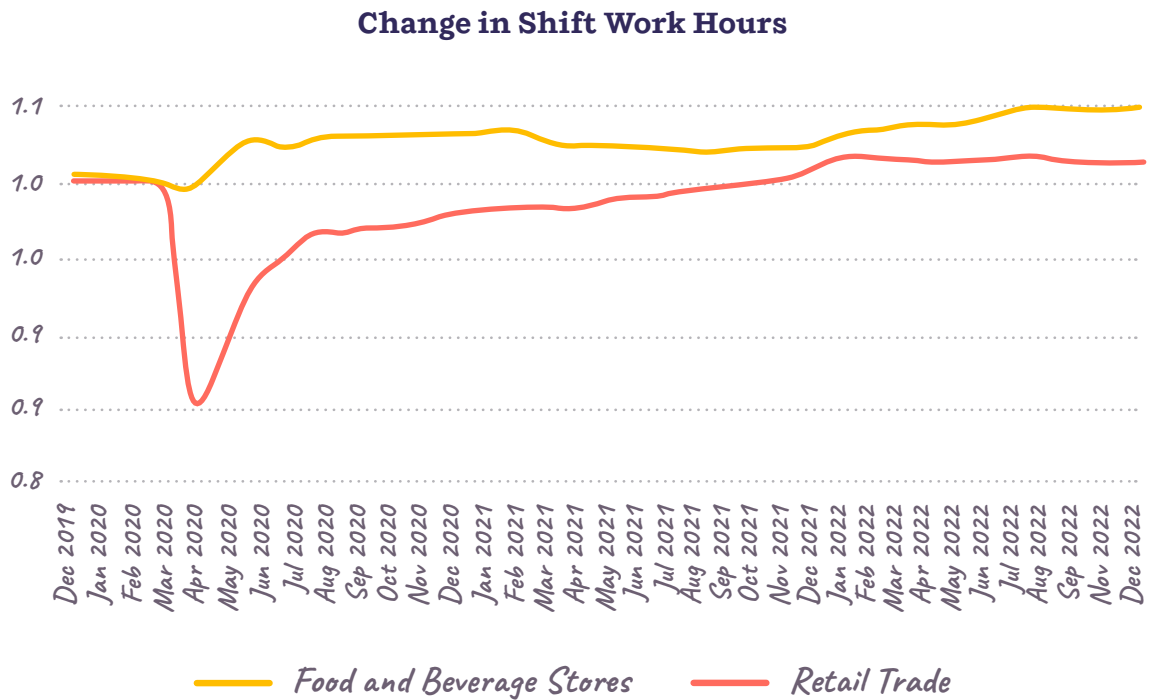
Retailers like Aesop, will lead the way in this trend, and establish new models for other operators – particularly in strategically using physical stores to establish brand presence, while diverting life-time sales to higher margin online channels.

A man with a short beard and mustache, wearing a white long-sleeved shirt and green overalls, is looking towards the camera while holding a tablet. He is standing in a grocery store aisle with shelves of products in the background.

US Retail Report

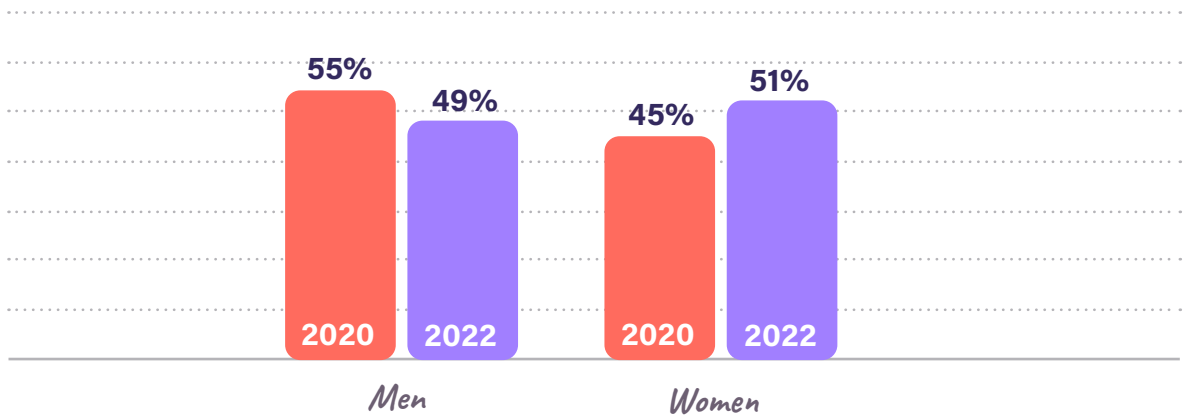
# Supermarkets

# The industry has seen more than 10% employment growth, and women have benefited



Food and beverage stores were amongst the strongest-performing retail sectors in 2022. The industry grew by nearly 10% employment since the pandemic began, significantly higher than the rest of the retail industry.

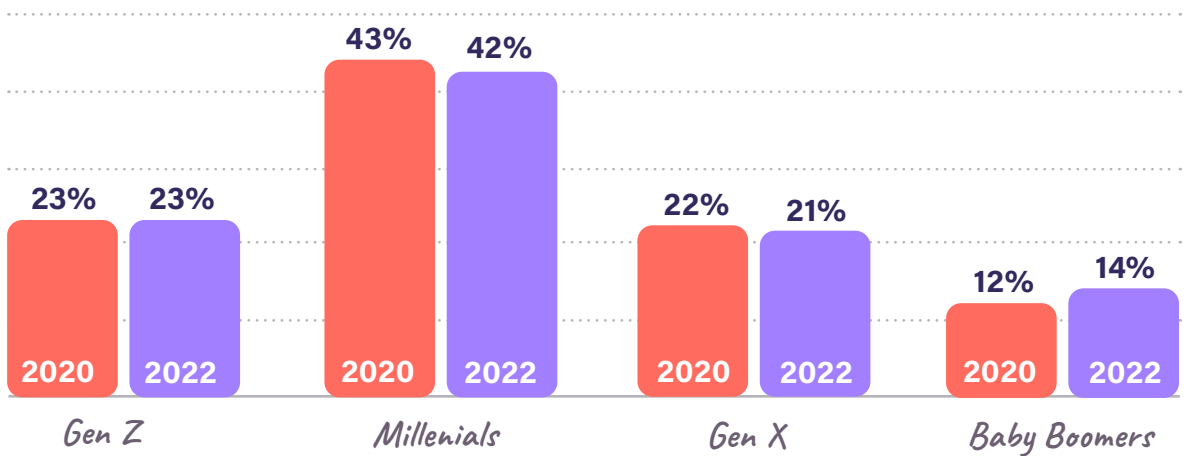
### Proportion of Shift Work Hours



Deputy data identifies that female shift workers benefited from tight labor market conditions and strong employment growth in Food and Beverage stores. In 2022, female workers now represent the (slightly higher) majority of workers in the sector.

Deputy data reveals no substantial change in employment by generations. Millennials continue to make up the majority of shift workers in the sector (42%), followed by Gen Z (21%).

### Proportion of Shift Work Hours





# Key Trends

## Consumer Spending Trends

Spending on essential retail is expected to grow - like grocery and beverages, personal care and dental. In the context of this challenging economic environment, food and essential retailers will continue to outperform non-food retailing in 2023.

Nevertheless, consumers will be increasingly price-conscious, placing emphasis on retailers who can deliver discounts; provide more options for cheaper generic brands; or online sales in-store pick-up options (to avoid costly delivery fees).

## Young-Growth Markets

Retailers positioned toward young consumers or who have presence in young-growth markets are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends. Young consumers place greater values on sustainability of products, and environmental-friendliness – and are even willing to pay (slightly) higher for such goods. Retailers who can demonstrate their ethical credentials are expected to capture more of the young-growth market.

## Digitally-Influenced Retail Opportunities

Home, hardware and garden retail saw significant growth during the initial phase of the pandemic, as work-from-home restrictions and cash stimulus cheques supported DIY and home renovation activities. Employment in the sector has largely remained unchanged (and even slightly declined) into 2022.

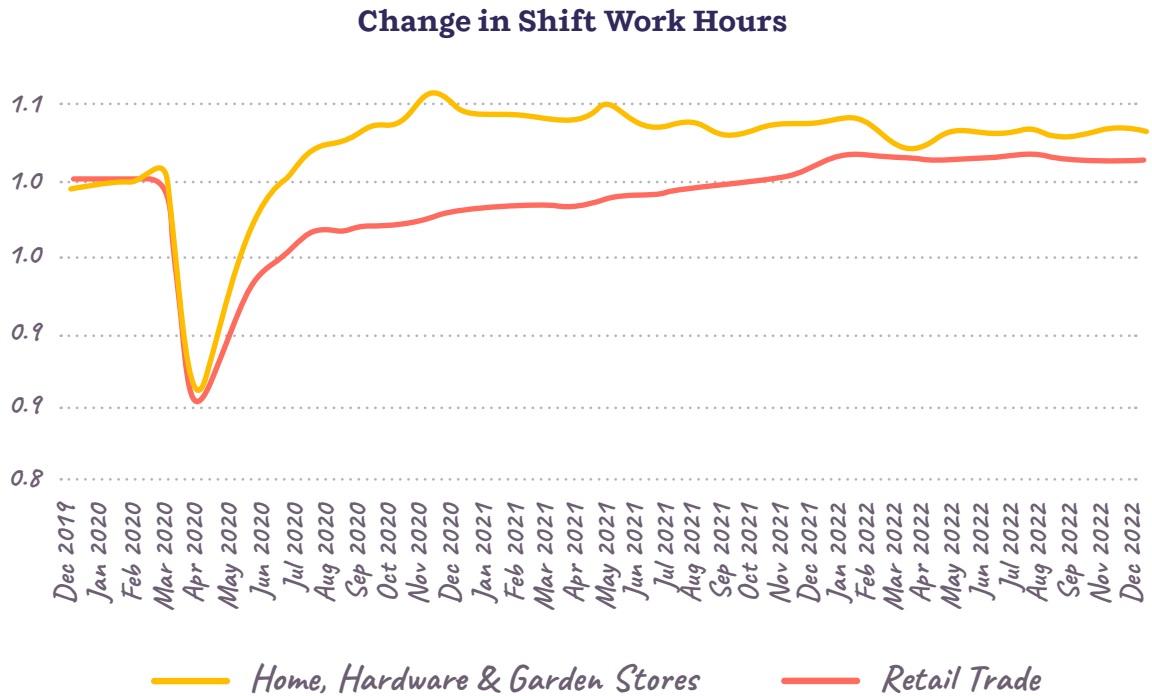
Nevertheless, it is important to note that these employment trends are higher (by 5%)

*Heuser Ace Hardware, Bluffton* ↷

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# Home, Hardware & Garden

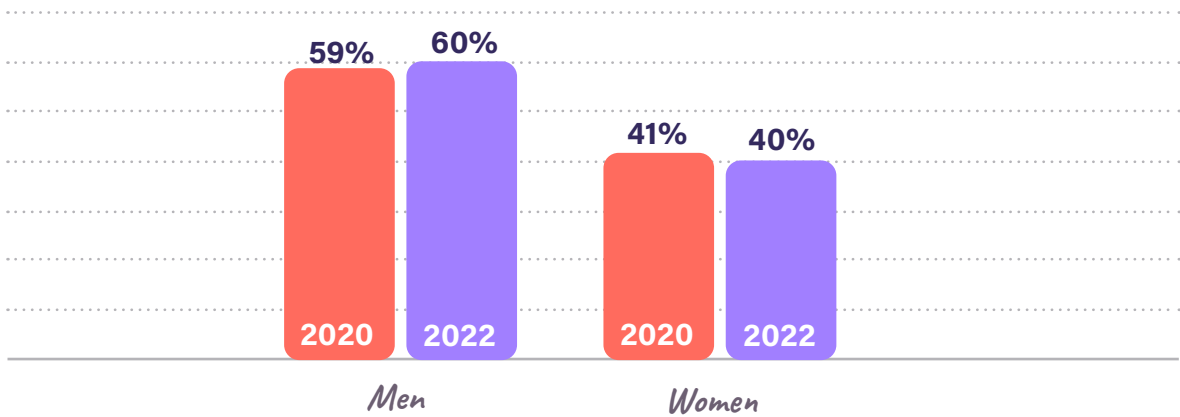
# Chronic staff shortages have seen a return of Baby Boomers to the sector



Home, hardware and garden retail saw significant growth during the initial phase of the pandemic, as work-from-home restrictions and cash stimulus cheques supported DIY and home renovation activities. Employment in the sector has largely remained unchanged (and even slightly declined) into 2022.

Nevertheless, it is important to note that these employment trends are higher (by 5%) compared to pre-pandemic levels of employment.

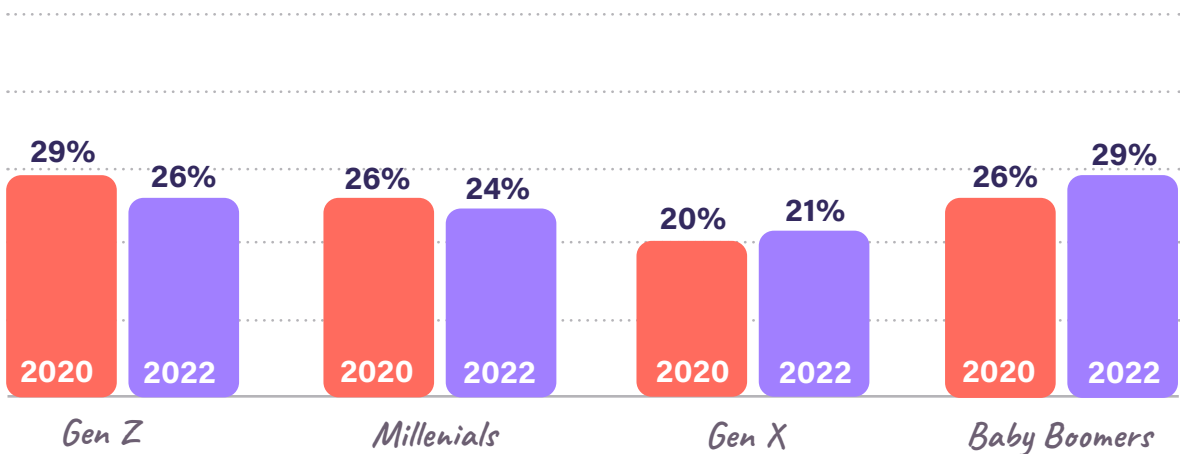
### Proportion of Shift Work Hours



Deputy data reveals no significant change in shift work employment by gender. Nevertheless, men continue to have a greater share of shift work hours (at 60%) compared to women.

Difficulty in hiring and retaining workers in tight labor market conditions have led to increase in share of older workers (Gen X and Baby Boomers). This corresponds with US Labor Market data which saw greater hiring of older workers, as businesses sought to encourage them to re-enter the workforce (including some who undertook early retirement during the pandemic).

### Proportion of Shift Work Hours



# Key Trends

## Consumer Trends And Young-Growth Markets

Consumers are increasingly shunning expenditure on large items. While essential goods will remain resilient into the future, non-essential retail (like furniture) are likely to remain stagnant or decline.

Nevertheless, retailers positioned toward young consumers or who have presence in young-growth market cities are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends. Catering to these markets will involve expanding on online retail and home delivery options; while demonstrating sustainability and environmental-friendliness.

## Digitally-Influenced Retail

Most consumers in this sector prefer to interact physically with products but will also research products and stores online before purchasing. As a result, retailers will be increasingly expected to have both strong online and physical brand presence; and support BOPIS options for the price-conscious.

New technologies opportunities will emerge to cater to young-growth markets, through greater placement of retail sales on social media platforms; the use of VR and AR technologies to allow consumers to imagine items in their homes; and greater use of self-automated check-outs.

## Economic Slowdown And Higher Interest Rates

Higher cost of borrowings has continued to limit sales in the sector, where a large proportion of retail purchases use interest-free (or low interest) repayment schemes. Cashflow, labor and inventory management will be crucial to remaining resilient into 2023.

Nevertheless, deep-pocketed businesses (e.g. Amazon) are expected to lead the way in new sales structures, while establishing news models of logistics and inventory management and passing on efficiencies to consumers through lower prices.

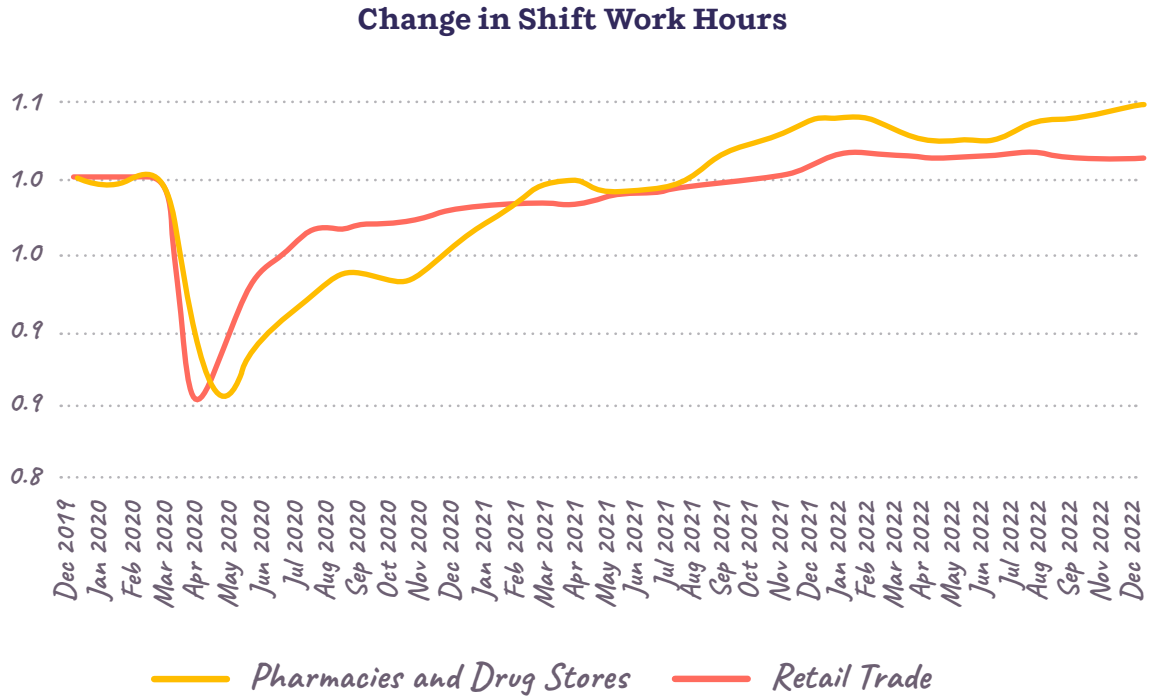


A photograph of two healthcare professionals, a man and a woman, in a pharmacy setting. The man, on the left, is wearing a white lab coat over a dark shirt and is holding a pen over a clipboard. The woman, on the right, is wearing a white lab coat and a dark hijab, and is also holding a clipboard. They are both smiling and looking at the documents. The background shows shelves stocked with various pharmaceutical products. The image has a blue overlay.

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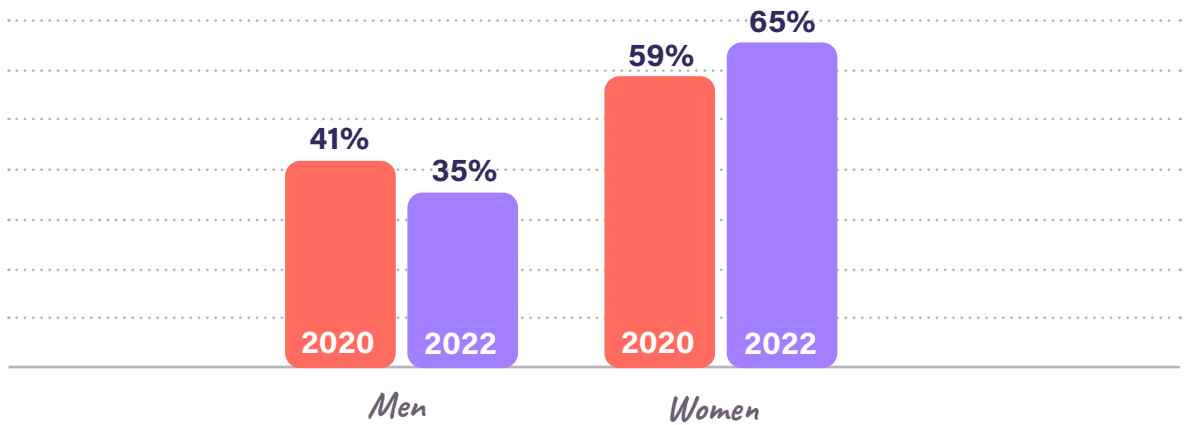
# **Pharmacies & Drug Stores**

# Over 64% of the workers in the subsector are women



Pharmacies and drug stores are amongst the strongest performing retail sectors. The sector saw significant and continued increase in employment levels into 2022, where employment is nearly 10% higher compared to pre-pandemic levels.

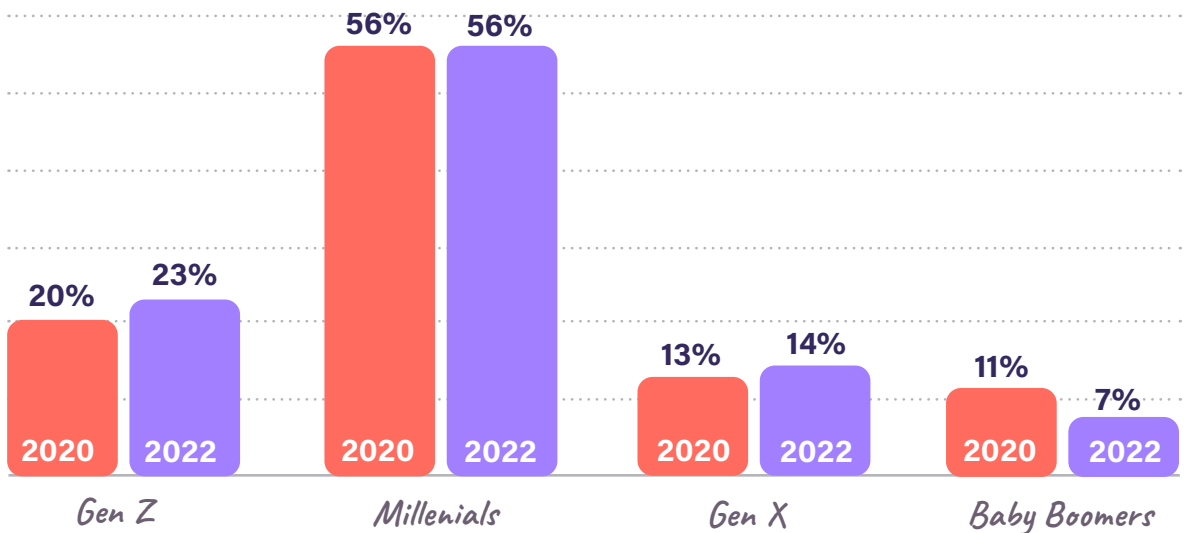
### Proportion of Shift Work Hours



Unlike the rest of the retail sectors, women make-up a significant proportion of shift workers in the Pharmacies and Drug Store sectors (over 64% of the industry). Deputy data identifies that share of female shift work hours increases into 2022, by over 5%.

Deputy data reveals no significant change in shift work employment by generation. Nevertheless, the industry saw a marginal increase in the share of younger workers (Gen Z) by 3% between 2020 and 2022.

### Proportion of Shift Work Hours



# Key Trends

## Consumer Spending Trends

Spending on essential retail is expected to grow - like grocery and beverages, personal care and dental. In the context of this challenging economic environment, essential retailers like pharmacies will continue to outperform non-essential retailing in 2023.

Nevertheless, consumers will be increasingly price-conscious, placing emphasis on retailers who can deliver discounts; more options for cheaper generic brands; or online sales in-store pick-up options (to avoid costly delivery fees).

## Industry Ripe For Disruption

While other industries have remained affected by online retail competition, sectors like pharmacists and chemists have largely been protected by healthcare regulations that restrict online sales of some products.

Nevertheless, the increasing prevalence of telehealth services and e-doctors has setting the industry up for online retail disruption. As a result, retailers will be increasingly expected to have both strong online and physical brand presence; and support BOPIS options ("click-to-furnish") for the price-conscious.

## Young Growth Markets

Essential goods like pharmacy products will remain resilient into the future. Further, retailers positioned toward young consumers or who have presence in young-growth market cities are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends. Catering to these markets will involve expanding on online retail and home delivery options; while demonstrating sustainability and environmental-friendliness.

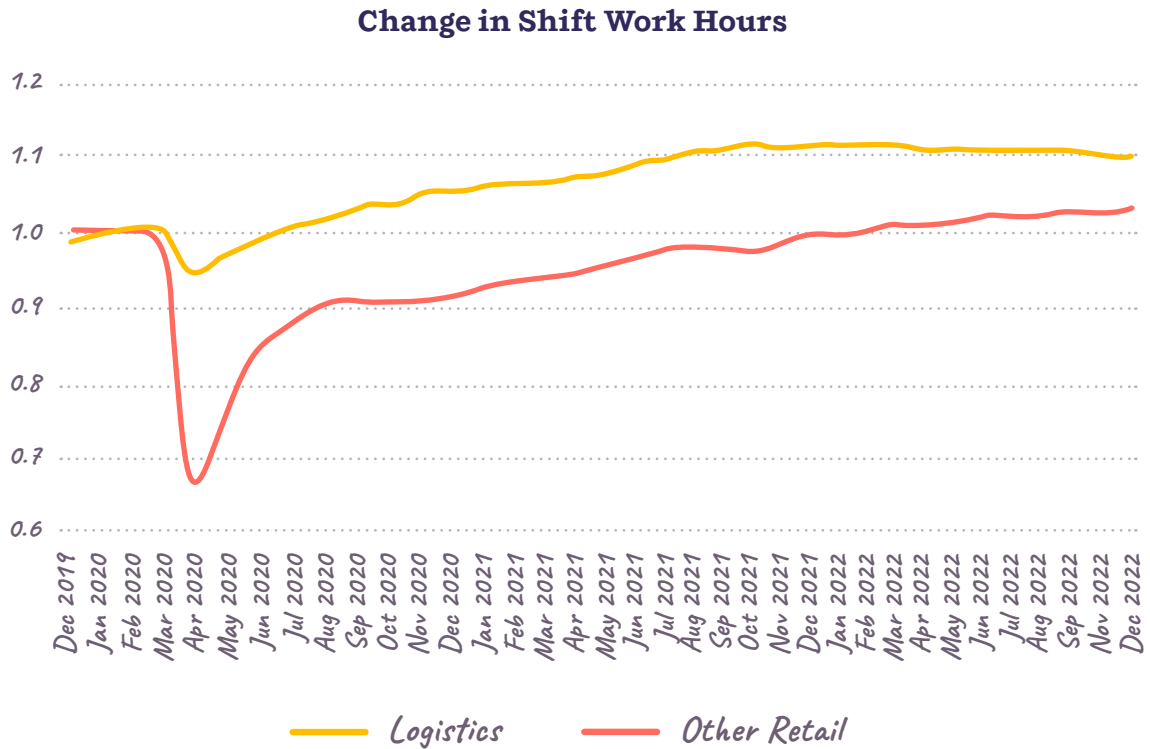


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# Logistics



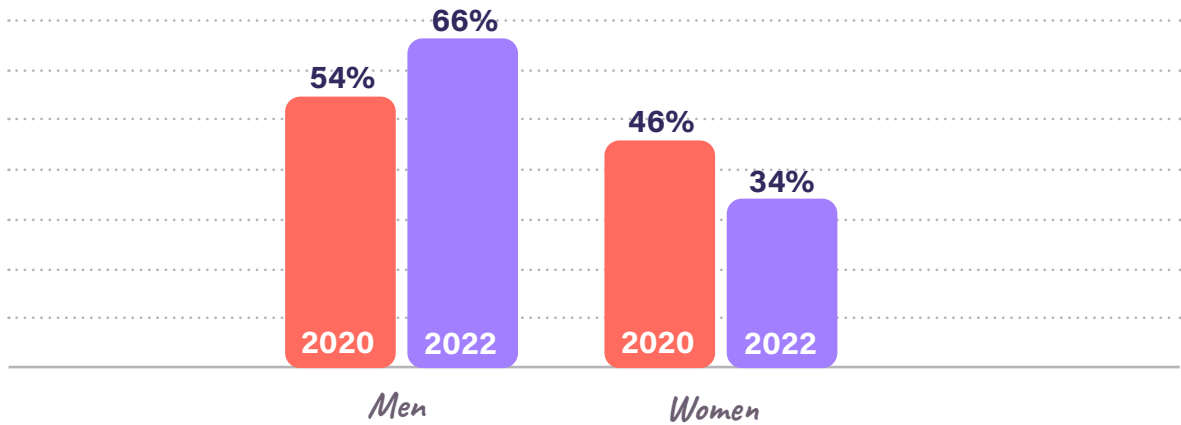
# An emerging retail category, logistics experienced the strongest employment growth



This emerging category of retail saw the strongest employment growth amongst the retail sectors. As consumers increasingly move to online retail, staffing needs for back-of-the-store logistics and facilitating BOPIS have increased significantly.

The sector has grown by over 10% compared to pre-pandemic employment levels. Nevertheless, employment has largely remained stagnant, due to a slowdown in consumer spending patterns.

### Proportion of Shift Work Hours

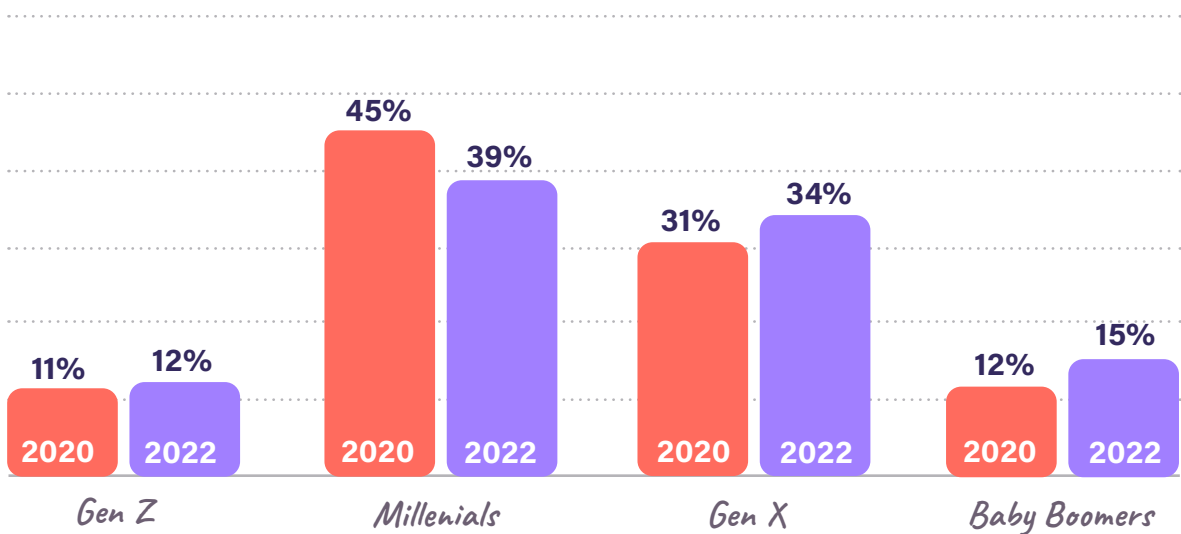


The sector largely consists of male employees, where retail employment growth has largely benefitted this cohort. Male shift workers represent nearly two-thirds of shift work hours in the sector.

The sector has a surprisingly large share of older workers, where Gen X and Baby Boomers combined make-up nearly half of shift work hours in the sector.

Tight labor market conditions have also supported an increase in share of older workers in the industry, between 2020 and 2022.

### Proportion of Shift Work Hours



# Key Trends

## Consumer Trends And Young-Growth Markets

Retailers positioned toward young consumers or who have presence in young-growth markets are likely to remain resilient into 2023, as consumption in this sector is set to grow from demographic trends.

Catering to these markets will involve expanding on online retail and home delivery options; while demonstrating sustainability and environmental-friendliness. Young-growth markets (and their shopping habits) are expected to support an increase in non-store retail employment into the future.

## Physical Stores And Digitally-Influenced Retail

Despite opportunities in online retail, most consumers prefer to interact physically with products. Retailers will be increasingly expected to have both strong online and physical brand presence; and support BOPIS options for the price-conscious.

New retail competitors will emerge, as online direct to consumer brands increase their physical presence; and new innovators take advantage of emerging retail platforms in m-commerce and social media.

## Mobile Data And Logistics

Given the opportunities in BOPIS, improving inventory management will support new business and employment opportunities. Logistic-as-a-service providers will begin to emerge with operators like Shopify and Etsy increasingly enabling brick-and-mortar retailers to compete in the BOPIS space.

The data on these retail mobile apps and m-commerce are a significant opportunity to model retail around their shopper's habits and inventory management around what shoppers are expected to buy.



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## Thank you to the contributors

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