



How AI is Transforming Retail and Opportunity Youth Employment

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ABOUT FSG

FSG is a global nonprofit consulting firm that partners with foundations and corporations to create equitable systems change. Through customized consulting services, innovative thought leadership, and learning communities, we're working to create a world where everyone can live up to their full potential.

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ABOUT TALENT REWIRE

Talent Rewire, an initiative of FSG, envisions a future where every individual in the U.S. can realize their full potential through a humanity- and economy-boosting job that provides equitable economic opportunity, stability, and mobility. Simply put, we envision a world in which the hopes and dreams of frontline employees are seen and achieved—where they feel empowered and listened to, and where their work is fulfilling and purposeful.



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Introduction

Technology and artificial intelligence (AI) are rapidly transforming the retail industry, impacting how retailers engage consumers and run their operations, including **talent operations**. From shopping online through mobile devices to tapping into data that powers customer relations and automation—retail companies are leading the way toward an immersive digital economy with AI services predicted to increase from \$5 billion to above \$31 billion by 2028.¹ The rise of new technology is enabling some **retailers to expand their ecosystem of goods, services, and operations**. Amazon and Walmart are leading examples of companies evolving their ecosystems to be one-stop shop marketplaces.²

Currently, frontline roles have high attrition rates (60% annually)

with a lack of career development as the top reason why employees leave.^{3,4} These roles tend to be first-time jobs for many young workers, including opportunity youth at the median age of 20.⁵ Opportunity youth are those between the ages of 16 and 24 who are weakly attached or unattached from school and work, as well as those who have experienced foster care, the justice system, or homelessness. There are over 5 million young people with the potential to thrive as emerging adults—and in turn contribute to a thriving economy—yet have limited access to equitable opportunities for learning and development.⁶



The emergence of generative AI, robotics, and many other tech advancements present both challenges and opportunities (i.e., uncertainty) for tech and tech-related jobs.⁷ Despite this uncertainty and other trends including the backlash against DEI-related programs, retailers have an opportunity to future proof their talent strategies by leveraging their most important assets—their existing workforce—and developing robust reskilling and upskilling opportunities.^{8,9} Companies, including retail, **risk a loss of \$8.4 trillion in revenue** because of a skills gap and a lack of investment in preparing their workforce.¹⁰ Retailers can hire from within and nurture emerging, often excluded talent—opportunity youth and BIPOC (Black Indigenous People of Color) workers.

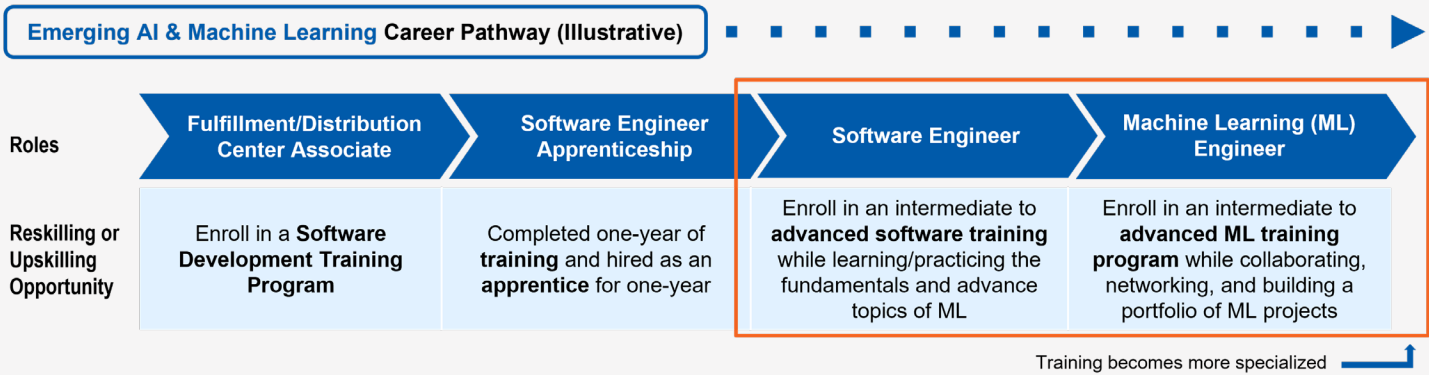
These retail workers tend to be in **frontline roles with strong digital literacy, cultural fluency, and innovation skills**.^{11,12} Retailers centering frontline workers for emerging roles across retail can improve their revenue and branding and experience a diverse workforce with fewer talent shortages.^{13,14} The **personal and public costs of not centering opportunity youth** and changing their trajectories are **\$6.3 trillion** over the lifetimes of all current opportunity youth.¹⁵

MEETING THE MOMENT: AN IMMERSIVE DIGITAL RETAIL

As retailers continue to grow different verticals and expand their ecosystems, they have an opportunity **to move beyond traditional tech roles** (e.g., data analyst and software engineer) to **consider emerging and tech-related roles**, such as mechatronics (integrating mechanics, electronics, and computing), electric vehicle fleet technicians, and specialist roles in AI & machine learning, sustainability, and e-commerce.^{16,17,18} Unlike traditional tech roles, these emerging roles tend to accept relevant STEM certifications and experiences requiring a particular set of technical skills based on the role (e.g., key technical skills for an e-commerce specialist are digital marketing, data-driven, analytical, and web design).¹⁹ Additionally, all roles will require employees to increase their socioemotional skills (e.g., creative thinking, collaboration, curiosity, and lifelong learning—metacognition) at mid-to-high-level pay ranges.²⁰ For example, electric vehicle fleet technicians can earn close to \$70,000/year with pay increases based on experience, region, and continuing education (e.g., relevant certifications).²¹ This is about a 43% increase in yearly pay compared to the median income of frontline retail roles.²²

Currently, pathways for employees to progress from frontline jobs to traditional tech careers are mostly nonexistent across any industry, including retail. When connecting with young people and retail employers, both groups named a need for existing pathways to tech-related or even supervisory roles for frontline workers. However, there are **potential pathways** today that can be leveraged to prepare opportunity youth and those without a degree or a relevant certification for high-skill roles and a high-earning potential (i.e., aspirational, high-demand, and emerging roles).^{23,24} The following illustration highlights that these emerging pathways are possible and take time.²⁵

“The most important skill for tech opportunities is to learn how to learn and collaborate.”
– Workforce Provider



Some **retailers are already evolving their talent strategies** to meet the moment, such as Amazon’s in-house Career Choice, a pre-paid educational program providing technical skills for in-demand and higher-paying jobs (e.g., tech and transportation) for full-time employees, employed for one continuous year.²⁶ Square accepts bootcamp coding programs—within three months of completion—as eligible prerequisites for specific tech internships (i.e., software engineering).²⁷

These talent strategies are promising, and retailers should continue to adapt to center emerging talent. In particular, **opportunity youth are a tremendous asset to retail** with strong digital skills and represent a highly diverse talent pool with rich ethnic, racial, and cultural diversity, often reflecting the consumers and communities where retailers operate.²⁸ Unfortunately, many opportunity youth and BIPOC workers **face undesirable realities in retail**, including overrepresentation and being underpaid in frontline roles.²⁹

Today, many youth in **frontline retail roles face biased talent systems** that limit awareness, access, and mobility.^{30,31} For those who are aware of and apply for advancement opportunities, over 70% have limited success.³² A **lack of career development is the top reason** why frontline retail employees leave their jobs followed by non-competitive compensation as the second reason.³³

WHAT RETAILERS CAN DO IN THEIR TALENT STRATEGIES

As retailers continue to grow their ecosystem of products and services and leverage AI and technology to create an immersive digital retail experience, there are four talent strategies they can use to meet the moment, given the changing landscape:

1. Reskill and Upskill Training:

Invest in existing frontline talent by increasing upskilling and reskilling opportunities and developing robust new programs to attract and bring in opportunity youth and emerging talent. Retailers can increase the following: 1) Targeted training programs to bridge the technical skills gap for emerging tech-related roles; and 2) Awareness of high-demand tech and tech-related jobs and pathways to enable and empower their existing talent to understand current and emerging opportunities, such as internships and apprenticeships. These avenues help ensure frontline talent can know about and grow into emerging roles with tailored support.

2. Workforce Provider Partnerships:

Invest in transformative, not transactional partnerships with workforce providers that support emerging and frontline talent to acquire the tech, socioemotional, and wraparound supports. Although many retailers already partner with workforce providers and education institutions, given the rapid evolution of technology and AI, there should be adaptive and continuous feedback loops to help employers and providers stay aligned on how in-demand tech skills are evolving across the business and how providers can better prepare untapped talent. These are the best types of partnerships to scale workforce development opportunities.³⁴

“A healthy work environment is a prosperous culture that provides mental health safety, career growth, adequate compensation, supportive supervisors, ease of access to the workplace, serious protocols to address racial and gender discrimination, and proper training on emotional intelligence and gaining new skills.”

– Young People Focus Group



Lowe's has created a variety of pathways for associates and frontline employees to advance, including a 100% tuition-free education program in partnership with Guild, which allows associates to pursue degrees and certifications in areas such as supply chain, logistics, data analytics, cybersecurity, and technology.^{35,36}

3. Address Bias:

Implement existing best practices to the talent cycle for all to equitably enter and advance into opportunities. Many companies, including retailers, have the right ideas for addressing bias, but few effectively implement best practices. Given the rapid shifts in the retail landscape, retailers can intentionally leverage employee voice strategies to better understand what matters to employees and how to better support them.³⁷ Over time, other equitable practices, such as eliminating degree requirements and focusing on skills, can help shift the narrative and mental models about specific demographic groups' abilities and suitability for promising roles. See [Talent Rewire](#) for practical recommendations.

"We hire a mix of people with degrees and without degrees. We are now hiring more people of color and women in tech roles."

– Retailer

Illustrative: Key Stakeholders



4. Leverage Coalitions:

Leverage workforce and tech coalitions to more quickly and effectively prepare emerging talent for emerging tech roles by scaling what works. Retailers have an opportunity to continue to join and design robust workforce and tech-related coalitions that enable them to more effectively partner with partners who have “on the ground” experience, other employers, and academics to design and develop new and emerging retail tech pathways for frontline talent and BIPOC opportunity youth. These coalitions enable all relevant stakeholders to learn together more quickly, pilot different approaches, provide adequate wraparound support, and then effectively scale solutions together—thereby decreasing risks and creating field proof-points.

The work to prepare and support the current and future retail workforce will not be achieved by one entity. Retailers have a chance to strengthen their talent strategies by being **more purposeful and collaborative** in leveraging opportunity youth and emerging talent to face AI impacts and other megatrends.

RESEARCH METHODOLOGY AND ACKNOWLEDGEMENTS

FSG and Talent Rewire conducted a robust landscape analysis for retailers to better understand the current and emerging career challenges and opportunities for opportunity youth, given the emergence of new technologies in the retail ecosystem. FSG interviewed **15 employers and workforce providers** and partnered with the Aspen Institute Opportunity Youth Forum to **hold focus groups with 10 young people** to understand the lived experience of young people in the retail sector. This mini report is a snapshot of **how to connect opportunity youth to emerging career opportunities** and how industry leaders and partnerships can accelerate these opportunities across the retail industry. Essentially, the focus is on **key trends impacting big-box retailers’ talent strategies** to inform future research and work rather than on specific geographic data or retailers.

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