LOGILE
The Logic of Retail

Navigating the Labor Crisis:

How Retailers Can Optimize Workforce Management Amid Rising Costs and Market Pressures

Executive Summary

Retailers across the United States are grappling with unprecedented labor and operational cost challenges, exacerbated by rising tariffs, inflation and an increasingly tight labor market. New tariff increases on imported goods, including essential retail products, are expected to spur increased uncertainty around forecasting, margins and consumer response (www.forbes.com), forcing retailers to find innovative ways to optimize labor and manage costs without sacrificing customer service. Simultaneously, higher wages, workforce shortages and evolving consumer expectations make labor planning more complex than ever. Retailers must adopt smarter workforce management strategies to remain competitive and sustain profitability.

Key Market Challenges for Retailers

- **Rising Labor Costs**
  Wages continue to increase due to inflation and labor shortages, driving up operational expenses and reducing profitability.
- **Tariff Impacts on Profitability**
  Higher tariffs on imported goods significantly increase supply chain costs, forcing retailers to either absorb these costs or pass them on to consumers, risking decreased sales and customer dissatisfaction.
- **Workforce Shortages and Turnover**
  Retailers struggle to attract and retain associates in a highly competitive job market, leading to higher hiring and training costs.
- **Scheduling Complexity**
  Balancing labor supply and demand is increasingly challenging, especially as retailers rely on part-time and flexible workers to fill gaps.
- **Operational Inefficiencies**
  Without advanced workforce optimization, retailers face increased labor costs, reduced productivity and staff shortages that negatively impact overall business performance.
- **Customer Experience Risks**
  Poor labor management can lead to understaffed stores, long checkout lines and diminished service quality, ultimately eroding customer loyalty and sales.

The Cost of Inaction

Failing to implement effective workforce strategies in response to these challenges can have significant repercussions. High associate turnover, driven by inefficient scheduling and lack of engagement, leads to increased recruiting and training costs. Poor labor allocation results in excessive overtime expenses, reduced workforce flexibility and operational inefficiencies that harm customer experience and sales performance. Retailers operating on already thin margins cannot afford escalating costs without a plan to mitigate them. Inadequate labor planning can result in understaffed stores, leading to long wait times, lost sales opportunities and declining customer satisfaction. Without proactive solutions, businesses risk revenue losses, operational disruptions and a diminished competitive edge in an increasingly volatile retail landscape.

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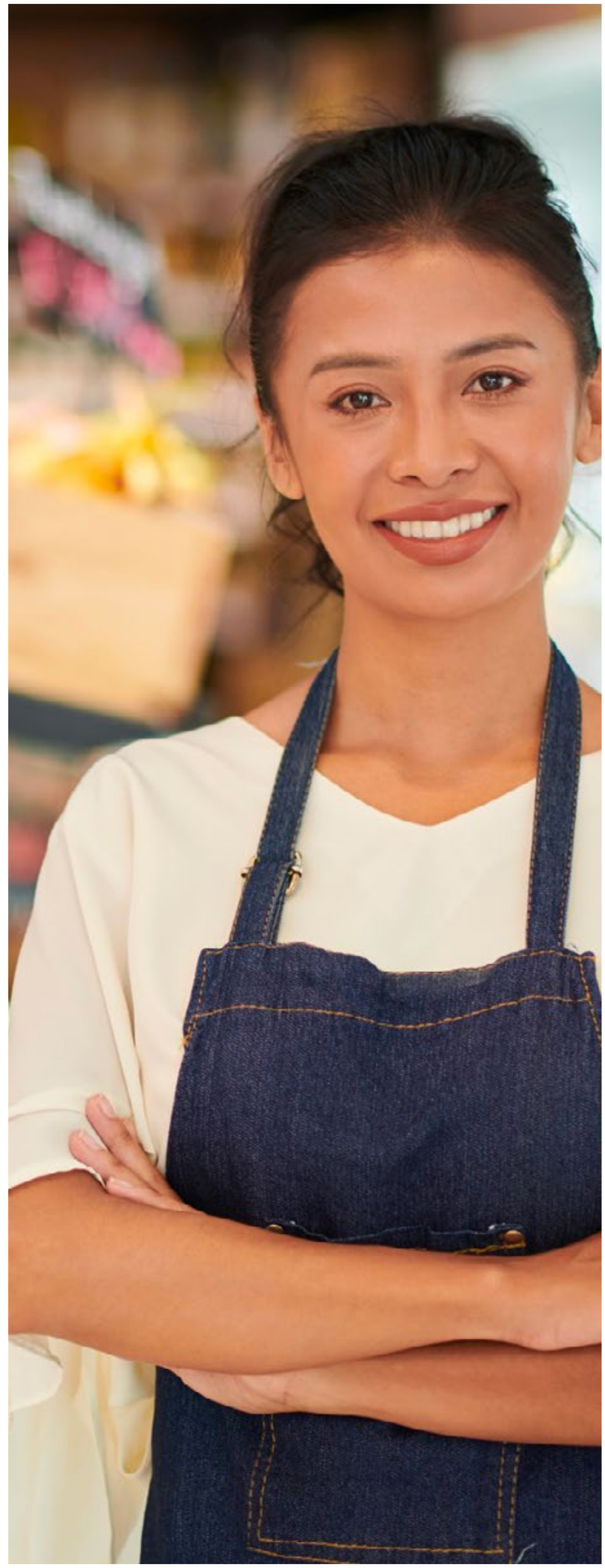


How Logile's Labor Planning and Workforce Management Solutions Can Help

Logile's advanced Labor Planning, Forecasting and Scheduling Solutions enable retailers to do more with less while balancing associate satisfaction, customer experience and cost efficiency.

- **AI-Driven Forecasting for Smarter Labor Planning**
  Logile's AI-powered forecasting analyzes sales trends, foot traffic, weather and operational data to **predict labor needs with 97% average accuracy**. By leveraging data-driven insights, retailers can optimize workforce allocation, ensuring stores are neither overstaffed nor understaffed, **reduce overtime by 50% and decrease labor costs by 5%**.

- **Automated Scheduling for Cost Savings and Associate Retention**
  Logile's intelligent scheduling tools **deliver 95% scheduling effectiveness and 100% compliance with labor laws**, optimizing shift coverage while accommodating associate preferences. Features like self-scheduling, shift swapping and flex/gig scheduling further empower associates, **drive 3% reduced turnover** and decrease administrative burdens.

- **Task-Based Workforce Management for Maximum Productivity**
  Logile's workforce management tools break down labor needs by task, ensuring associates are deployed efficiently to maximize productivity without overspending on unnecessary hours. With task-based scheduling and execution, retailers can effectively **manage 100,000+ tasks completed daily**.

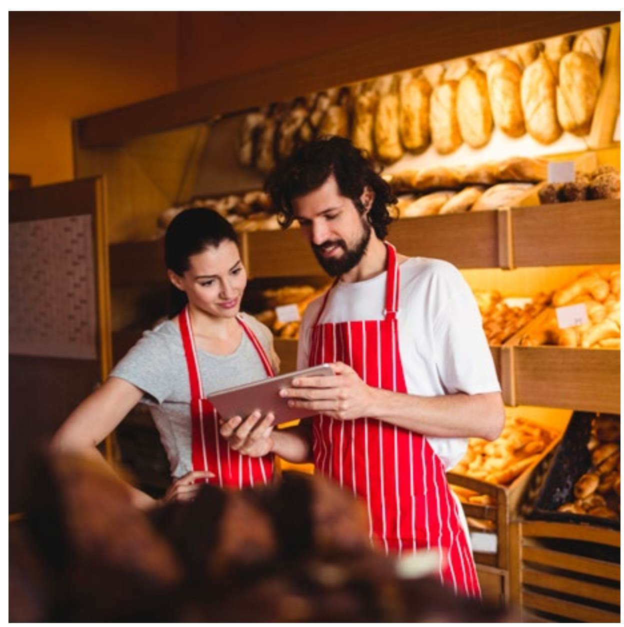
- **Real-Time Analytics for Ongoing Optimization**
  Logile provides actionable insights that help retailers continuously refine labor strategies, tracking key metrics such as labor costs, productivity and customer satisfaction.

Use Cases: The Impact of Inaction vs. Logile's Solutions

Grocery Retailers

Scenario Without Logile:

A national grocery chain struggles with rising labor costs and the financial strain of increased tariffs on imported produce and goods. Without an optimized workforce strategy, managers fail to balance staffing needs, leading to increased overtime costs, inefficient scheduling and associate dissatisfaction. The result? Long checkout lines, overworked staff and declining customer satisfaction.



Scenario With Logile:

By implementing Logile's AI-driven labor forecasting and automated scheduling tools, the grocery chain anticipates peak shopping periods and aligns staff accordingly. This leads to reduced overtime costs, improved operational efficiency, increased associate retention and a 15% reduction in labor expenses.

Big-Box Retailers

Scenario Without Logile:

A large national retailer faces a $100 million budget hit due to higher supply chain costs from tariffs. In response, they reduce store labor hours to cut costs, resulting in poor in-store experiences, frustrated customers and lower sales. Associate morale drops, turnover increases and service quality declines.

Scenario With Logile:

By utilizing Logile's labor optimization tools, the retailer adjusts workforce planning based on real-time sales data, ensuring the right number of associates are scheduled to meet demand. Managers leverage self-service scheduling features, empowering associates and improving retention. The retailer reduces overall labor spend while maintaining high customer service standards, protecting its bottom line and brand reputation.

By leveraging Logile's workforce solutions, retailers can mitigate the impact of rising tariffs and labor costs, improve operational efficiency and maintain strong customer service – ensuring sustainable growth and profitability.

Conclusion

The evolving economic landscape presents significant challenges for U.S. retailers, particularly in labor planning and cost management. To remain competitive, retailers must take a proactive approach by leveraging technology, restructuring operations and optimizing workforce deployment. Logile's workforce management solutions provide the tools necessary to reduce costs, improve efficiency and enhance overall business performance in an increasingly complex retail environment.

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