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Business

Brighter economy driving up holiday hiring plans

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NEW YORK — UPS will hire up to 95,000. Kohl's plans to take on 67,000 and FedEx 50,000. Wal-Mart will add 60,000.

One after the other, a flurry of major U.S. retail and transportation companies announced sharp increases this week in the number of temporary workers they plan to hire for the holiday season. Collectively, such hiring could reach its highest point this year for stores since 1999, when the economy was roaring and the Great Recession was still eight years away.

Credit the combination of a strengthening economy and optimism about consumer spending. Stores have determined that they'll need more temporary help for the holiday season, which accounts for 20 percent of the retail industry's annual sales.

Their stepped-up hiring plans reflect another reality, too: More retailers have come to recognize the need to improve their customer service in the age of online king Amazon. Many shoppers now jump back and forth between their mobile devices and physical stores and expect the same easy shopping experience at both.

Challenger Gray & Christmas Inc., a global outplacement consultancy, predicts retailers will add more than 800,000 seasonal workers for the October-through-December period. Such hiring last topped that figure in 1999, when stores added 849,500 temporary workers. It credits brightening confidence among consumers.

"The last two years saw holiday hiring return to pre-recession levels," said John Challenger, CEO of the Chicago-based outplacement firm. "This year, we could see hiring return to levels not seen since the height of the dot.com boom... There are more people who are surer about their spending."

The outlook for job and income growth have both improved, says **Bernard Baumohl, chief global economist at the Economic Outlook Group.**

The unemployment rate has tumbled to 6.1 percent. A year ago, it was 7.2 percent. Three years ago, it was 9 percent.

So far this year, employers have added a solid average of 215,000 jobs a month, up from a monthly average of 194,000 in 2013 and 186,000 in 2012.

Companies have been slower to offer workers decent pay increases, but that may finally be changing, **Baumohl** says. Workers' inflation-adjusted earnings rose 0.4 percent in August, the Labor Department said Wednesday. It was the sharpest monthly gain in more than a year.

Consumers, long beaten down by the recession's bleak aftermath, have been feeling more hopeful. A measure of consumer confidence by the Conference Board reached a seven-year high last month.

And after shrinking their debt loads for years after the recession officially ended in 2009, consumers are pulling out their credit cards again. Their borrowing rose in July at a seasonally adjusted annual rate of 9.7 percent. That matched April's increase for the fastest growth in three years.

From April through June, consumer spending rose at an annual pace of 2.5 percent — twice the pace of the first three months of the year, when a harsh winter kept many shoppers home.

The retailers' ratcheted-up plans for holiday hiring "reflects both the positive momentum in the economy this year and the realization on the part of both retailers and delivery services that their performance has to improve" over last year's, said Patrick O'Keefe, director of economic research at the accounting and consulting firm CohnReznick.

The National Retail Federation, the nation's largest retail trade group, hasn't yet issued its 2014 holiday sales forecast. Last year's holiday sales, including online business, rose 3.8 percent to \$601.8 billion, from 2012. But stores were unprepared for a stronger-than-expected last-minute online sales surge. Online sales jumped 10 percent to \$46.5 billion for November and December, according to comScore, a research firm.

This time, carriers like UPS aim to be sufficiently staffed. Their hiring plans aren't counted in Challenger's tally of retailers. But he suggested that their

increased hiring plans point to expectations for a strong season.

Last year, UPS had prepared to hire 55,000 seasonal workers. But it wound up adding 30,000 more to handle a surge in deliveries, which drove up costs and reduced earnings. UPS had underestimated its customer demand. So this time, it's bringing on up to 95,000.

FedEx's plans to hire more than 50,000 seasonal workers marks a 10,000 increase from a year ago.

The shift to online shopping is causing stores to seek more tech-savvy holiday workers, who can use mobile devices to find items that aren't in stock, rather than just turning shoppers away.

Celeste Gudas, founder and CEO of 24 Seven, a recruiting company for the fashion and beauty industry, said her clients plan to add 15 percent more temporary holiday workers than they did last year. For the first time, she's also being asked to train those workers to try to convert browsers into buyers.

"Everyone is looking to maximize a sale," Gudas said. Service in the store has to be on par with what's offered online, she said.

For Wal-Mart Stores Inc., the nation's largest private employer, plans to hire 60,000 temporary workers represent a nearly 10 percent increase over last year.

Wal-Mart, based in Bentonville, Arkansas, said its holiday hires will staff stores and distribution centers. The discount retailer said several factors are driving the increase, including a focus on better customer service and the presence of about 200 more U.S. stores than it had last year — for a total of about 4,300.

"We monitor traffic patterns, and we want to make sure we have adequate staffing, said Kayla Whaling, a Wal-Mart spokeswoman.

Kohl's plans to hire more than 67,000 seasonal workers is a 15 percent increase over last year. It expects to hire an average of 50 associates per store, up 25 percent from a year ago.

Still, some merchants say they'll keep their holiday hiring steady with last year's level.

Target Corp. said it will hire 70,000 seasonal workers, even with 2013. The

Minneapolis-based discounter's holiday sales were hurt last year by a huge data breach that was disclosed a week before Christmas, scaring shoppers away during the shopping season's final critical stretch.

Paul Wiseman contributed from AP Washington.

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