



August 2021

The Spotlight

Spotlight, our regular Q&A with clients and colleagues, highlights leading viewpoints on trending topics in the world of human resources.

Photos from left

Rachel Silverman
Associate Partner,
Human Capital Solutions, NA

Gina Wellmaker
Associate Partner,
Human Capital Solutions, NA

Marco Sneider
Director, Sales Force Effectiveness,
Human Capital Solutions, NA

How have retail sales practices evolved since COVID-19?

With constant change accelerated by the COVID-19 pandemic, many retailers are questioning goal setting and incentive pay for employees. Pandemic-related store closures and a shift to more online purchases have brought alternate methods of measuring performance and defining sales credit to the forefront.

In support of our retail client community, Rachel Silverman, Gina Wellmaker and Marco Sneider, all leaders in Aon's retail practice, recently conducted a series of interviews with rewards professionals at top retail organizations in the United States to get a sense of how their sales practices are evolving. We asked them to share key findings from their conversations.

For more insights on rewards trends and our survey products, please visit humancapital.aon.com.

Questions and Answers

How has goal setting for retail employees changed since the COVID-19 pandemic?

At the onset of the pandemic, many organizations stopped tracking goals given the unpredictability of store closures, reopenings and foot traffic. Most retailers had set goals based on store sales volume, but with such heightened focus on digital sales, sales leaders needed to pivot. While nearly all retailers have now welcomed customers back into the store, online sales remain higher than prior to the pandemic. Therefore, digital sales are commonly integrated into the overall target-setting process. With uncertainty still looming, most retailers have reported their attempt to reestablish a baseline of normal by transitioning back to 2019 goal levels.

With the rise of online purchases, what new methods are retailers using to measure performance?

While there is still a wide spectrum of plan designs, we see retailers shifting away from solely focusing on in-store sales to define performance. More commonly, the industry now measures performance based on some combination of district, fleet or company performance, in addition to store performance. In many cases, there are still outstanding questions on how online sales and returns are allocated, and so plans remain in transition.

What impact has the pandemic had on incentive pay for employees?

Changes in incentive pay varied considerably, largely based on which retailers were considered essential versus non-essential. Many non-essential workers received incentive pay early in the pandemic to help recognize the risk workers were taking by being present in stores. Those programs were largely discontinued after a few months into the pandemic, as retailers realized it was not financially feasible to pay out incentives with such unpredictability in store sales and reopenings. Non-essential businesses were, in certain cases, forced to furlough or even lay-off employees. With sales down, it was evident that employees would not reach their original performance goals, prompting some companies to provide guarantees or change the measures of performance to adjust to the shifting landscape. Most firms are in the process of redefining their plans on a broader set of performance metrics for 2022.

How have retail roles and talent pools evolved? What specific skills are companies now seeking?

The talent pool for retail workers has always been broad, which fortunately means there is a large number of potential resources. That said, we know that retailers today are defining their job profiles more carefully than in the past. In most cases, jobs within stores are becoming broader, prompting companies to look for workers who are agile, curious and open to learning. They need someone who can not only sell in-store goods, but also introduce customers to alternative online options and fulfill and deliver orders that come through e-commerce channels.

What are the biggest challenges that retailers face in the future and what is your advice for meeting those challenges?

The labor shortage is not predicted to ease any time soon. With rising wages and the potential for additional pandemic-related disruptions, retailers are enormously challenged to meet hiring needs and retain employees. Store jobs are particularly difficult to fill, as they are competing with both online customer service jobs, which oftentimes allow for remote work, and distribution jobs, which tend to pay more. However, retailers can differentiate themselves as a favorable place to work by providing more flexibility, where permissible, creating a culture of purpose through their brand and developing dynamic career paths for growth and progression.

For more information on how we support companies in their retail sales transformation, please write to humancapital@aon.com.

Key Contacts

Rachel Silverman

Associate Partner, Human Capital Solutions, NA

Aon

1.847.442.0113

rachel.silverman@aon.com

Gina Wellmaker

Associate Partner, Human Capital Solutions, NA

Aon

1.202.659.7137

gwellmaker@radford.com

Marco Sneider

Director, Sales Force Effectiveness, Human Capital Solutions, NA

Aon

1.213.630.1361

marco.sneider@aon.com

About Human Capital Solutions

Aon's human capital business provides leaders with a powerful mix of data, analytics and advice to help them make better workforce decisions. Our team, spanning 2,000 colleagues in more than 30 countries, includes the firm's rewards, talent assessment and performance & analytics practices. To learn more, visit humancapital.aon.com.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. For further information, please visit: aon.com.

© Aon plc 2021. All rights reserved.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

www.aon.com