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# The DNA of the future consumer workforce

Initial research report findings from KultraLab,  
in partnership with the World Retail Congress



## The retail sector has experienced a year of seismic change. And for years before that, it had been trying to adjust to, amongst other things, the impact of digital retail on store revenues, rising real estate costs, a polarisation between value and luxury propositions and changing consumer tastes.

Over the past year, these and other cracks effectively became structural fault lines. The Covid-19 pandemic accelerated years of transformation effectively into a few months. The huge impact across the globe of this change has left many retailers desperately trying to speed up their digital agendas.

For many, however, it will sadly be too late.

These changes have caused significant challenges to the retail workforce, whether in stores, D.Cs, H/O or at home, traditional roles and structures are having to adapt quickly. Further pressures have also arisen from major cultural shifts during 2020. Whether it was the *Black Lives Matter* movement or the increased awareness and concern for business ethics and sustainability, there is no doubt that retailers around the world now need to think very differently about their business culture and the capabilities of their workforce if they are to thrive in the new world.

What are these capabilities? We have set out what we see as the main areas for consideration, though we see this as just the start of the debate. As a behavioural science & technology consulting firm we launched this initial version of "*The DNA of the future consumer workforce*", in partnership with the **World Retail Congress** in a panel session at the virtual summit in April.

The feedback received from this initial research is now forming the basis of a much larger report, based on a wider number of interviews with global retail leaders and a quantitative survey, to be published at the WRC Summit in Rome in September 2021.

What is clear is these future workforce capabilities will enable all employees to make a deep emotional connection with a business, learn new skills under pressure and at pace and improve their performance beyond current recognition.

We hope you enjoy the read and encourage your feedback at the end of this document.

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Steve Baggi  
CEO & Founder  
**KultraLab**

Ian McGarrigle  
Chairman  
**World Retail Congress**

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# The purpose of this report

The purpose of this initial report is to identify the future capabilities of the retail workforce.

In 2021 and beyond, retail will continue to change at a bewildering pace. Our conversations with senior retail leaders across the industry globally show a widespread desire to understand and act on the strategic responses that need to be made.



# 2020 and the pandemic – How well did retail do?

During the pandemic, there were many factors that either underpinned or exposed the capabilities of the retail workforce. Our initial interviews with the world's leading retailers have helped us to understand the current and future drivers behind cultural and behavioural change. We have defined our analysis in terms of "Looking Back" and "Looking Forward":

- **Looking Back** and asking our interviewees to reflect on how last year unfolded - and how the retail workforce responded to the challenge of the pandemic.
- **Looking forward** and understanding what:
  - Retailers will need from their people in the future - and how to create a mindset that fosters behavioural change.
  - What the challenges and gaps in workforce skills are - and what they need to do to move on to a prosperous future.

# Looking back

## FIRST IMPRESSIONS

One of the clear first impressions that we get of the Covid-19 pandemic, from the senior global retailers we have interviewed for this initial report, was a lack of preparedness for what was to come.

This wasn't because retailers didn't have disaster recovery or contingency plans – they did. It was because the plans that they had were not relevant for what was to come.

The sheer scale of the pandemic unfolded in a way that was impossible to prepare for. One senior Chief People Officer told us:

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**“A pandemic was not on the risk register. Every retailer will tell you that they make plans as part of their risk management process. Most think about a building burning down, or a terrorist attack. But nothing like this.”**

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When it came, the pandemic generated instinctive commercial reactions. The primary motive at the start was to move swiftly to protect revenues.

**“There was a scramble for cash, for safety. Then suddenly, we were asking ourselves questions we'd never even considered before.**

**“Who do we put on furlough? Do we take the 80% from the Government and then top it up? Or not? And what is everyone else doing?”**

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Nobody could have expected the impact that Covid-19 would have on retailing and wider consumer world. For one European CEO we interviewed, the pandemic at first seemed simply to be an international supply chain issue that needed to be managed quickly:

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**“We were focused at the start on how we could facilitate our stock coming out of Chinese factories. We were thinking about how we were going to adjust our supply chain. How could we compensate for losing production? And how could we be less dependant on the one country in future.”**



# Onto the Rollercoaster

Beyond these early reactions, however, retailers quickly realised that they were **struggling to adapt to the unfolding pandemic**. Many retailers admit they were far too slow in changing their approach to cope with the unexpected rollercoaster of fortunes, with sudden changes in consumer behaviour catching them out. One senior advisor to major US retailers told us:

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**“It was a disaster for bricks and mortar, no question about it. Online leapt forward years in only a few weeks. A rocket had been placed in the rear end of online business. Online was prospering before the pandemic, but suddenly it started to happen so much more quickly.”**

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Recent research from McKinsey showed the full scale and speed of the changes which retail leaders have had to absorb. McKinsey estimated that online delivery, for example, had accelerated the equivalent of 10 years in only 8 weeks.

In the meantime, the sudden closures of stores across the world meant that the thoughts of retailers swung wildly between **demonstrating resilience as things went wrong**, and a **growth mindset** when online made strong gains or the stores re-opened again periodically thereafter.

Even those businesses geared up for online retailing were surprised by the sheer unpredictability of gains and losses made during the pandemic. One European based Global CEO says:

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**“During the first lockdown, we saw an incredible surge in online sales. And when the stores re-opened, we were equally surprised that online sales did not fall away as we had expected.”**

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Another makes a similar point:

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**“The stores went ballistic when they re-opened in the summer, all the way through to the second week in December. But suddenly we were left with nothing when Belgium, Germany, Holland, and Denmark all decided to close all stores again overnight.”**





# Customer obsession – and tough decisions

Interviewees spoke about the need to **focus obsessively on creating a better customer experience** during this retailing rollercoaster. This was almost impossible during a time that caused huge and disruptive issues further down the supply chain, says one global retailer:

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**“To keep our customers happy, we needed to relocate customer service people very quickly out of the stores and into online. Then we had to cope with 3rd party distributors that had been inundated. And as for the suppliers, we tried not to cancel stock wherever we didn’t have to, because we needed to keep trust with them as well.”**

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Another difficult issue for all retailers was whether to redeploy, furlough or dismantle teams. One European retail leader told us that:

**“We had to redeploy people. We brought a lot of employees into our distribution centre and store managers to work in our customer service teams. But in other countries where we didn’t have these sorts of options, and so those situations were far more challenging.”**

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Sometimes these challenges meant some tough decisions:

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**“We took out a lot of people. We restructured in the first six weeks and removed a whole layer. We had to be brutal but at least we could then fully employ those who were left behind. We also switched the balance of who we employed – far fewer working in operations, and far more in analytics and data mining.”**

# Fighting back - and the need for speed

For some retailers, the pandemic provided the opportunity, albeit under duress, to tackle change projects they had previously put in the “too difficult” pile. One advisor to major US retailers told us:

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**“Transformations that would have taken us years through the old-style big change programmes, particularly around digital, suddenly took weeks. But with your back up against the wall, you’ve got to do it. The only question we asked at the time was “How fast can it be done?”**

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Another HRD also spoke of the opportunity to make the best use of a crisis to get things off the “To Do” list:

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**“It had been a priority to get remote working done for a while. Suddenly, we had a chance. We got it done in a fortnight with real enthusiasm and a can-do attitude.”**

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As well as speed, the pandemic signalled the end of the perfectionist mentality. Instead, an imperfect **creativity replaced it, accepted as the only means of turning new and imaginative ideas into reality.** One leading UK retailer told us:

**“The big change programme mentality for years went out of the window in a few weeks. We moved quickly from “Big and Slow” to “Fast and Dirty”. 80% was good enough, simply because 80% of something was better than 100% of nothing.”**

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The opportunity for reinvention turned the concept of creativity on its head during 2020. And what also changed was the need to use this creativity to keep serving the customers well. The instinct of good retailers is always to listen to customers, but the pandemic had for many taken the physical dimension out of customer service. It meant creating new and unusual ways of thinking in delivering a **better customer experience**. One European HRD puts it well:

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**“We totally rethought the consumer journey, to make it totally “hands off”. This went completely against our instincts. But now we had to look urgently at how we could make our products contactless and safe? What sort of flexibility did we need to show with changing terms and conditions to do this? The roadblocks that we may have had previously were drowned out in the pandemic. And once we proved that it could be done, there was no going back.”**



# A bumper digital dividend

Those who had invested heavily in digital lead prior to the pandemic found themselves in a very strong competitive position once it started. One senior advisor to retailers worldwide told us:

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**“Those who invested early have had great successes. There are others that I advised to invest more. They didn’t and they have been regretting it every minute of every day ever since.”**

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Another is delighted that the pandemic helped them achieve a state of **“digital fluency”** far faster than they otherwise would, which in turn allowed them a **ready and easy use of technology in other ways.**

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**“The move to digital helped us to foresee other changes in the market and react to those more quickly as well. For example, digital opened our minds to introducing virtual shopping opportunities for customers including online consultations with one of our associates.”**

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# The employee experience – a view from HR

## THE STRUGGLE TO COMMUNICATE

Among HR leaders, there were two immediate further challenges thrown up by the pandemic. The first of these was the accuracy of information held on employees. Says one former UK HRD:

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**“What surprised me is how few businesses had the right contact details for their people. And if they didn’t, how could they communicate if the stores were closed and there was no workplace to go to? There were also wide discrepancies between the support given to well-equipped people in Head Office versus those in, say, the Grimsby store who had to scramble around to find a spare laptop.”**

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The second area of concern was the way in which key information about the pandemic was communicated with accuracy and speed in a fast-changing situation:

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**“How could we make sure that the information we were putting out there was correct? How could we keep up ourselves? How could we deliver general information and yet keep an awareness of individual circumstances? Everyone who worked for us was in a different situation – some were OK, some were vulnerable, and others have had caring and/or home-schooling responsibilities.”**

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## THE IMPORTANCE OF INCLUSIVITY

**Inclusivity** at speed is never easy – and it had never been more important to consider the **needs, concerns and value of others**. The downside risks to inclusivity from the pandemic were huge. Research in the Harvard Business Review, *“The Value of Belonging at Work”*, issued prior to the pandemic, showed that while social belonging was a fundamental human need, **40% of people said that they felt isolated at work**.

Imagine then the potential isolation and harm to organisational commitment and engagement from working at home. Inside the organisation, McKinsey research estimated, remote working and **video conferencing increased by a factor of 20 times over a period of only 3 months**.

Even when information was communicated quickly and accurately, it wasn't “job done” for long. Says one HRD:

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**“The rules seemed to change ... and change ... and change. One day we were opening stores with one set of rules, then other rules the day after. It kept changing and you're having to deal with it there and then, on your feet. You haven't got time to overthink it. You've just got to do your best and then expect that you will have to adapt again tomorrow.”**

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Some senior HR professionals told us how decisions had to be made that were necessary, but not best HR practice. One of them told us:

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**“You have to do everything over zoom, but there are limits to soft skills. Most people's instincts do not allow for something like “letting someone go” in a zoom call, but there is no option if you have to deliver a mass redundancy programme.”**

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For international businesses, there was another layer of complexity for HR. One senior European retailer says:

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**“How can you treat staff fairly when the level of furlough rules is different in different countries? In the UK it is 80% but in Germany it's only 60%.”**

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And another struggle came because the pandemic brought home how much further personalisation needed to go:

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**“We talk about personalisation, but the pandemic showed us that what we had was basically one-size-fits-all. But in the pandemic, every circumstance is unique. Can we make an exception for this person and are there risks attached if we do? Covid-19 made us realise that we had a lot of work to do to make a true connection with employees.”**

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## A MISSION TO MOTIVATE

The power of **motivation** came up time and again in our interviews. If your employees have a **drive for action, willingness to learn and a real set of goals** then anything it seemed could become possible. But what could HR do to drive motivation?

Much good had come from the pandemic through the improvement in the wellbeing proposition within many retailers. At the start of the pandemic, many in retail HR were thinking more about the more process-driven aspects to health and safety around how to enforce social distancing and health rules. Once it became clear that the pandemic meant that large numbers of people were furloughed or working from home, health became more focused on understanding wellbeing for employees. One HRD tells us:

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**“Some the team have challenging family situations, or schooling constraints to consider. We have seen a burnout from some people in our workforce who have been really struggling with lockdown. How do you genuinely support individuals when their domestic circumstances are difficult?”**

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The answer it seemed was for employers to show some flexibility to employees, supported by a more direct intervention via well-being initiatives.

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**“We’ve had all sorts of well-being initiatives, from yoga to virtual running clubs. Anything really to make sure that we are all looking out for each other. We gave everybody an additional lunch period - we have a system which switches your machine off so that you must leave the house and go for a walk. And we’ve given additional time for anybody that has got young children. Not to make the time up later, but to actually have the time off and maintain a work-life balance.”**

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# Looking forward

We then asked our senior retailing interviewees to look forward, beyond the pandemic. What will they need from their people in the future?

## GROWTH MINDSET

Our expert panel of senior global retailers highlighted the need to create a **growth mindset**, one strong enough to drive behavioural change over the long term.

One word that came up time and again was **“passion”** – a **passion for continual stretch and learning**. Our interviewees were themselves passionate as they described what they needed from their leaders and teams.

One senior leader of a Far East retailer described the importance of passion as follows:

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**“The passion that we show for the brand is key. Passion to me is having the “fire in the belly” and the commitment to show it at every opportunity. Passion is the key to keeping pace with our competitors.”**

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Another senior advisor to US retailers describes it in equally emotive terms:

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**“I often describe passion as the “human soul on fire”. We need people with this passion on the buying side, the planning side, the store side, on every side. And especially with customers because they now want a different experience. We can’t have people who lean against the counter and only say “Hello” and little else.”**

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With passion on board, one international CEO told us, change could be achieved that previously was not thought possible:

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**“We built a whole booking system in less than three months. Previously, we would have said “that’s impossible.” I think what has changed is that “good is good enough”. Now we had the passion to say we need to get it done – and we can tweak it later.”**

## CREATIVITY

How can retailers continue to encourage creativity when uncertainty often brings only caution? Some of those we spoke to felt that creativity now needs to find a new place in the language of change. Says one senior global retail advisor:

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**“As human beings, we tend to get in a groove and a comfort situation. We can teach retail leaders that it’s OK to be uncomfortable. And that discomfort allows us to be far more innovative.”**

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Creativity and inclusivity are closely connected to one another. The former is driven by the latter. This is all about acknowledging and considering the differing needs, concerns, and values of others. One of the worries in this regard lies in the creativity that may currently be lacking among younger people, as one European CEO told us:

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**“One of the things we were missing is the ideas coming through from some of the younger people. In a real room, you can see a younger person wanting to say something, but not having the courage, and it is easy for you to say, “Oh, by the way, do you want to say something?” Now, when you are communicating digitally, that’s so much harder to do.”**

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## DIGITAL FLUENCY

Digital fluency is all about readily and easily using technology to learn, work and play. With the benefit of pre-pandemic hindsight, many businesses would have pushed their digital agenda much harder and faster than they did. Most of them now realise that they did not scale the digital operations fast enough. Says one former HRD:

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**“We realised that we’ve been talking the talk and not walking the walk for a long time. We were getting year-on-year doubling of online penetration, but it was organic. We were only keeping pace with consumer behaviour and we simply hadn’t invested enough in the infrastructure. We hadn’t thought about scaling beyond organic market penetration growth.”**

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Internally, digital is also key to engagement with business partners. As one northern European retailer told us:

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**“We will have a pipeline of new partners with whom we are having to maintain dialogues virtually. Digital accessibility is essential, and we’ve had to build a new kind of partner network through our digital communities.”**

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## INCLUSIVITY

When working from home, it is also clear that organisations need to look again at how the values they hold dear fit into the culture of the business – and how to communicate them. As one UK HRD in retail puts it:

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**“How are people going to fit into the culture of the business? By employers showing greater inclusivity and greater trust because many people are no longer going to be supervised in an office. Employees are going to be trusted to deliver and employers are going to need to find more inclusive ways to generate that commitment.”**

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Within HR, the need to think beyond the function and reach out to the business has become clearer than ever before. Says one HRD from a major retailer in the Far East:

**“I need my HR team out there, across the organisation so they see the business in operation. I need them to be thinking not just about what’s in the best interests of their HR role or the HR function, but the whole business.”**

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**A more genuine inclusive connection with all employees is vital.** And one HR retail leader told us that herein lies a great opportunity:

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**“We can’t and shouldn’t try and unknow the deeper insight we all now have into each other’s lives, the personal challenges we all faced and the mutual support we gave each other in tough times, both then, now and hopefully in the future.”**

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## RESILIENCE

Resilience is all about coping when things go wrong – and things really did go wrong during 2020. Many senior retailers are worried about the fundamental damage that has been done to the resilience of employees as a result and the length of time employees are going to take to recover. One European retail leader tells us:

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**“We can’t keep changing at this pace. We’re not going back to some lovely normality. I don’t think people’s bodies can keep up with it.”**

This struck a chord elsewhere. When stores open and close overnight, when the rules of the game keep changing suddenly, and when you must redistribute stock time after time, it must damage people, says one Chief People Officer:

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**“These people have worked harder than they have ever worked. They have been super proactive, and they have worked way beyond what they should do. They’ve had an emotional roller coaster.”**

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## MOTIVATION

According to the Deloitte Insight's report "Bridge across uncertainty" report published during the pandemic in mid-2020, "high-impact workforce experience" organisations are 1.6 times more likely to achieve better customer outcomes. **Motivation is about having this desire for high impact** - a drive for action, willingness, and goal achievement.

This has meant changes in the pace of decisions, as well as outcomes, says one senior advisor:

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**"We've had fewer debates and been procrastinating less about things and we've made decisions more quickly. We've been on a burning platform – but so too has the whole retail world. Sometimes you need to do these things for the impossible to become possible."**

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As well as individual motivation, it is imperative that teams develop a collective motivation. One team leader from the Far East told us:

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**"More than ever, we need exactly the right mindset aligned with the same objective. When the motivations of self-interests and common team goals sit together, tremendous results can be achieved. And this can set us apart from our competitors."**





## ADAPTABILITY

**Adaptability to the unexpected** is the key to future success. With stores opening or closing in response to national or local lockdowns borne of the pandemic, this agility – and the resilience that comes with it – will be central to performance. Says one senior HRD in UK retail:

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**“Versatility will be key for the future. The people in stores have had to go through a lot. The stores are still changing, and there is a genuine sense of multi-tasking everywhere.” [BD]**

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Another retailer tells us that the battle for adaptability will be an ongoing struggle. A European retail CEO told us that in anticipation of a recent reopening of stores:

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**“... we completely retrained all staff, by putting them all through the online courses over the last 2 or 3 weeks. This is all about getting their mind working again. Everyone wants to come back and this is all about making sure that people are mentally and physically ready for the moment.”**

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## CUSTOMER OBSESSION

Retailers will need to show an **obsessive level of product knowledge that they can get across to the customer**. As one senior global retail advisor told us:

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**“The best retailers will make sure that their teams are well briefed and far more knowledgeable than they’ve ever been before. This is because the customer is a lot more educated today.”**

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Store service for customers will be very different in future. One CEO of a leading European retailer told us:

**“When [the customer] comes back to the store, our service level will have to be the most amazing ever. We need customers to see why they missed a physical store versus the digital offer. We’ve looked at everything to make this happen - from the smell of the stores to how we wrap up the products once a sale is made.”**

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Those who focus more on the experience the customer has will find themselves in a luxury market. For the rest, the focus will be more about value. Many observers, including a CPO of a multinational retailer, believes that for most retailers, it's going to be one or the other:

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**“We’re at a fork in the road. It’s either value or luxury. The middle ground isn’t territory – it’s not cutting it anymore.”**

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## RESPONSIBILITY

Our interviewees were keen to highlight the importance of businesses doing the “right thing” and taking accountability for their actions. As one retail leader says:

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**“We need to understand more about sustainability because it’s not just what you’re going to sell, but it’s the whole experience that people want. What good are you going to be doing to the community that you serve? The answers you have will be crucial for many customers.”**

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Another leader feels that **the focus on responsibility is here to stay**. It will hold true for future employees, as well as current customers. The ESG (Environmental, Social and Governance) agenda is running very strongly at present for all stakeholders. As one north European retailer says:

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**“Businesses are talking about sustainability, and in particular about ESG. There’s a strong cultural intelligence emerging among those businesses that reflects what the customer wants in this area.”**

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# Conclusion – and our invitation for feedback

Now is the time to stimulate a crucially important debate around the leadership challenges in the sector globally. What is already clear to us, however, is that there are clear workforce capabilities that will embed behaviour changes in retail workforces year after year.

## PRIORITIES FOR BEHAVIOURAL CHANGE

What are the real priorities for retail businesses in supporting and developing their workforces on this path to behavioural change? We have here three further areas of analysis that we now want to open up in the 2nd phase of our research – and we want to hear your views.

All the evidence that we see from our research to date shows us that retailers need to:

- **Help their employees learn new ways of working, both at scale and speed.**

An experienced global retailer told us:

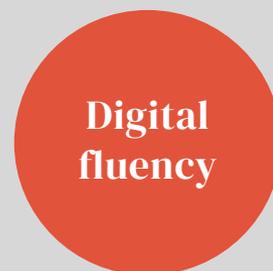
**“The pandemic has helped us to realise that we can clear the path much more quickly to get what we need. Our people are starting to see the immediacy with which change is now possible.”**



Having a passion for continual stretch and learning.



Turning new and imaginative ideas into reality.



Readily and easily using technology to work, learn and play.

- **Make a more genuine and deeper connection with all employees.**

One HR retail leader told us that herein lies a great opportunity:

**“We know a lot more about each other’s lives. We have given each other mutual support in tough times. This will give us a deeper sense of connection in the future.”**

This shows itself in three respects mentioned in this report:



Having the drive for action, willingness, and achievement.



Acknowledging the differing needs, concerns, and values of others.



Coping when things go wrong.

- **Embed a commitment to continuous learning and adaptation into their organisation.**

One senior leader puts it well:

**“Everything has changed so much. And if you can now quickly develop concrete plans for change and future development, you’re going to win.”**

This shows itself in three respects mentioned in this report:



Hyper focusing on creating a better customer experience.



Changing approach to cope with the unexpected.



Doing the things that you are supposed to do and taking accountability for actions.



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***"How COVID-19 is changing consumer behavior –now and forever"***

By Sajal Kohli, Björn Timelin, Victor Fabius, Sofia Moulvad Veranen

***"Bridge across Uncertainty – How crisis leadership with a human focus can support business resilience"***

By Jen Fisher, Brenna Sniderman, Nicole Nodi



# What happens next?

We have now established these areas of analysis for workforce capabilities, and we want to hear what you think. The feedback received from this initial research will now form the basis of a much larger report, based on a wider number of interviews with global retail leaders and a quantitative survey, to be published at the **WRC Summit in Rome in September 2021**.

We will take all the valuable feedback that you give us to create a capability framework for the future retail workforce. In order to take part, please contact [steve.baggi@kultralab.com](mailto:steve.baggi@kultralab.com)



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