

Retail Resilience: Workforce Optimization Amid Rising Wages and Economic Uncertainty

RCC Store Conference

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Agenda

- 1 Introduction
- 2 Total Rewards and Changing Employee Priorities
- 3 How to Manage Costs and Improve Efficiency with Ongoing Minimum Wage Changes

Introductions



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Total Rewards and Changing Employee Priorities



Perfect storm of issues have impacted hourly workers



Erosion of Purchasing Power

Driven by inflation and the rising cost of living, hourly wages are failing to keep pace, leading to financial strain.



Economic Volatility

Instability in the economy has resulted in fluctuating job security, leaving workers anxious about their employment status.



Labor Shortages

Ongoing labor shortages have led to longer hours, understaffed workplaces, and increasingly hostile environments for front-line workers.



Rapid Technological Adoption

The swift integration of new technologies has occurred with minimal training and support, leaving workers feeling overwhelmed and unprepared.

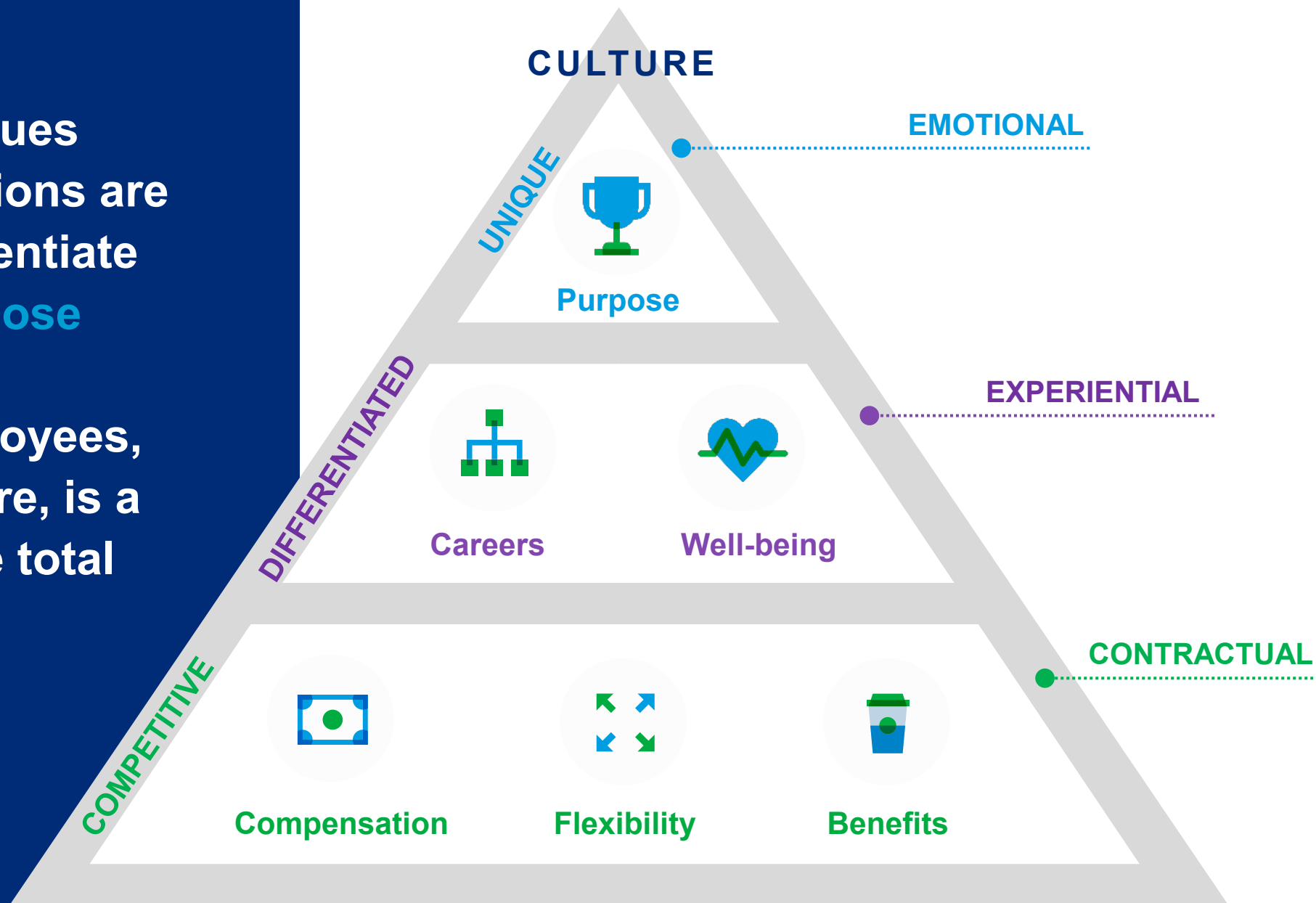


Unequal Access to Flexibility

Disparities in flexible work arrangements have created inequities, with many hourly workers struggling to balance work and personal commitments.

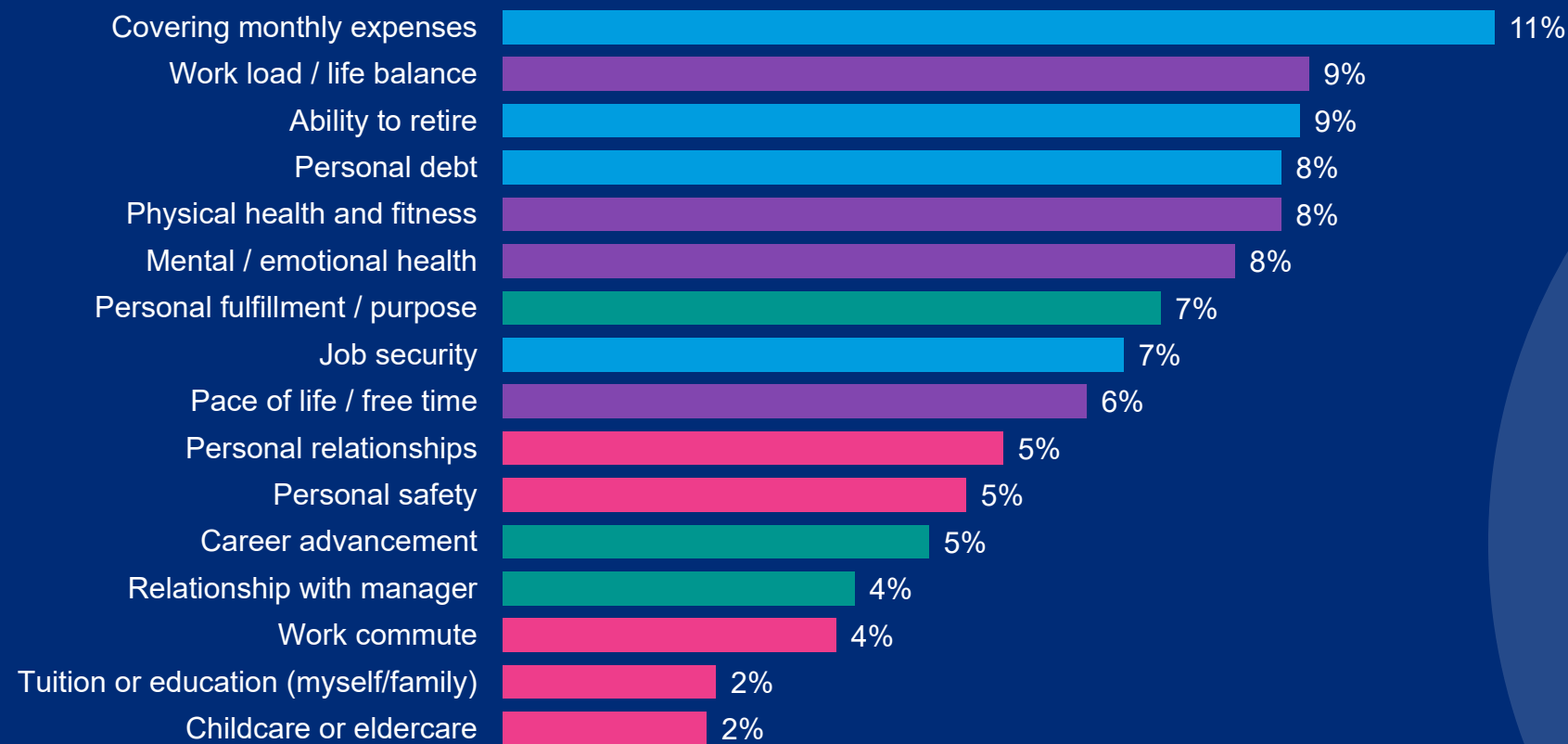
Compensation continues critical, but organizations are looking to truly differentiate themselves with **Purpose**

Flexibility for all employees, even on-site or in-store, is a key component of the total rewards offering



Hourly and front-line workers need a better way to manage burnout

What's keeping Retail industry workers up at night?



Only
11%

of hourly workers said they
did not need help
addressing burnout



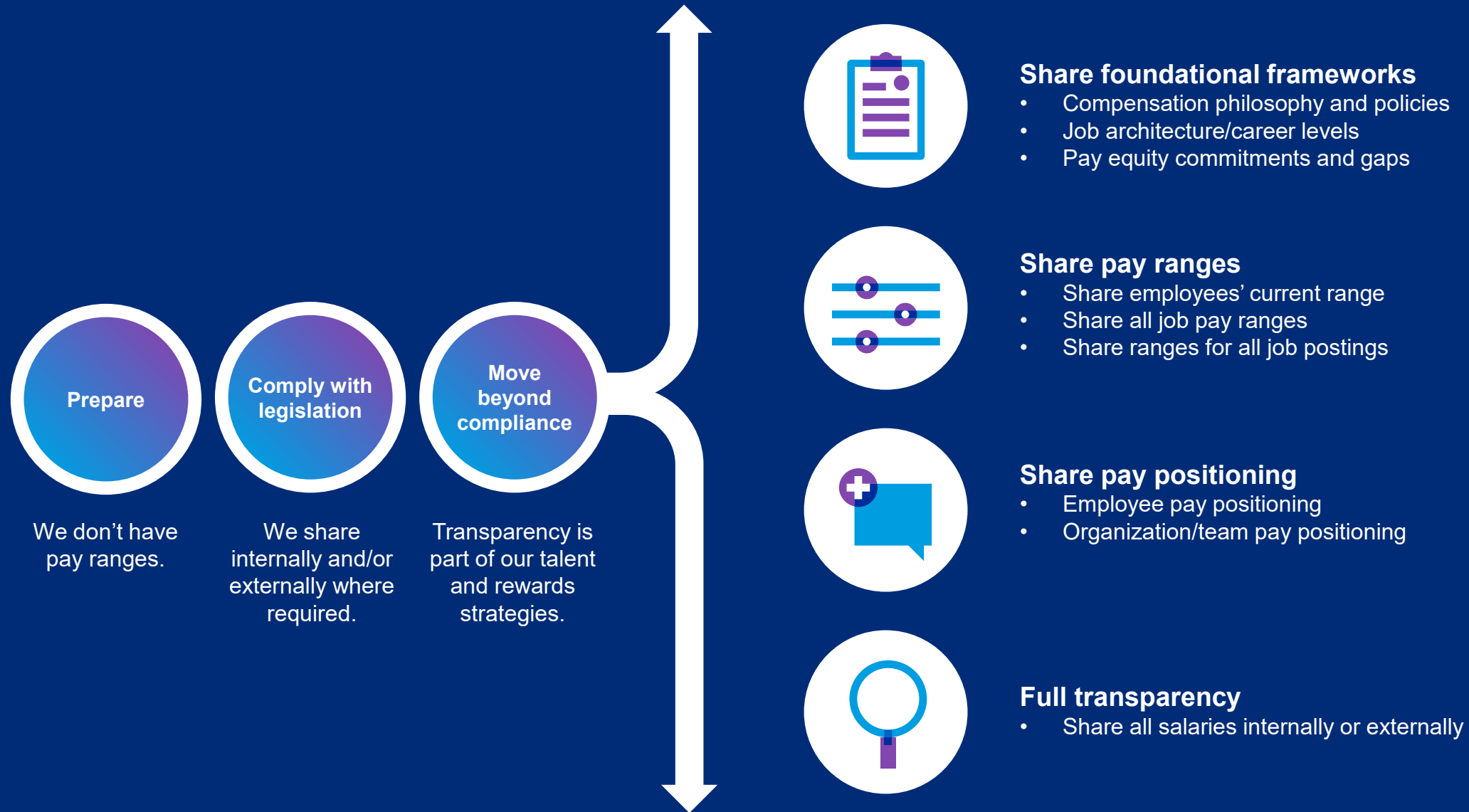
In Canada, Pay Transparency is here

Province	Status	Asking applicants about salary history	Including salary ranges on job postings	Penalizing salary discussions
Prince Edward Island	Legislation adopted	Prohibited	Required	Prohibited
Nova Scotia	Legislation proposed	Prohibited	Required	Prohibited
Newfoundland and Labrador	Legislation adopted	Prohibited	Required	Prohibited
British Columbia	Legislation adopted	Prohibited	Required	Prohibited
Ontario	Legislation adopted	--	Required as of Jan 1, 2026	Prohibited
Manitoba	Legislation rejected twice	Prohibited	Required	Prohibited

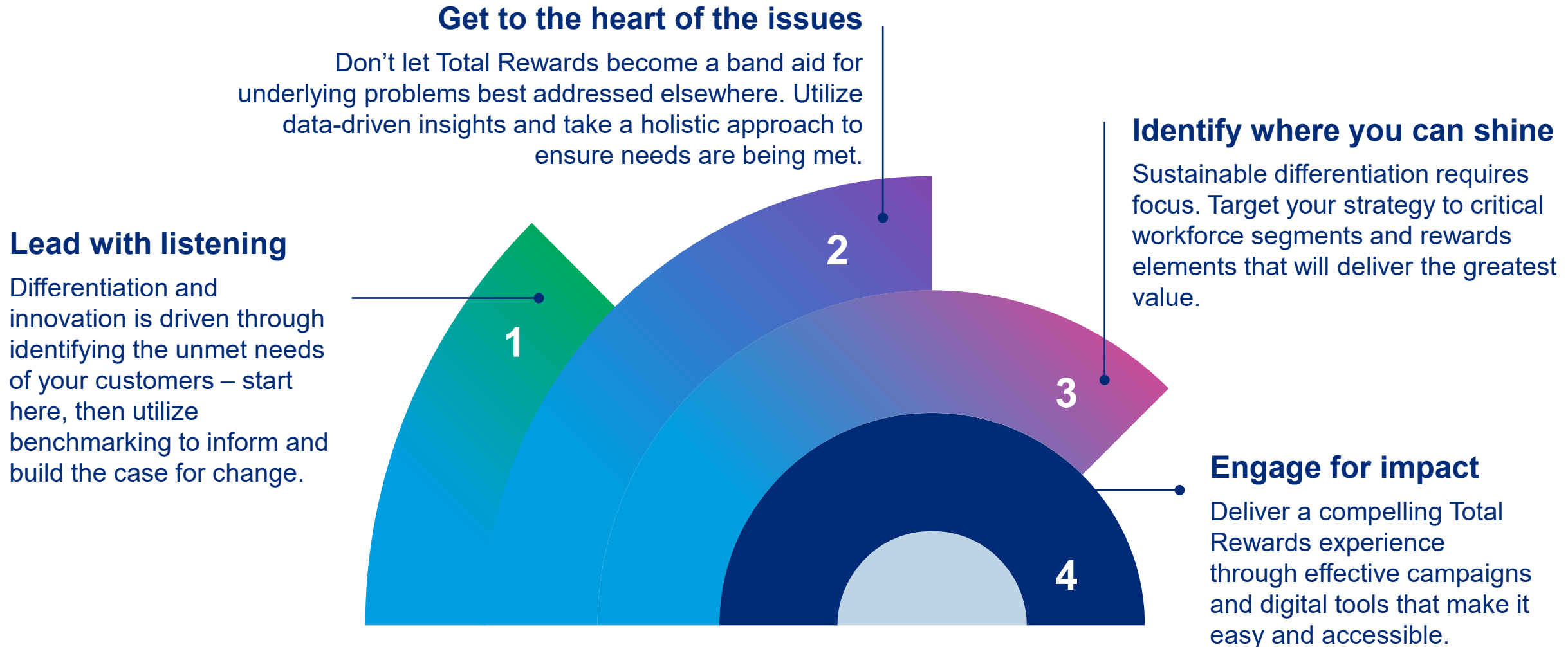
In the last two years, **five** of ten **provinces** have **legislated** or **plan to introduce** new requirements for salary disclosure.

And that's not all - **legislation is expanding** to include disclosure on use of AI in hiring process in some provinces as well.

Define your approach to transparency



Employers must achieve differentiation, but how?



How to differentiate your total rewards offerings



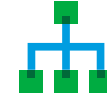
Compensation

- Introduce **non-cash incentives** such as additional PTO or flexible scheduling options to improve work-life balance
- Introduce more **performance-based incentives** to recognize and reward top performing employees
- Offer generous **employee discounts** on products and services, extended to family members



Benefits

- Conduct **regular assessments / listening sessions** to ensure benefits meet the diverse needs of employees
- Offer a **wider range of benefits**, like employee scholarships, subsidized fitness club memberships, virtual healthcare options, financial and tax counselling, etc.
- Structured **recognition program** that includes meaningful rewards and public acknowledgement



Careers

- Offer/enhance **mentorship programs** to support career advancement and skill development
- **Train managers in effective communication** and mandate regular feedback sessions
- Foster a **culture of inclusion** by implementing training programs, employee resource groups, and promoting fair hiring practices

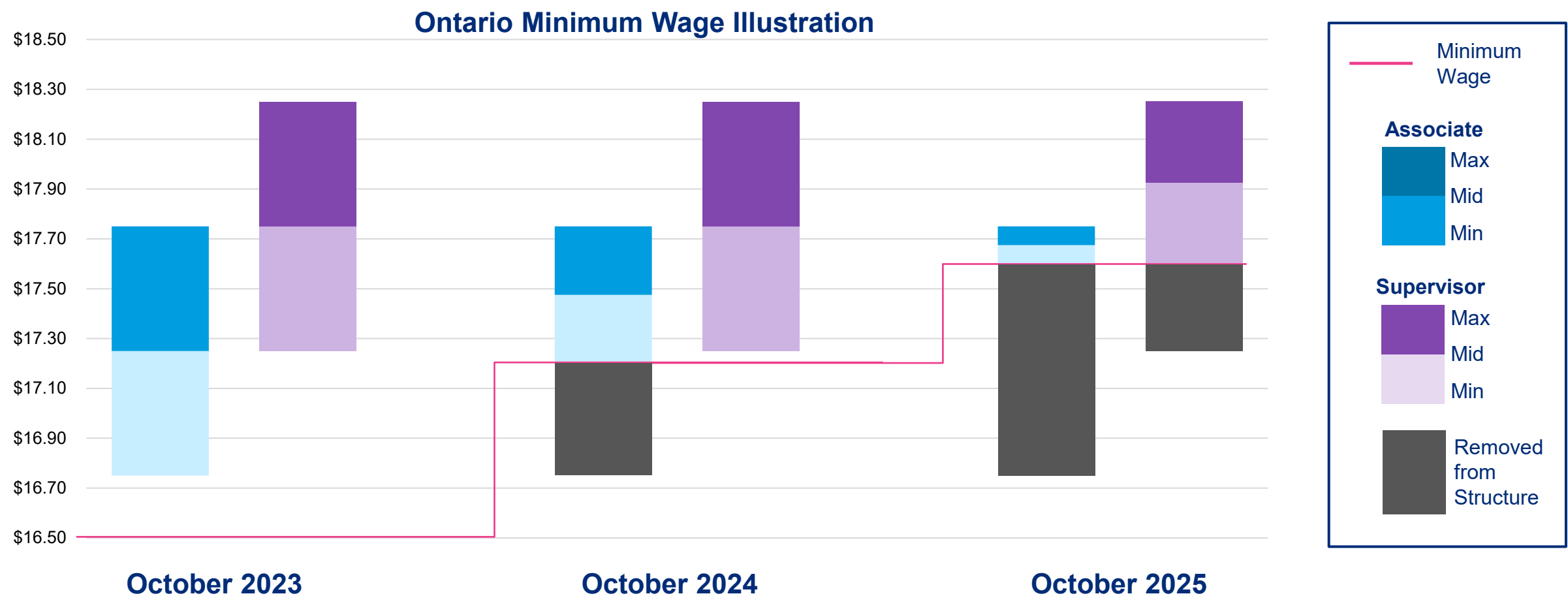
How to Manage Costs and Improve Efficiency with Ongoing Minimum Wage Changes

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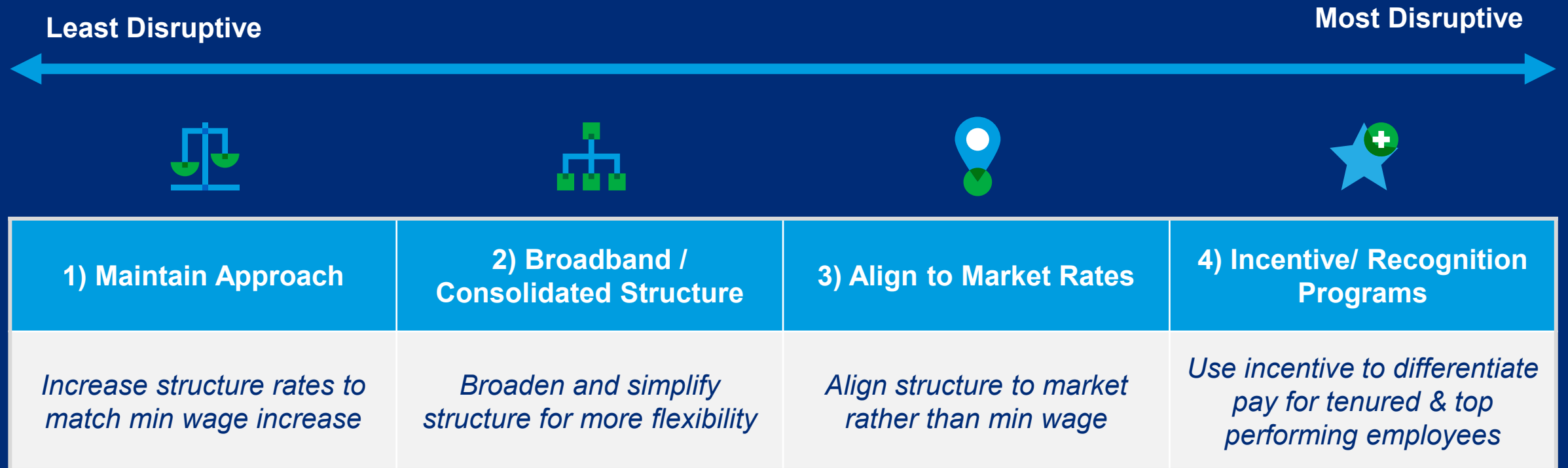
With minimum wages rising, hourly compensation costs continue to increase

Province / Territory	Current Minimum Wage	Effective Date	\$ Change since 2023	Announced 2025 Increases
Alberta	\$15.00	October 1, 2018	--	
British Columbia	\$17.85	June 1, 2025	▲ \$1.10 (7%)	Changed June
Manitoba	\$15.80	October 1, 2024	▲ \$0.50 (3%)	\$16.00 effective Oct
New Brunswick	\$15.65	April 1, 2025	▲ \$0.90 (6%)	Changed April
Newfoundland & Labrador	\$16.00	April 1, 2025	▲ \$1.00 (7%)	Changed April
Northwest Territories	\$16.70	September 1, 2024	▲ \$0.65 (4%)	
Nova Scotia	\$15.70	April 1, 2024	▲ \$0.70 (5%)	\$16.50 effective Oct
Nunavut	\$19.00	January 1, 2024	▲ \$3.00 (19%)	
Ontario	\$17.20	October 1, 2024	▲ \$0.65 (4%)	\$17.60 effective Oct
Prince Edward Island	\$16.00	October 1, 2024	▲ \$0.60 (4%)	\$16.50 effective Oct
Quebec	\$16.10	May 1, 2025	▲ \$0.85 (6%)	Changed May
Saskatchewan	\$15.00	October 1, 2024	▲ \$1.00 (7%)	
Yukon	\$17.94	April 1, 2025	▲ \$1.17 (7%)	Changed April

Increasing min wages creates compression issues within salary structures



How to react to minimum wage increases



Adjust structure to maintain current approach

*As minimum wage increases, **increases must be made to the min – max for all levels** to manage the range width and differences between levels*

	2023 Structure			2024 Structure			2025 Structure		
	Min	Mid	Max	Min	Mid	Max	Min	Mid	Max
Associate	\$16.75	\$17.25	\$17.75	\$17.25	\$17.75	\$18.25	\$17.75	\$18.25	\$18.75
	← +\$0.50	← +\$1.00	→	← +\$1.00	→		← +\$1.00	→	
Supervisor	\$17.25	\$17.75	\$18.25	\$17.75	\$18.25	\$18.75	\$18.25	\$18.75	\$19.25
Min Wage	\$16.55			\$17.20			\$17.60		

Use a Broader Structure and Consolidate Levels

By simplifying and broadening your structure, less levels are impacted by min wage increases, and allows for more flexibility in salary management

Current Approach							New Approach			
Job Grouping		Job Title	Grade	Min -10%	Mid	Max +10%		Min -15%	Mid	Max +15%
Supervisor	014	Supervisor – Specialty	015	\$20.25	\$22.50	\$24.75	➤	\$18.70	\$22.00	\$25.30
		Supervisor – Back	014	\$19.58	\$21.75	\$23.93				
		Supervisor – Merch	013	\$18.90	\$21.00	\$23.10				
			-5%		5%	-15%			+15%	
Associate	010	Associate – Specialty	011	\$18.45	\$20.50	\$22.55		\$17.20	\$20.00	\$23.00
		Associate – Back	009	\$18.00	\$20.00	\$22.00				
		Associate – Merch	007	\$17.55	\$19.50	\$21.45				



Align structure to market rates not minimum wage

Set store structure (midpoint) based on market data (with differential for some provinces) protecting structure from Min wage changes

Standard			
Position	Min (-10%)	Mid	Max (+10%)
Supervisor	\$20.18	\$22.42 (+18%)	\$24.66
Associate	\$17.10*	\$19.00	\$20.90

Low (85% of Standard)			
Position	Min (-10%)	Mid	Max (+10%)
Supervisor	\$17.15	\$19.06	\$20.96
Associate	\$14.54*	\$16.15	\$17.77

Ontario Min Wage change Illustrative Example

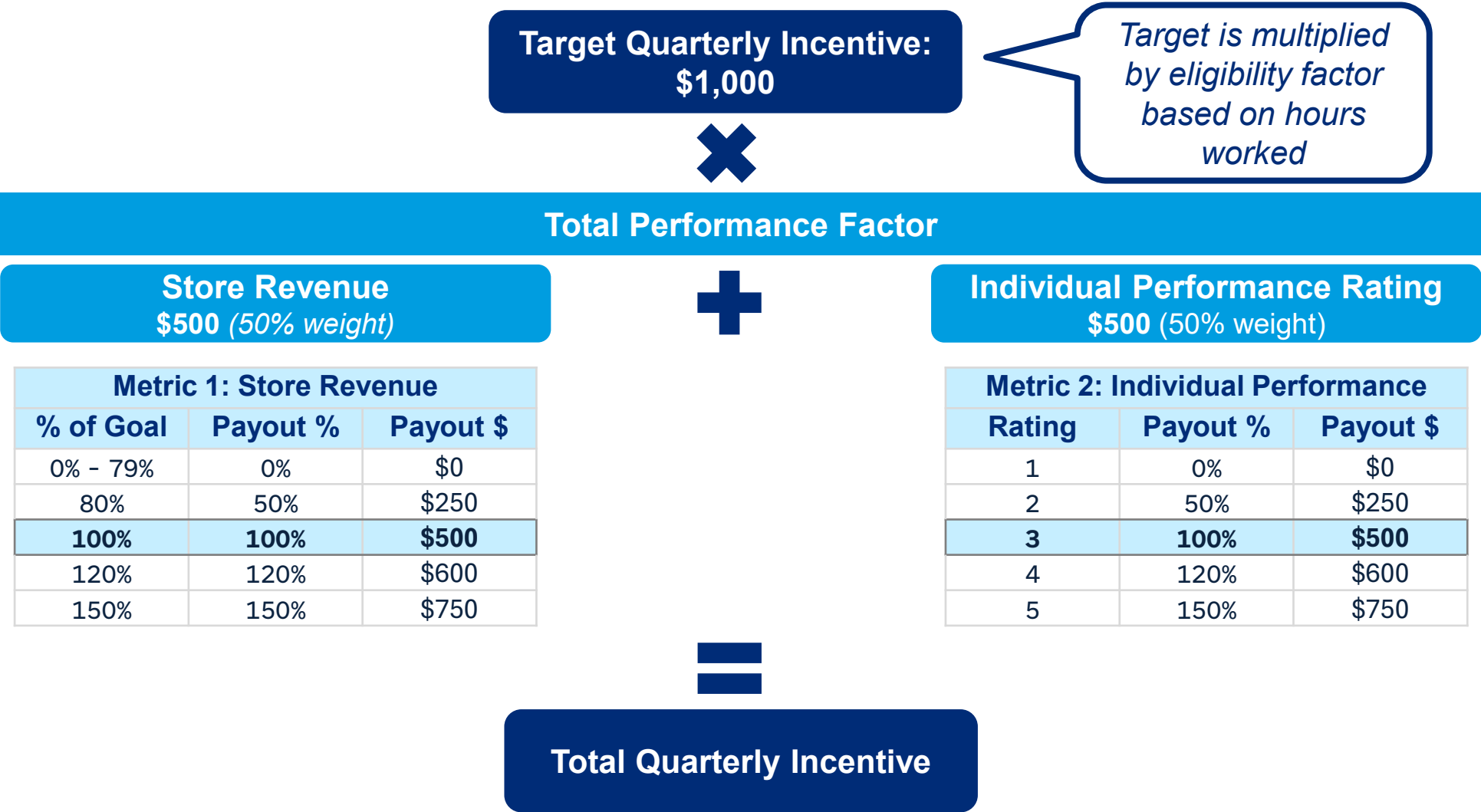
Ontario 2024	17.20 (-9.5%)	\$19.00	\$20.90 (+10%)
Ontario 2025	17.60 (-8%)	\$19.00	\$20.90 (+10%)

*Structure min may need to be adjusted to min wage, but **midpoint or max only** changes when market supports it*

















**Minimum for Associate will be equal to provincial minimum wage rates where required*

Address through incentive program

*Narrow compensation ranges and invest additional compensation spend into **pay tied to store and individual performance**, rather than tenure or hours worked*



Using the right approach for your organization

Impact	Maintain Approach	Broadband / Consolidated Structure	Align to Market Rates	Incentive/ Recognition Programs
Cost Increase				
Level of Disruption				
Impact by Min Wage Increases				
Prevents Compression				



High Impact



Moderate Impact



Minimal Impact

Questions



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