



KultraLab

THE DNA OF THE
Future Consumer Workforce

Forging a new connection between
employers and employees

Final research report finding
from KultraLab, in partnership
with the World Retail Congress



**WORLD RETAIL
CONGRESS**
AN ASCENTIAL COMPANY

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INTRODUCTION

The retail sector continues to experience seismic change. The impact of both the COVID-19 pandemic and, more recently, the conflict in Ukraine create ongoing uncertainty around trading conditions globally.



These difficulties have been exacerbated by issues affecting supply chains across the world, as well as by consumers and retailers facing unprecedented inflationary pressures, and the impact on their purchasing power.

For years, the sector has been trying to adjust to a long list of challenges. These have included the impact of digital retail on store revenues, rising real estate costs, a polarisation between value and luxury propositions, and changing consumer tastes.

In short, retail businesses will be facing strong headwinds for years to come.

The huge impact across the globe of relentless change means retailers are desperately trying to speed up their own transformation. Most studies indicate that companies' transformation efforts remain stuck. Only one in three transformation efforts succeed in delivering intended benefits, and this rate hasn't budged after many years of research. We also now know that even successful transformations still leave value on the table.

In a period of such prolonged and dramatic change in business, the economy, and the world at large, it's time for companies to treat transformations as more than just a series of additional projects or discrete events, and use them as opportunities to fundamentally change how they operate. In doing so, it's possible to take the truly holistic approach that success requires.

Employers will now need to think very differently about their workforce if they are to thrive in the new trading environment.



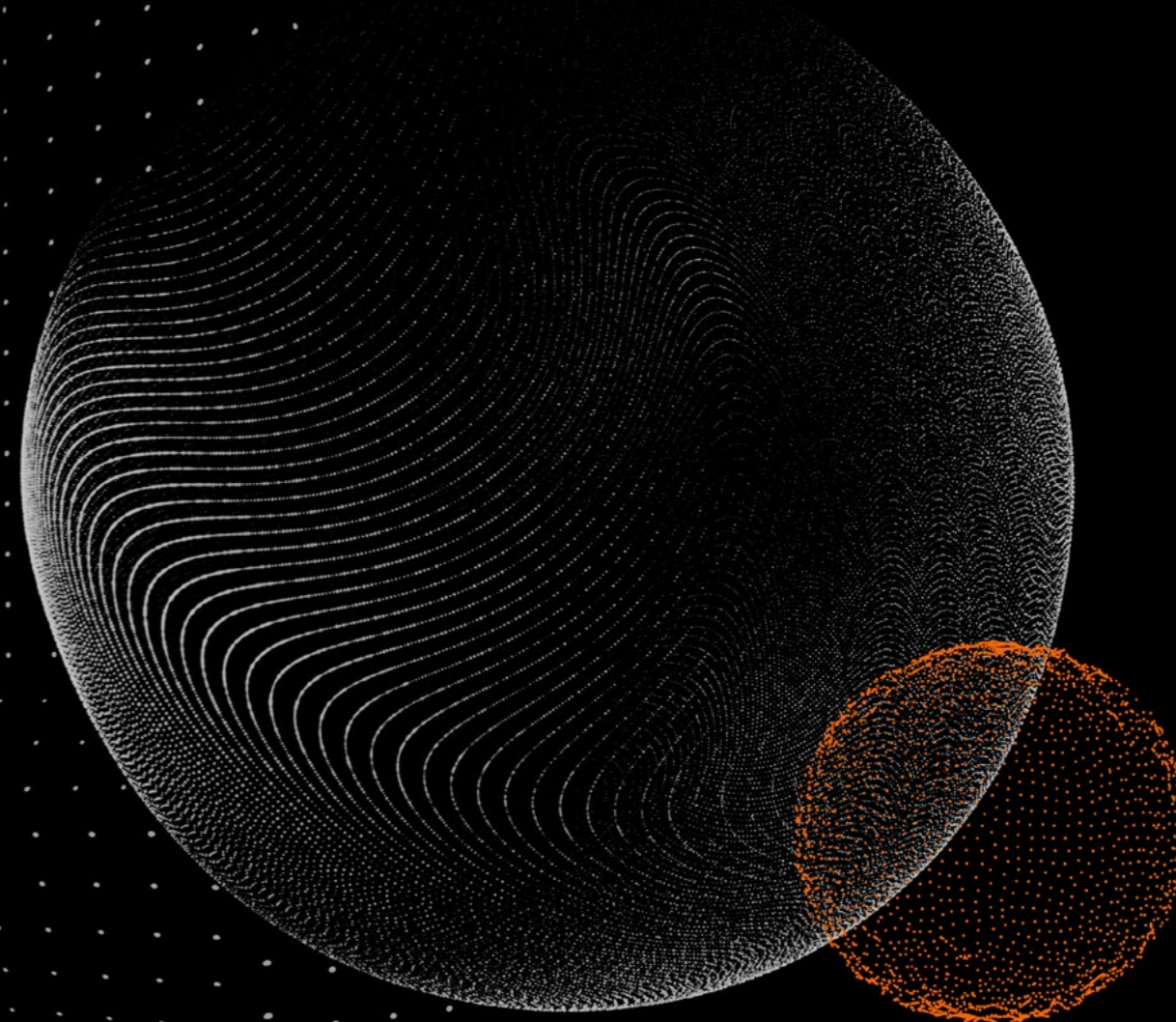
As a behavioural science and technology consulting firm, KultraLab launched an initial report (*The DNA of the future consumer workforce*) in partnership with the World Retail Congress back in April 2021. The overwhelmingly positive feedback we received from this initial research created the momentum for this larger, final report, based on hundreds of interviews with global retail leaders – and now crucially, their employees.

This report, published for the World Retail Congress a year on in Rome in April 2022, makes

it abundantly clear that the future workforce, comprehensively developed, must enable all employees to make a stronger connection with any retail business, be able to learn under pressure and at a pace, as well as improve their performance beyond current recognition.

We hope you enjoy the read and encourage your feedback.

Steve Baggi, CEO and Founder, KultraLab
Ian McGarrigle, Chairman, World Retail Congress



THE CHALLENGE AHEAD

The purpose of this report is to identify the future capabilities of consumer workforces across the world.

In the rest of 2022 and for many years beyond, change will come at a bewildering pace.

And to understand why, we need to briefly revisit the past.

How we got here

As the COVID-19 pandemic started to have an impact on our daily lives, the [World Economic Forum](#) forecast that 50% of employees would need to reskill within the next five years. According to the report, this was due to the “double disruption” of the spread of COVID-19, as well as the increasing technological automation that has been transforming the workplace.

What type of new behaviours would be in demand? Research by McKinsey suggested that demand for higher cognitive behaviours, such as creativity, critical thinking, decision-making, and complex information processing, would grow quickly through to 2030.

As the pandemic took hold, there were many factors that either underpinned or exposed the capabilities of the retail workforce. Our initial interviews with senior retailers gave us a very clear first impression of their lack of preparation for what was to come.

The lack of preparation wasn't because retailers didn't have disaster recovery plans – they did. It was because the plans that they had were not relevant for what was to come.

The McKinsey research also showed the full scale and speed of the changes. They estimated that online delivery, for example, had accelerated the equivalent of 10 years in only eight weeks. Meanwhile, retailers expected their employees to swing wildly between resilience, when stores closed in the face of new COVID-19 variants, and a growth mindset, when online trading made strong gains or stores reopened.

Transformation transformed

Those retailers who had invested heavily in digital prior to the pandemic found themselves in a very strong competitive position. One senior retailer told us:

“The move to digital helped see other changes in the market and react to those more quickly as well. It opened our minds to virtual shopping opportunities for customers and consultations with our associates.”

For others, it provided the chance to tackle change projects previously put in the ‘too difficult’ pile. One advisor to a major US retailer told us:

“Transformations that would have taken us years, suddenly took weeks. With your back up against the wall, you’ve got to do it. The only question we asked at the time was how fast it can be done.”

Another in the UK said it heralded the end of the perfectionist mentality:

“The big change programme mentality went out the window. In a few weeks, we moved quickly from big and slow to fast and dirty. 80% was good enough, because 80% of something was better than 100% of nothing.”

And in 2022 and beyond, it’s clear that this appetite for “fast and dirty” transformation is high up the agenda of our many senior retail leaders globally.



No passion, no point

Employers want their employees to share the passion they feel for change. As one put it:

“Passion is the human soul on fire. We need people with this passion on the buying side, the planning side, the store side – on every side.”

The trouble is, according to our research and video interviews, hundreds of retail employees from across the world are telling KultraLab a very different story. A story that betrays a lack of recognition by retail employers for the pandemic-related miracles delivered by staff, a widespread sense of burnout and a poverty of relevant new behaviours coming to the fore.

Among employees, our research shows that passion is in short supply.

This is where, as with the pandemic, we started to see a flawed pattern re-emerge.

It's not as if retailers across the world don't have transformation plans – of course they do.

However, the plans they have are again not relevant to reality. They take no account of the psychological state and readiness of their employees for behavioural change.

In short, we are witnessing a great disconnect between retailers and their employees – one that can only be tackled by radical action. Employers will now need to think and act very differently about their workforces if they are to thrive in the new trading environment.



Passion is the human soul on fire. We need people with this passion on the buying side, the planning side, the store side – on every side.

WELCOME TO THE GREAT DISCONNECT



The employer perspective

Although organisations are trying to respond to challenges, the pace of change is relentless. How do retail leaders feel they are doing in equipping their workforces with the new behaviours they need?

In our latest global research, KultraLab interviewed and surveyed over 100 of the leading retail employers globally.

Overall, those who participated felt they were doing a good job in giving employees what they need.

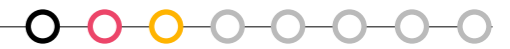
Nearly all (94%) believe that their employees have either all or at least some of the necessary behaviours they need to do their job well. Breaking this down, over one in five (21%) feel that their employees have everything they need, while nearly three quarters (73%) believe they have at least some of what is required.



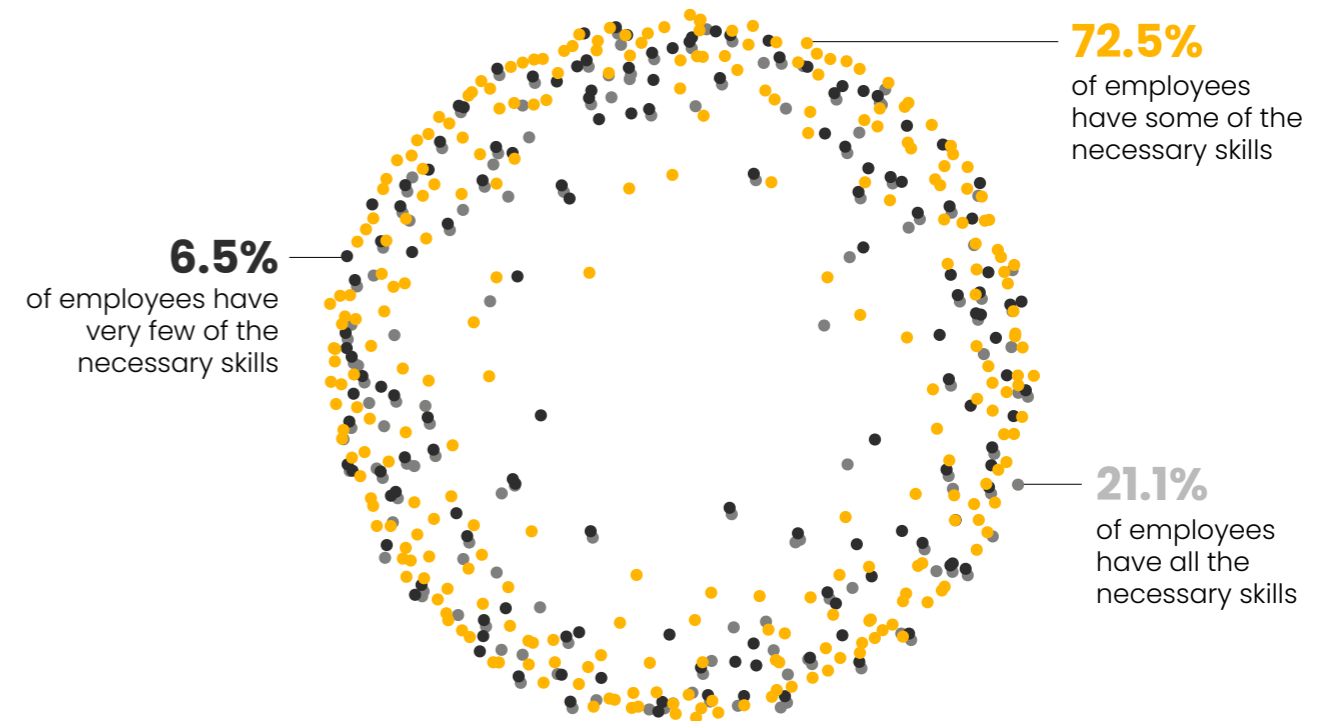
One senior HRD admits the pandemic has played a massive influence in the thinking of employers:

“One day, we were opening stores with one set of rules, then with other rules the day after – it kept changing. 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 you’ll have to adapt again tomorrow.”

The big question though is whether the behaviours employees are showing match those that the business says they need?



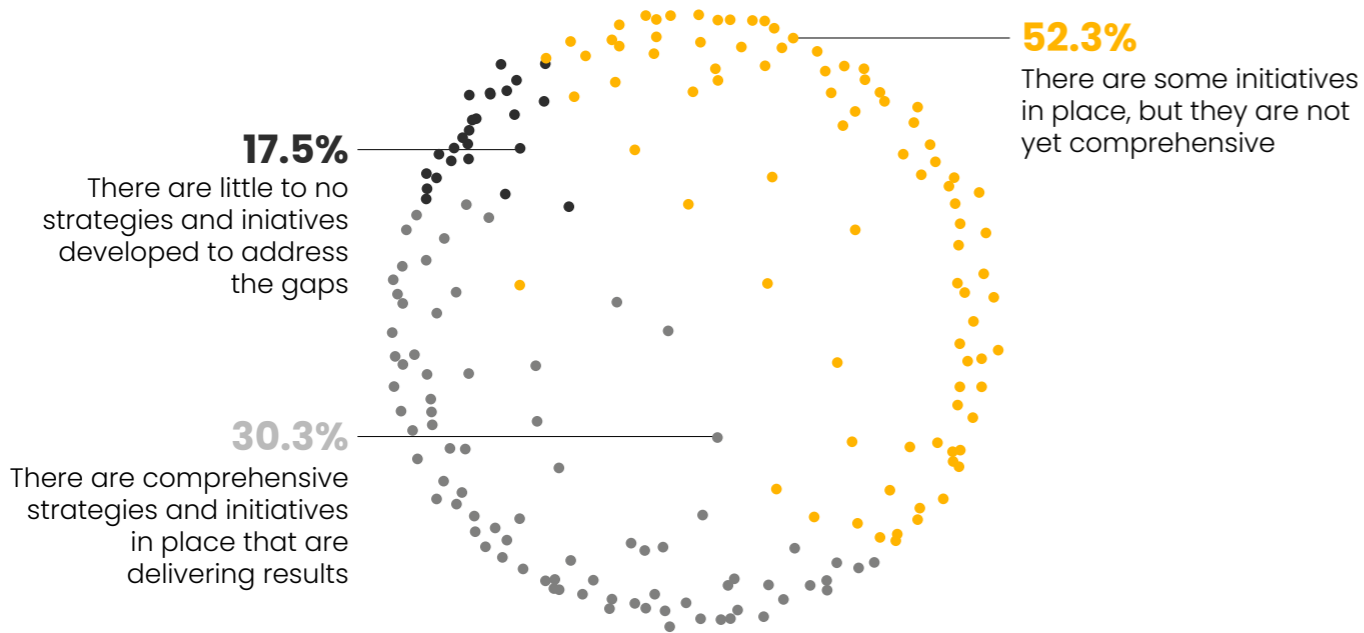
To what extent are your employees equipped with the necessary skills to respond productively to the challenges your business is experiencing?



Gaps, of course, are inevitable in such a period of fast-moving change. Over four in five (82%) believe that they have initiatives in place for countering them. Where they do exist, three in ten (30%) employers claim already to have

comprehensive strategies and initiatives in place to address them, while just over half (52%) claim that there are some initiatives in place, but they are not comprehensive.

Where skills gaps exist in your workforce, do you have strategies and initiatives in place to address the gaps?

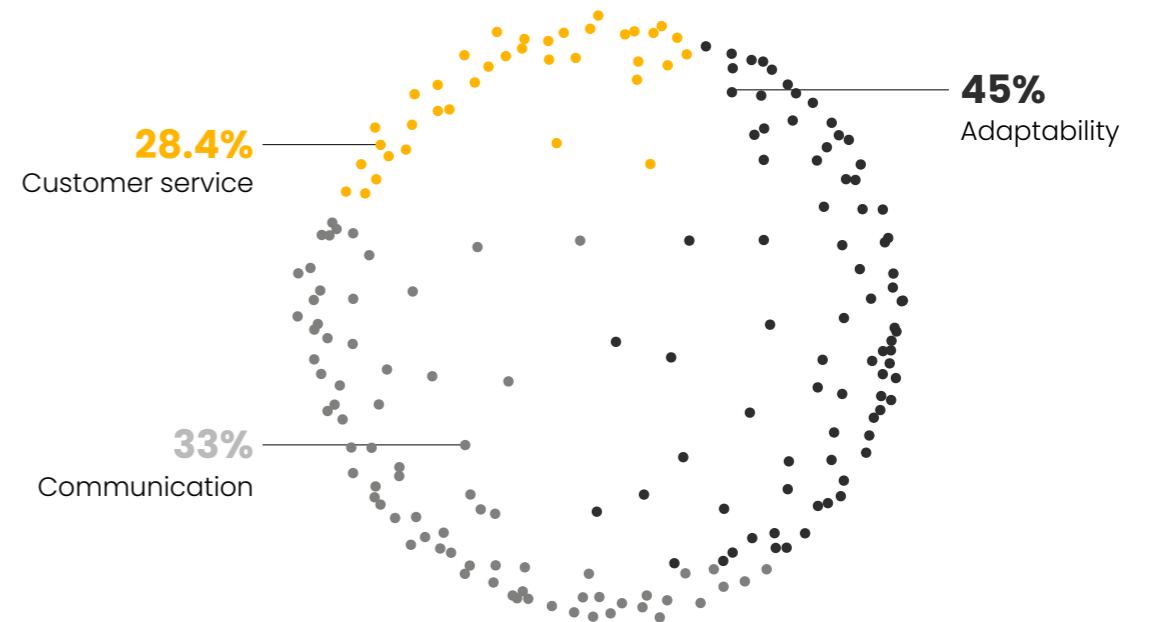


At first sight, our research suggests that the behaviours that employers think their employees need are pretty much under control.

So far, so good. Or is it? When we asked employers what they considered the most important workforce challenges to address are, the story begins to unravel.

Given the workforce as it is and the challenges businesses were facing, we asked employers what the top three skills priorities are for them to address. The clear winner in this question was 'Adaptability', which was chosen by nearly half of the respondents. Businesses clearly want employees who can take big changes in their stride.

Considering your workforce skills and the challenges your business is experiencing, in your view, which of these skills are the three most important for you to address?



The employee perspective

When we engaged with over 250 employees from organisations across the world, we began to find fault lines in the stories provided by employers.

What does change mean to retail employees?

Many of the employees we engaged with during our study had either a very tactical concept or no concept at all of the purpose of the transformation their business was currently pursuing.

Where they acknowledged business transformation, they referred to it only in terms of the way it affected their daily working lives and failed to connect it with broader activity intended for positive impact on the fortunes of the business.

When asked about the purpose and nature of the change agenda in the business they work for, the three most frequent responses were:

1. Moving to remote or hybrid working (32% of respondents)
2. I am not aware of any changes in my business (15% of respondents)
3. Introducing and adapting to COVID-19 health and safety measures (11% of respondents)

So while employers are looking ahead to transformation, employees are not hearing the change message AT ALL, let alone loud and clear.



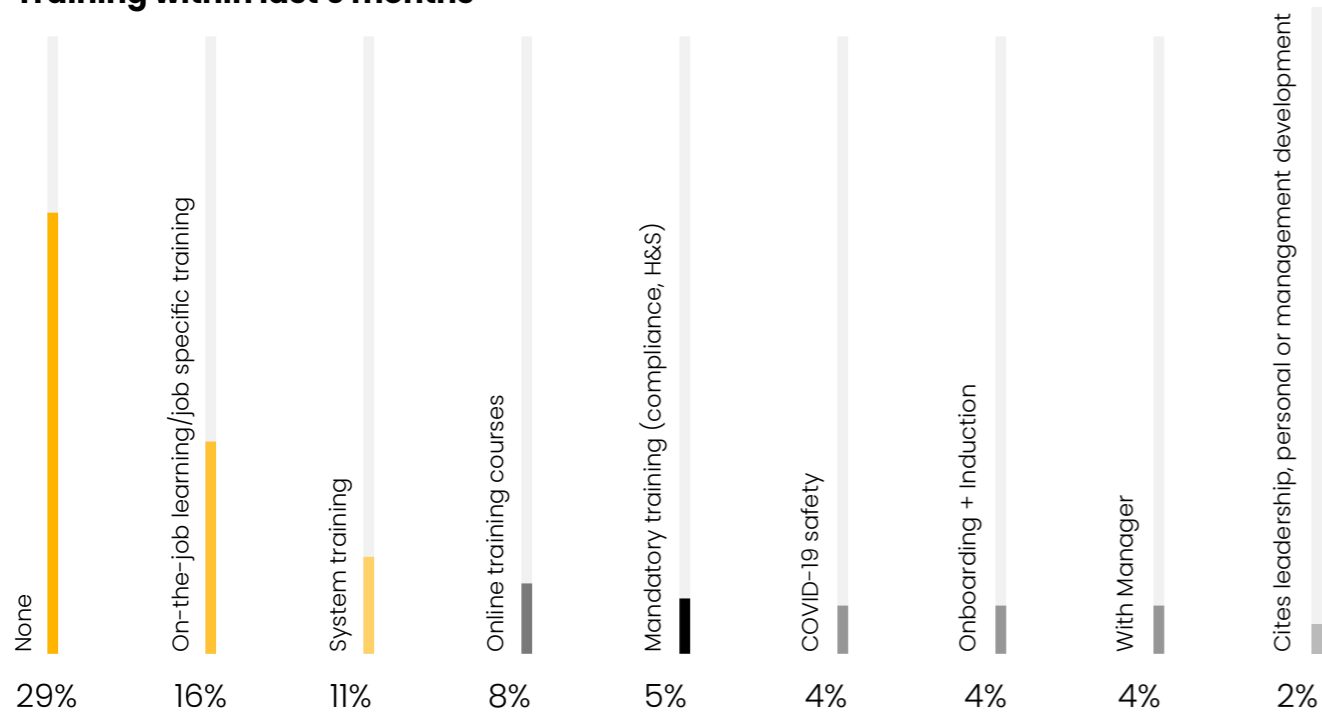
This picture is further reinforced when we asked employees about the training they had received in the past six months.

Does the training match the needs?

In a word, no.

We asked employees about the training they have received in the last six months – over a quarter (29%) say that they get none at all, while the next highest reply was ‘on-the-job learning’ or ‘job-specific training’ (16%). The rest of the training is transactional or technical – with nothing at all teaching employees HOW to show greater adaptability in the way they work individually and collectively.

Training within last 6 months



We're not getting a lot of training – mainly just on using tablets for taking orders.

No training at all; it's all self-taught.

We're getting pretty informal training – very basic stuff.

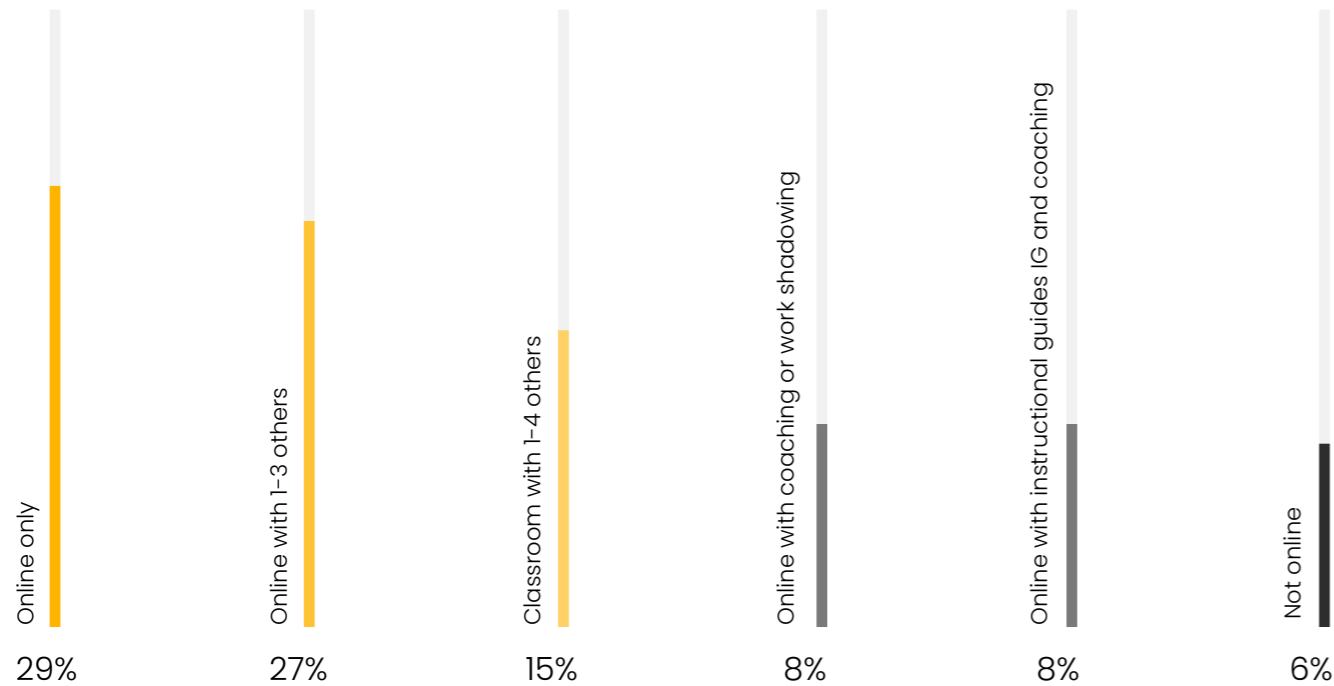
Frontline employees, USA



How is training delivered?

Our research shows the dominance of online training.

Formats of training (last 6 months)



Nearly three in 10 employees (29%) were left to learn online alone, while a further 43% learned either with others online or with interventions from coaching in some form. Here are some comments from some of the employees we engaged with:

“I wanted more resources and information on how to handle different situations when I am working alone.”

“When I am working remotely, it sometimes feels like I am left to work things out by myself. It’s a different dynamic when you’re able to communicate with people face to face.”

“I am doing a job the business hadn’t had before. I’ve been pretty much training myself on YouTube and by finding things online.”

“It was left up to me to figure out how to do it. I’m on my own. There’s no direction to the training and so, sometimes, it feels like I am working for myself.”

“Training for new people here is not really prioritised – it’s more or less sink or swim. If you sink, no one says anything, but eventually they’ll find a way to ease you out.”

“I had some training but then I was thrown out there on my own. Each person that trained me had their own way of doing things, so I came across a lot of contradictions.”

“The trainers needed better training. I can’t blame them directly because there’s just simply not enough people around with time to help us.”

The big burnout

That there is such a fundamental mismatch between the business skills needed and those supplied to employees is a challenge in itself. However, there is a second problem – retail workforces everywhere are burnt out and feeling that their efforts have gone unrecognised.

The impact of the pandemic was instantaneous, and its effects are unlikely to recede anytime soon. In the UK, for example, the first wave of COVID-19 had an immediate impact on mental health, with psychological distress at work increasing to 28% in April 2020, from 18% in 2019, according to the Institute of Labour Economics.

One HRD tells us that their team have challenging situations to consider:

“We have seen a burnout from some people in our workforce who have really struggled with lockdown. How do you genuinely support individuals in the long term?”

Either stuck at home or thrown into a new and hostile workplace

Many of the employees we surveyed had been asked to stay at home, some on furlough, and had been neglected for long periods of time.

“I’ve become more depressed since I started working from home.”

“My workload is becoming more. I feel as though I need to be available all the time for work. And this is also starting to take a toll on my physical and mental health.”

Depending on location, others returned to stores but have been so busy that they have continued to suffer in attempting to meet the ever-increasing demands of both consumers and employers.

“There is a lot more expected of me. And what is being demanded of us has gone to extremes.”

“Customers are getting angrier when they come in – and angrier more often.”



Employers are not supporting the development of the behaviours and skills that they say employees need.

Employees themselves are burnt out and wholly disillusioned by a lack of recognition around the discretionary effort they have put in through one of the most challenging periods in retail history. Businesses that fail to recognise this flawed situation will find themselves haemorrhaging talent.

Both employers and employees need a new way forward to the new behaviours they need.



The new psychological contract: Are employees now in charge?

Something fundamental is changing in the psychological contract between employer and employee.

The truth is that in the years ahead, according to the latest World of Work Trends Report 2022, high levels of employee engagement alone will no longer be enough for an organisation to prosper. In a highly competitive market for talent, the best employees will also need to be deeply immersed in shaping the design of their careers and the purpose of their work.

Retailers that try to take employees on their transformation journey need to realise that employees see it in an entirely different way. Employees see the opportunities provided by employers as being of their own career journey. Retailers are failing to recognise this paradigm shift in the balance of power between employers

and employees, in favour of the latter. The conundrum for the former is how to use careers as a personalised positive experience to bridge this **great disconnect**.

These quotes from leaders and employees we spoke to sum it up:

"We talk about personalisation, but the pandemic showed us that what we had to offer employees was basically 'one size fits all'. During the pandemic, it became very clear that all employees' circumstances are unique. COVID-19 made us realise that we have a lot to do to make a true connection with employees."

"I wish there was more training focused on how I can grow within the company. It's a bit of a taboo subject because they don't really want everyone to feel that they're going to get promoted. To me, it's helpful and healthy for everyone to understand how I can advance myself."

"We just want to know how we can develop. We don't want to stay in the same, safe minimum-wage job. Most people are getting a bit tired of not developing; they end up not caring or trying because they can't see, and are not being helped to find, a way forward."

Retailers must wake up and change their approach to behaviours and skills. Those that do, will prosper.

Research by McKinsey shows the value of creating a new approach. Those employers say they have intensified their efforts at skilling up the workforce since the pandemic began and are now reaping clear benefits.

But in which areas are the behaviours necessary for large-scale transformation most needed?

This is the what we have sought in our research to fully understand.

THE BUSINESS DRIVERS FOR NEW SKILLS AND BEHAVIOURS

Through our research, we have identified the key challenges driving retail transformations, which are driving the need for new skills and behaviours.

Becoming nimbler in adapting to relentless change

The pace of change is not slowing anytime soon. For employees to adapt to relentless change, they need to feel that they are somehow **thriving** rather than just surviving in their working environment. They need to have the **motivation** to achieve, the **resilience** to overcome the obstacles they will face, and the **confidence** in the way they carry out their activities, roles and tasks.

We have seen massive levels of disruption in the retail sector over several years, especially since early 2020 when the pandemic began. The European Workforce Survey shows that 36% of workers who have clear goals and a higher degree of autonomy in decision-making have less difficulty adapting to new environments and situations.

By contrast, 51% of workers who do not describe their workplace in this way reported difficulties adapting to changes.

As one senior HRD puts it:

“Resilience and 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 multitasking everywhere.”





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.



Providing an elevated customer experience

For a business to deliver an elevated customer experience, individuals and the team they work in need to hyper focus on anticipating needs and, where necessary, be prepared to **transform** their offer rapidly.

The challenges of keeping customers happy are growing more complex. Digital transformation means that so many parts of the customer experience are being delivered through self-service functions.

As a result, staff are now left to deal with more complex customer problems – and need different skills to handle them. These situations

demand behaviours needed to diffuse anger, build confidence, demonstrate empathy and problem solve at speed.

As one global retail advisor told us:

“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.”

Demonstrating social and environmental responsibility

Employee learning in support of environmental, social and governance (ESG) is currently where diversity training was about a decade ago. In truth, however, employers are not really engaging with employees about ESG in their training and development, and employees aren't asking for it. However, almost all retail businesses are raising awareness with their customers about their ESG agenda and communicating their credentials through their brand and product marketing.

Businesses only become truly responsible by creating a culture in which ethical dilemmas can be discussed openly and encouraging responsible behaviour as the right way to do business.

Skills development for responsibility needs to be both holistic and authentic. Often it is not.

Accenture's Future of Work Study found that relatively few stakeholders have faith in the sustainability promises that leadership teams make. Less than half of employees (49%) believe senior leaders either always or often "walk the talk" on sustainability. Finally, nearly three in five (58%) executives believe that operating more sustainably involves a trade-off with growth.

Pressure on businesses to behave responsibly continues to increase though, as one north European retailer says:

"Businesses are starting to talk about sustainability, and particularly about ESG. And there's a strong cultural intelligence emerging among those businesses that reflect what the customer wants in this area."



...there's a strong cultural intelligence emerging among those businesses that reflect what the customer wants in this area.

Developing digital fluency

The short-term adoption of new digital systems and technologies as a necessary response to the pandemic is over. In 2022 and beyond, this will be overtaken by a longer-term look at how the potential of digital technologies can transform the way organisations work.

At their best, these new technologies will drive a deeper level of integration within teams – and a dramatic shift in the overall experience of employees.

There is no vibrant people culture without a digital culture. Organisations who are digitally

fluent give themselves the freedom and platform to **explore** new possibilities, particularly in the way employees **create** new ideas, become **curious** to inquire and learn, and develop their **critical thinking** behaviours. And it's important to realise that the impact of digital is not just felt in customer interactions but often most acutely in areas such as logistics and warehousing. This will pay business dividends. According to the Accenture Global Digital Fluency Study, digitally fluent companies lead the pack in revenue growth.

They are:

- 2.7 times more likely to have experienced high revenue growth (over 20%) over the past three years.
- 5.4 times more likely to still be projecting high revenue growth (over 20%) in the next three years.

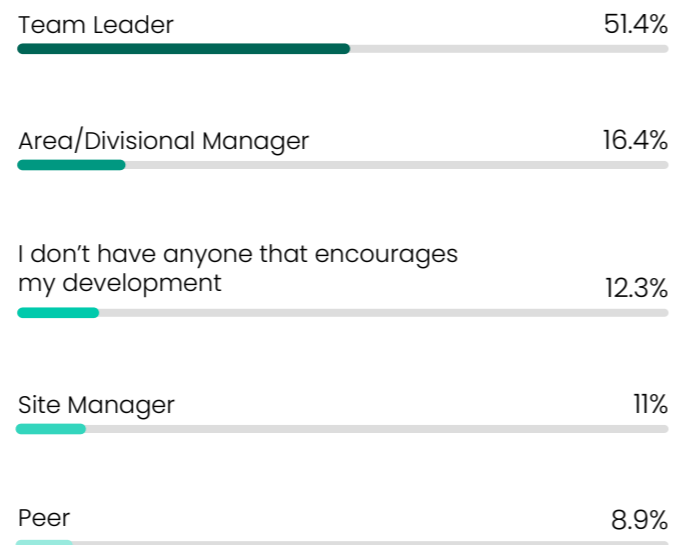
One European retailer gives a good example of digital fluency in practice:

“Digital accessibility has been essential. We have a pipeline of new partners with whom we maintained dialogues virtually in the pandemic, and now we have a new kind of partner network through our communities.”

Managing and leading in this new paradigm

Management during and since the pandemic has evolved radically. Above all, great managers now need to be able to **relate** effectively with their teams. This can involve, amongst other things, **role modelling** good behaviour, **communicating** effectively in giving, receiving and sharing information and, increasingly, thinking **inclusively** in the way they consider differing needs and values within teams.

Poor management in this new paradigm is where the disconnect between managers and employees has had the biggest impact. But managers need to step up and take responsibility for closing the gap, as our data shows – employees look squarely to management to take responsibility for their development.



On average, when leaders are asked if they role model desired behaviour changes, 86% report that they do. When the same question is put to people who report to these leaders, it receives only a 53% average positive response.

Emerging trend: Trust and inclusivity

Research from BRC, the MBS Group and PwC shows that 84% of business leaders say that diversity and inclusion are priorities for their organisation. But while diversity is well established, inclusivity is talked about but rarely well practised.

Treating people in a way that makes them feel like they're part of something is an important part of enlightened management. Employees with a high sense of belonging take 75% fewer sick days than employees who feel excluded. Excluded employees have a 50% higher rate of turnover than employees who feel they belong.

Sodexo is an example of a business that is very inclusive. Managers encourage their team members to tell them what works for them. Similarly, the co-op has personalised development plans for employees in a way that is very much left to the employees rather than something that is set up purely to benefit the business.

As one UK HRD we spoke to says:

“How are people going to fit into the culture of the business? By employers showing greater trust...in employees to deliver, employers are going to need to find more inclusive ways to generate that commitment.”

05

BRINGING IT ALL TOGETHER: TOWARDS A NEW CONNECTION

The tumultuous change in recent years has created a disconnected consumer workforce.

Employers are pursuing a relentless agenda of **change and transformation**, but are not supplying the necessary support for developing the skills and behaviours at the scale and speed needed to bring it about successfully.

Employees are **tired and frustrated**, either because they have been left alone at home for long periods of time during the pandemic or because they have returned to be pushed to the limit by complex customer and business demands.

There is a great disconnect between employers and employees in the skills and behaviours that need to be developed and the manner of their delivery.

There must be a better way.
We believe there is.



Conditions for success



Firstly, businesses must acknowledge the issues that they face.

They need to re-contract and re-engage with employees if they are to succeed in building a future-fit workforce that benefits both parties.



Secondly, they need to treat skills and capabilities like any other metric.

What gets measured, gets done. They need to baseline, benchmark, intervene and review their skills and capabilities. This is the only way that they can understand how to develop the workforce.



Lastly, they will need to develop employees in what we are calling 'The Netflix Way'.

In a description of its own culture, Netflix's priority in describing what makes it special is that it encourages independent decision-making by employees.

This starts with their choices in learning and development. It needs to be owned by individuals. They also need to be delivered in a compelling format, digitally enabled and supported by the employer.

06

INTRODUCING THE DNA OF THE FUTURE CONSUMER WORKFORCE

Our research has given insight and evidence as to what future employees need to help their employer to be successful in the world of constant, high-paced change and in a volatile and uncertain world.



There are **12** building blocks to what we believe is the DNA of the future consumer workforce. We have seen that these can be divided into **four** categories.

These are:



Thriving

Attitude, knowledge and behaviours that enable an employee to perform at their best. The most important of these are motivation, confidence and resilience.



Transforming

Attitude, knowledge and behaviours that enable an employee to make a productive and positive contribution to their team and business. Here, we've identified that customer obsession, business acumen and ethical responsibility are most important.



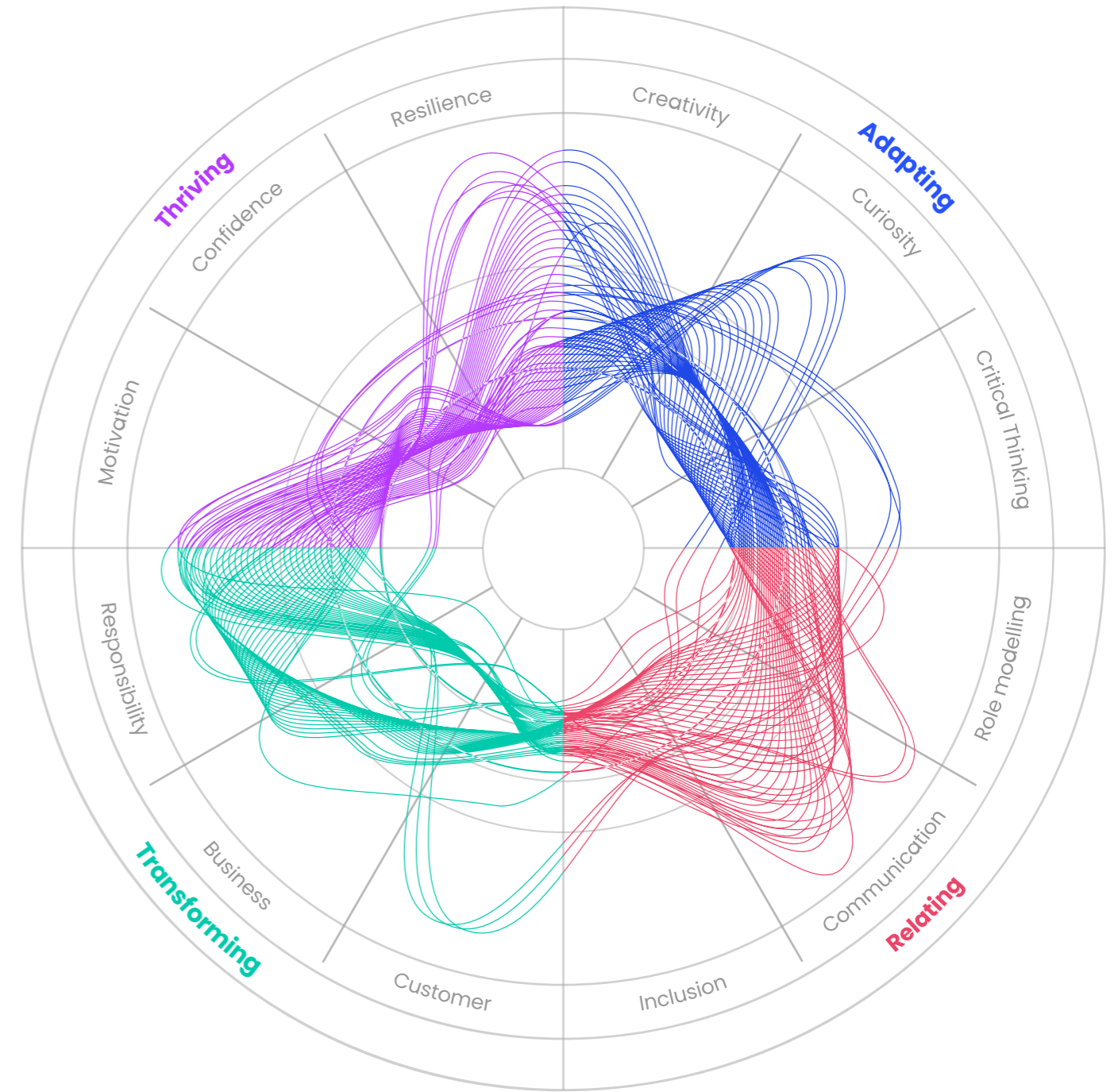
Adapting

Attitude, knowledge and behaviours that enable innovation, evaluation and solving problems. The most important of these are creativity, curiosity and critical thinking.



Relating

Attitude, knowledge and behaviours that are all about building trust and developing meaningful and productive relationships. We have found the most important to be role modelling, communication and inclusivity.





In our research, we found evidence that some of these behavioural building blocks have already been absolutely instrumental to the survival of retailers over the last two years – the personal resilience of employees in the face of the challenges presented both personally and at work during the most disruptive phase of the pandemic, the creativity shown in the ability to pivot in service, product and logistics propositions, as well as the strive for greater inclusivity in the wake of the Black Lives Matter uprising as businesses seek to become more empathic.

However, other DNA building blocks are clearly works in progress. They will need establishing, nurturing and amplifying. This will include how to motivate an exhausted, burnt out workforce, the development of critical thinking, a very slow emergence in role modelling, as well as the growing importance of always behaving ethically and responsibly in business.



DNA building blocks are clearly works in progress. They will need establishing, nurturing and amplifying.

Taking a closer look at the DNA

Let's take a closer look at these DNA building blocks and why they are important in the future consumer workforce.

MOTIVATION

Having a drive for action, willingness and goal achievement.

Motivation matters because, according to Gallup, only 15% of employees feel engaged with their work. That is worrisome because even engaged employees may leave a business unless they have a genuine sense of motivation.

Engagement is a sense of purpose, belonging, and commitment to an organisation, whereas motivation is the drive and willpower to act on those feelings.

A motivated workforce has obvious advantages, including lower absenteeism, higher worker retention, lower levels of staff turnover, and greater profitability.

According to surveys by Gallup and Hay Group:

- Lower absenteeism: An engaged and motivated workforce leads to a fall in workplace absenteeism of 41%.
- Retention of workers: Motivated employees are 87% less likely to resign, with retained expertise and lower recruitment costs among the obvious benefits.
- Improved profitability: Engaged employees become motivated to work to a higher standard. Highly engaged and motivated teams increase business profitability by 21%.

A business that can thrive through motivating can completely re-engineer workforce performance.

RESILIENCE

How we cope when faced with obstacles or setbacks to progress.

Resilience matters because the COVID-19 pandemic has left a scar that is yet to heal. In some ways, retailers have shown abundant resilience. Businesses have had to find ways to help people roll with the changes and adapt.

But there are limits to resilience without its proper development as a skill. Research by AON shows that 80% of employers agree that health and well-being initiatives are beneficial to organisational health. Even so, only 30% of employees felt that they were more resilient as a result. Employers can do far more about resilience than they realise – much more.

Managing personal resilience is not only a learnable skill. If they are to thrive in a climate of continuing challenges, employees must have resilience at their core.

CONFIDENCE

The way we think about our ability to carry out activities, roles, and tasks.

Confidence matters because while businesses can work hard to support employees with their own resilience strategies, confidence among employees does not follow just because they survived in adversity. One study published in The Global Recruiter suggests that only 4% of employees feel fully confident at work, while other research from Glasgow University reveals that 70% of people admit to regularly lacking confidence in themselves when it comes to their careers and speaking up at work. There was a notable disparity between men and women's confidence levels, with more women than men experiencing a lack of confidence in the workplace (79% of women vs 62% of men).

Confident employees are more communicative, creative as well as innovative, and bring more value to a business. This holds true, no matter what their business role is. Building confidence starts with small habits – the key to all lasting change.



CURIOSITY

Asking questions and having a strong desire to learn or know about something.

Curiosity matters because it is essential for a business to grow and improve. It shows a willingness to inquire, learn, engage and instigate collaboration. Research has shown that curiosity brings many benefits to the workplace. For organisations, this extends to faster product development, producing better solutions to challenges, increased agility, and a readiness to move in different directions.

One study showed that only 24% of workers feel curious in their jobs on a regular basis, and 70% face barriers to asking more questions at work. When we allow employees to pursue their curiosity around organisational problems and opportunities, we promote more resilient forms of knowledge building and shared experiences.

Cultivating curiosity helps employees and their leaders adapt to market conditions and pressures. Curiosity allows them to think innovatively about decisions and come up with creative solutions.

In a recent HBR survey conducted among 520 chief learning officers and chief talent development officers, it found that they often shy away from encouraging curiosity because they believe the company would be harder to manage if people were allowed to explore their own interests. It is time, instead, for businesses to link curiosity more positively to the development of careers.

CREATIVITY

Turning new and imaginative ideas into possibilities.

Creativity matters because the World Economic Forum has singled out creativity as one of the top three skills or behaviours that will be required by employees in the future. Creativity has become even more important because artificial intelligence is replacing an increasing number of tasks, making way for jobs that require human cognitive capabilities

Other research shows that problem-solving sessions with groups that have even a minimal amount of training in creativity tools and principles generated 350% as many ideas than groups without training. And yet, a study by Adobe on the case for creativity in the workplace revealed that 32% of employees don't feel comfortable with creative thinking in their work.

CRITICAL THINKING

Objectively exploring and analysing facts to inform a judgement.

Critical thinking matters because, in addition to problem-solving, it is on of top the list of skills or behaviours that employers believe will grow in prominence in the next five years. In a world full of opinions and increasingly large amounts of data, employers value critical thinking as the key to greater innovation.

Other research in the American Management Association's Critical Skills Survey found that over 70% of participating managers identified critical thinking as a crucial element of employee development.

Organisations with employees who excel in critical thinking can identify, evaluate and solve problems before they become bigger issues. These employees are the basis of successful strategic plans and operations, and take advantage of new opportunities and perform effectively.



COMMUNICATION

The effective giving, receiving or sharing of information with others.

Good communication matters because research shows that 86% of employees and executives cite the lack of effective collaboration and communication as the main causes for workplace failures. Alternatively, teams who communicate effectively may increase their productivity by as much as 25%.

The COVID-19 pandemic highlighted workplace communication as a key area leadership most needs to improve on, according to almost half (43%) the professionals in a nationwide survey conducted by Hays. Even so, two in five responders (40%) say that communication is the aspect of their organisation that has undergone the most change since the coronavirus outbreak.

Instead, internal communication in the workplace remains one sided, with more than half (52%) of British workers, for example, feeling that their organisation broadcasts important updates rather than genuinely involving employees in the discussion.

ROLE MODELLING

Demonstrating behaviour or success in a way that can be emulated by others.

Role modelling matters because from an early age, role models are critical to development. They lay down a visible example of good behaviour. They show us how to act, make decisions, and get the most from life.

In today's technology-driven world, many of us are heavily influenced by what we see on the internet, social media, and television; however, the role models closer to home have the most impact. Conscious consideration about setting an example for others to follow is as important in the workplace as it is at home.

INCLUSIVITY

Acknowledging and valuing the different needs, opinions and values of others.

Inclusivity matters because research in the Harvard Business Review, issued prior to pandemic, showed that while social belonging was a fundamental human need, 40% of people said that they felt isolated at work. Since then, many parts of the workforce have become even more isolated.

The extensive longitudinal study led by Gallup leading to their Q12 indicators confirms that for employees to give their best, they need someone at work who cares about them as a whole person and at least one good friend at work enabling them to feel a sense of connection and belonging.

Research shows that inclusive workplaces are six times more likely to be innovative and twice as likely to meet or surpass financial goals. On top of that, employees who feel able to bring their whole selves to work are 42% less likely to leave for another position within a year.



CUSTOMER OBSESSION

Hyper focusing on anticipating customer needs and delivering a great customer experience.

Customer obsession matters because it has obvious commercial benefits. According to research into customer lifetime value, 54% of the respondents said they have purchased more products or used more services from a company based off of a single, positive interaction with that company. And 58% said they stopped doing business with a company after a single negative one, with 46% of those people saying they stopped doing business with that company for up to two years.

Furthermore, EY research shows that meeting customers' changing demands is the number one reason why companies are transforming their businesses – 45% of respondents put the customer at the forefront of everything that they do.

BUSINESS ACUMEN

Demonstrating a strong practical grasp on the fundamentals of business.

Business acumen matters because employees with strong business acumen can better understand commercial issues as well as adapt and remain flexible during times of change. They can make sense of business operations and provide quality insight as to how to achieve goals and ensure success.

Business acumen may be a skill that is greatly helped by experience; it is also a learnable skill. Commercial capabilities can be greatly accelerated through its conscious development. Skills are highly sought by employers across the retail and consumer workforce globally, particularly among those aiming for leadership positions.

RESPONSIBILITY

Always doing the right thing.

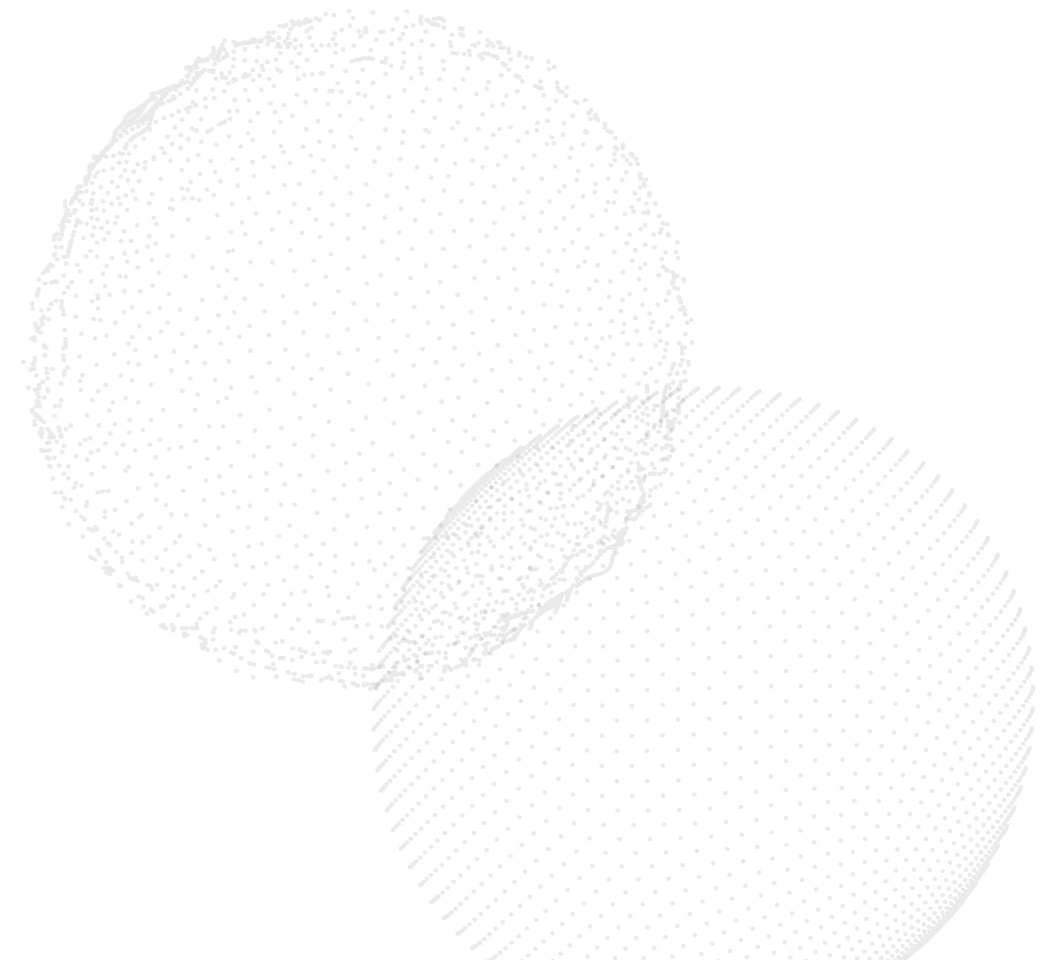
Responsibility matters because an organisation that is perceived to act ethically by employees realises improved business outcomes. The perception of ethical behaviour can increase employee performance, job satisfaction, organisational commitment, trust, and organisational citizenship behaviours.

BUILDING AND STRENGTHENING YOUR WORKFORCE DNA THROUGH TRANSFORMATION

Realising successful transformation will be highly dependent upon the attitude, knowledge and skills of the workforce.

Realising successful transformation across a retail workforce that is highly disparate – often both a technologically and attitudinally disconnected workforce – is admittedly hard.

Throughout our research, we consistently found four approaches that had the greatest impact on building within the workforce, with the necessary attitude, knowledge and behaviours that contribute to success.





1

Know your starting point

We have undertaken interviews and research with hundreds of retail employers. Nearly all know they are deficient in at least some aspects of the twelve building blocks of the *DNA of the future consumer workforce*. They also, in general, have access to data about their employees. However, on its own, this provides a limited picture.

Employers measure general indicators, such as employee experience, satisfaction, engagement or absence. But if they really want to change the way their workforce behaves, they need to

assimilate deeper insights into their attitudes, cultural habits and beliefs.

In short, the employers need to understand, deep down, the DNA of those who work for them.

This is a necessary and compulsory starting point for all businesses. It is essential to obtain a granular, actionable audit to detail the size of the challenge ahead, the transformative shifts that need to be made, and the interventions required to achieve it.

2

Unleash the power of the workforce as a community

A community is a place where members are supported as well as respected – a place where they feel valued. In the business context, it means providing opportunities for employees to coalesce, and goals to be shared. Leaders should approach change as inspiring, unleashing the power of the community and thinking of their people with their role as facilitating supportive peer-to-peer connections, with a common language and a shared commitment to change.

The most proactive communities have shared interests. In the pandemic, they united around a threat. They can also unite in opportunity in what (we hope) is the post-pandemic world. Whatever the underlying reason, a common cause can be the catalyst for a high-performing workforce.

3

Empower action: Equip your workforce to make learning their way of life

Retail organisations need to become skilled at creating, acquiring, and transferring knowledge in a way professional services and knowledge-based industries have mastered. This means helping employees make learning their way of life, sharing expertise, continually testing and trying out new activities, as well as learning from others.

In our opinion, to make learning a way of life, employees need to be supported to build skills (and processes) for these five activities:

- Systematic problem-solving.
- Experimenting with new approaches.
- Reflecting and learning from their experiences.
- Learning from the practise of others.
- Transferring knowledge quickly through the organisation.

Each area for development must be reinforced by a distinctive mindset, toolkit, and pattern of behaviour in keeping with the values of the organisation. Many organisations claim to practise these activities, but few are consistently successful at it. This is because they rely on isolated examples and pockets of skill within their workforce, rather than a more systematic approach.

To connect individuals and teams, to open boundaries as well as stimulate the sharing of ideas, systems and processes, is easier said than done. Therefore, employers must empower employees to want to change themselves to dramatically increase their adaptive capabilities.

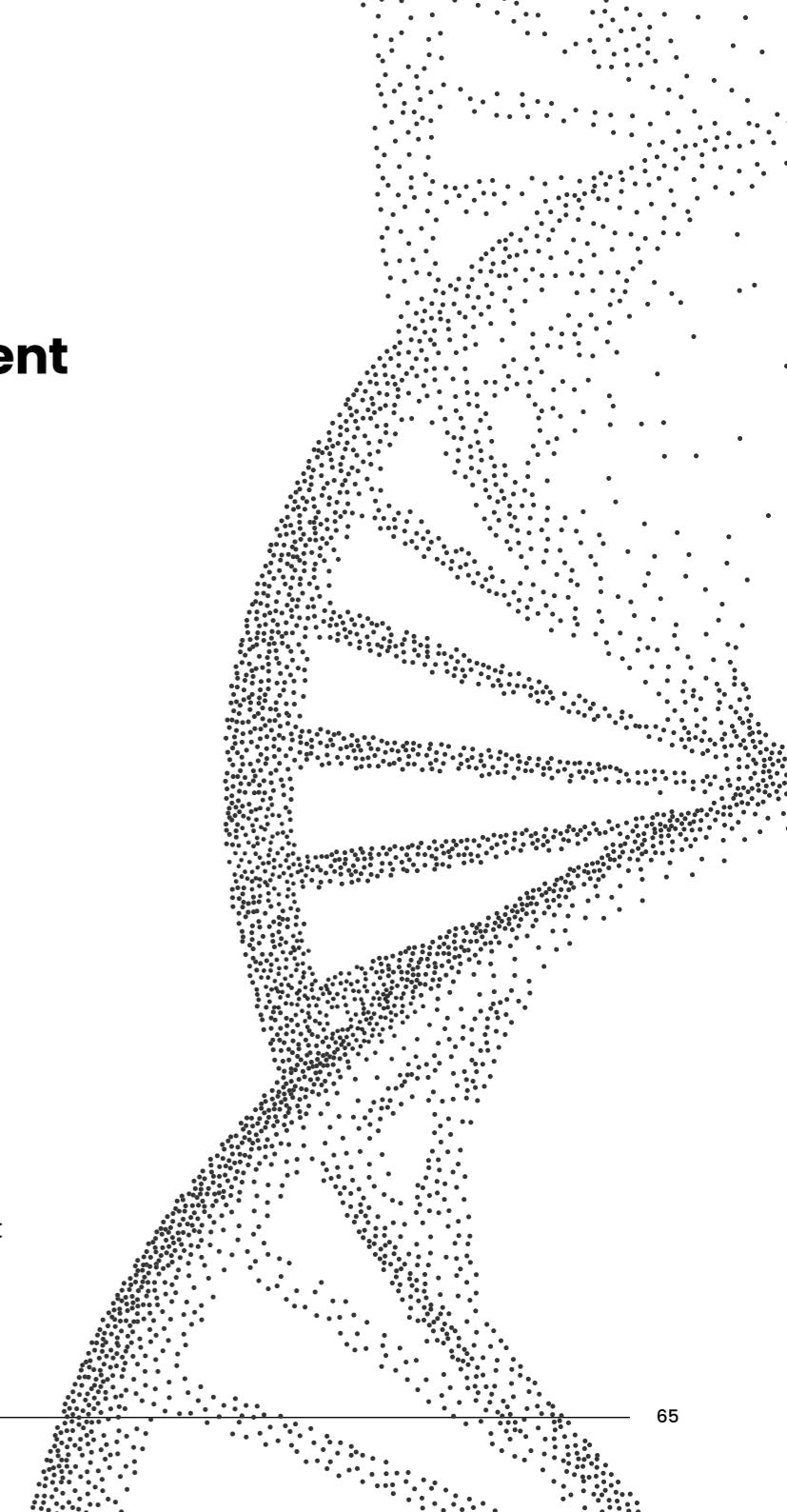
4

Don't let up: Measurement and momentum

To maintain progress in behavioural change requires continual attention and focus. Leaders cannot assume that because initiatives have been set in motion, outcomes are guaranteed. Therefore, it's important to use milestones to clearly see the distance travelled. A granular attention to detail is essential on the behavioural change journey.

What is also vital is that the momentum for behavioural change is increasing, or at least maintained. Leaders need to be able to drive this momentum through small yet significant gains. Is each employee doing something every day, however small, to improve their learning? Is this progress being celebrated? Is learning made easy enough for every employee to progress?

Every employer with a genuine commitment to the new DNA of the future consumer workforce must understand that in the pursuit of measurement and momentum, they must never let up.



08



IN SUMMARY

This report marks both an end and a beginning. KultraLab, in partnership with the World Retail Congress, has been researching exhaustively into the DNA of the future consumer workforce for nearly two years. And this report, published and launched for the World Retail Congress in Rome in April 2022, marks a conclusion of this process amongst hundreds of senior retail leaders across the world – and crucially, their employees.



For some years now, the sector has been trying to adjust to a long list of challenges. The pace of change has been relentless, and this shows no sign for abating. To transform relentlessly, retailers will need substantially more and different things from their workforce – they need to evolve their workforce continuously.

At the same time, however, the workforce has changed. The labour market is tighter than it has ever been; the retail sector is not seen as attractive for careers and, psychologically, the workforce is tired from the pandemic. There is a disconnect between what the retailer believes they need to do to transform and how employees are being prepared. In addition, there has been a power shift underway between employer and employee, towards the latter.

What is abundantly clear from our report is these future workforce behaviours, consciously and relentlessly developed, will enable all employees to adapt to the challenges, changes and increasing pace, improving their and the business's performance beyond current recognition.

Acknowledgements

Throughout the course of our research, we have spoken with over 200 retail leaders and 300 frontline workers, some of whom have given their information in confidence. We'd like to show our appreciation to all of them and formally thank and acknowledge a few below.

Sarah Andrews

Human Resources and Retail Director
Harrods

Mike Ashley

Chief Executive Officer
Coverings Ltd (Tile Giant)

Chris Batty

HR Lead for Transformation
Direct Line Group

Jason Beckley

Consultant
Esprit

Ulrika Biesert

Chief People and Culture Officer
IKEA

Christine Cross

Managing Director
Christine Cross Ltd

Lorraine Culligan

Group Director of People and Culture
Primark

Liz Evans

Managing Director
George at Asda

Ed Evans

Human Resources Director
Yum! Brands

Alison Hands

Managing Director
Wilko

Glyn House

Managing Director
Caffè Nero

Philip Jackson

Product Director
Specsavers

Miranda Jones

Human Resources Director
Everyman Cinemas

Sundeep Khanna

Chief Strategy Officer
Landmark Group

Amelia Lietke

People & Culture Director
Ann Summers

Andy Lightfoot

Chief Executive Officer UK & US
Space NK

Anna Lloyd

HR Director EMEA
New Era Cap

Caroline Massingham

Chief People Officer
River Island

Craig McGregor

Global Retail Director
Superdry

Alex Mead

Global Customer Service Experience Director/Executive Director of Customer Service Experience
GCC

Andy Moat

People Director
B&Q

Philip Mountford

Chief Executive Officer
Hunkemöller

BS Nagesh

Customer Care Associate & Managing Director
Shoppers Stop

Tom Nash

Head of HR - Employee & Consumer Engagement
Sodexo

Heidi Neil-Millar

Human Resources Manager
Langford Vets

Faye Norris

Learning & Capability Manager
ScrewFix

Yann Ong

Senior Vice President, HR APAC
Clarks

Robin Phillips

Chief Executive Officer
The Watch Shop & LuxEcom

Mark Raban

Chief Executive Officer
Lookers plc

Will Richards

Global Director of Executive Recruitment
Burberry

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President
Indigo, Toronto/London

Jad Sfeir

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thegoodlife.

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Russell & Bromley Ltd

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Chief People and Culture Officer
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Ken Towle

Chief Executive Officer Nisa
Co-op

Helen Webb

Chief People and Services Officer
Co-op

Simon Wells

People Director
Poundland

Sarah Welsh

Chief Executive Officer Retail
N Brown Group

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KultraLab

KultraLab is a behavioural change consultancy that accelerates your strategy by igniting the spark that empowers your workforce.

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