

THE WALL STREET JOURNAL.

RETAILERS WORK HARDER TO LURE HOLIDAY EMPLOYEES

Target, Macy's, others try offering higher pay, more hours as they face shrinking pool of workers

By Suzanne Kapner and Paul Ziobro
November 1, 2015

Retailers are facing a shrinking pool of workers as they staff up for the holidays, prompting some to offer more hours or higher pay to make sure they have enough cashiers or salespeople for the Christmas crush.

Toys "R" Us Inc. is giving part-time employees the chance to double their hours compared with a year ago. Macy's Inc. is looking to turn more part-time jobs into full-time positions and Target Corp. is offering holiday workers more money for the busiest shifts.

"We're feeling a little bit of the tightness in the market," said Tim Grace, the global chief talent officer for Toys "R" Us. Mr. Grace said the retailer is on track to meet its goal of hiring 40,000 seasonal workers, but added that "we are not getting as many applicants as we have in the past."

With unemployment at a seven-year low, hourly retail work is becoming less attractive to job seekers who now have more options. The number of people employed part-time for economic reasons—those who want to work full-time but can only get a part-time job—has shrunk by 1 million to 6 million since September 2014, and stands at the lowest level since August 2008, according to the Labor Department.

"It's a big hassle working in retailing over the holidays," said Savannah Hughes, who earned around \$9 an hour at the Chico's FAS Inc. chain White House Black Market near her home in Dallas in 2013 and 2014. "You are basically helping angry people buy sweaters."

The 24-year-old said she has no plans to moonlight in retailing this year after Fidelity Investments, where she works full time, raised her salary to \$42,000 a year from \$35,000 and promoted her.

Retailers are expected to add roughly the same number of jobs to their holiday payrolls as they did last year, when they hired 755,000 people from October through December 2014, according to John Challenger, the chief executive of outplacement firm Challenger, Gray & Christmas Inc. But they might have to try harder to get those workers.

"Because the labor market is so tight, staffing departments are thinking long and hard about how to attract employees," Mr. Challenger said.

Retail wages are rising faster than in the broader economy, as Wal-Mart Stores Inc. and others lift pay. The average hourly retail wage, including managers and supervisors, was \$17.61 through September, up 3.1 percent compared with the prior year. That compares with a 2.2 percent rise for all private employees to \$25.09 over the same period, according to the Labor Department.

At Toys “R” Us, hourly employees will have the opportunity to work 18 to 20 hours a week during the holiday season, roughly double a year ago, Mr. Grace said. During the busiest periods, their hours could swell to 30 a week. Working more hours was the top request from last year’s holiday staff, he said.

To keep labor costs down, Toys “R” Us plans to hire 5,000 fewer workers this year. A spokeswoman said the retailer expects costs for seasonal hires to be similar to what it spent a year ago.

“There is tightness in the labor market and we have more vacancies and job openings than we’ve had in the past,” Macy’s President Jeffrey Gennette told investors at a recent conference. Mr. Gennette said the retailer was looking at turning some part-time jobs into full-time jobs as a way of “deepening the relationship with our associates.”

Target is slightly sweetening pay for workers scheduled for Christmas Eve, offering an extra \$1 an hour for any time worked the day before Christmas.

Last year, the extra pay was only for evening hours worked, said Dustee Jenkins, a Target spokeswoman. The retailer also pays an extra \$1 an hour for working on Black Friday, and the last weekend before Christmas, to make sure stores are adequately staffed during the busiest periods.

The Minneapolis-based company is holding hiring fairs in its hometown and nearby St. Paul, Minn., where the unemployment rate of 3.3 percent is lower than the 5.2 percent national average, according to seasonally unadjusted figures. It held similar fairs last year in North and South Dakota, where the oil boom pushed down the unemployment rate. The company plans to hire 70,000 holiday employees this year, the same as last year.

It is unclear whether efforts by retailers will be enough to attract employees like 58-year-old Pamela DeCuir, who earned \$8.35 an hour as a part-time sales associate in the coat department of Macy’s New York flagship store during last year’s holiday season.

“It was extremely time-consuming and exhausting,” Ms. DeCuir said of her time at Macy’s where she worked a minimum of 14 hours a week. She has no plans to return this year.

Retailers have come under fire for low pay and a practice known as on-call scheduling that changes workers’ hours with little notice.

Gap Inc., Abercrombie & Fitch Inc. and L Brands Inc.’s Victoria’s Secret chain are doing away with the erratic scheduling.

Even the promise of more regular schedules may not be enough to win over pickier job seekers.

“I’d rather save the gas money,” Ms. Hughes said, “and not have to deal with the hassle of holiday shoppers.”