

# ALIGNING PEOPLE AND AI: A NEW ADVANTAGE FOR RETAIL



The UK retail sector remains one of the nation's largest employers, accounting for approximately 10% of all UK jobs and employing around 2.8 million people<sup>1</sup>.

Yet the industry is under mounting pressure.

Labour costs have surged following recent policy reforms such as successive **National Living Wage increases** and higher **employer National Insurance contributions**, with UK retailers reporting significant concerns about rising employment expenses putting jobs at risk. Alongside this, **the sector continues to grapple with high staff turnover rates**, seasonal workforce fluctuations and the ongoing challenge of balancing customer experience with operational efficiency in an increasingly competitive marketplace.

Our latest report, **The Grey Zone: The Untapped Advantage of AI Alignment**, surveyed leaders and employees across multiple sectors to explore how AI

is reshaping the relationship between organisations, their people and the work they do. The research shines a light on the gap between AI adoption and genuine alignment – the 'Grey Zone' where technology exists but doesn't yet deliver its full potential value.

For us, and our customers, AI alignment means ensuring that AI tools are built around the way people actually work – the tasks, schedules and priorities they face day-to-day. AI tools should support sound judgement, rather than becoming just another unused system.

<sup>1</sup> British Retail Consortium

## DRILLING DOWN INTO THE RETAIL DATA

Building on the main research findings, this deep dive highlights the data most relevant to UK retailers, focusing on responses from both retail leaders and employees to analyse what they need from AI to support effective, sustainable ways of working – from the shop floor to head office. In practice, that means fewer last minute rota changes, fairer shifts and less firefighting for store managers trying to cover gaps at short notice.

## THE RETAIL REALITY: COMPLEX WORKFORCES, TIGHT MARGINS

At Zellis, we understand the unique pressures retail businesses face. In a market defined by tight margins, rapidly shifting customer expectations, complex multi-site operations and a significant frontline workforce, the stakes have never been higher. Retailers must juggle seasonal peaks that can see staffing requirements double or triple, manage hourly-paid workforces across dozens or even hundreds of locations, ensure compliance with increasingly complex employment legislation, and deliver seamless customer experiences – all while controlling costs. These pressures are true across grocery, fashion, department stores and specialist retailers, each with their own patterns of footfall, promotions and peak trading periods.

The pain points are well-documented and felt most sharply in the day to day running of stores: manual scheduling, complex payroll for variable hours and multiple pay rates, as well as time and attendance admin that pulls managers away from customers. High turnover then adds another layer of pressure, as teams are stuck in a cycle of recruiting and training just to stand still, often spending evenings rebuilding rotas or fixing pay queries instead of coaching colleagues or focusing on sales.

Understanding where AI is helping and where value is being left untapped is essential. The insights that follow examine how retail organisations are currently using AI, where expectations between leaders and employees differ, and what this means for productivity, wellbeing and customer experience across the sector. More importantly, they reveal how closing the AI alignment gap can help retailers tackle their most pressing operational challenges – from scheduling and pay through to retention and compliance. In practice, that means using AI to take away low-value administrative tasks, not people's judgement or customer-facing roles.

**When organisations are clear that AI is there to inform judgement rather than replace it, confidence grows, capability follows and value is unlocked. Alignment turns AI from a source of uncertainty into a catalyst for better decisions, better work and more resilient workplace cultures.**



**STEVE ELCOCK**, Director of Product – AI Zellis

## THE ALIGNMENT ADVANTAGE IN RETAIL

Key statistics from the research underline the impact of alignment on both culture and commercial performance:

→ More than **nine in ten retail leaders (93%)** say their organisation currently uses or interacts with AI tools as part of its operations, yet **only 30% of retail employees** currently use or interact with AI in their role, while **37% say they do not use AI** but plan to in future. This significant gap between leadership AI adoption and frontline employee usage mirrors a common retail challenge: technology investments that don't reach the people who need them most. In an industry where frontline staff directly impact customer experience and operational efficiency, this disconnect represents a missed opportunity. For example, head office may invest in advanced forecasting or scheduling tools, but store teams still reconcile shifts and hours manually in spreadsheets.

→ When AI is in place, **52% of employees say it improves work quality, 68% say it increases productivity** and **55% say it reduces stress**, pointing to clear benefits when adoption is well aligned.

→ Leaders also see value, with **65%** agreeing that AI improves the quality of outputs, **49%** agreeing it increases organisational productivity and **53%** agreeing it reduces employee work related stress.

→ Employees believe that **better AI alignment would reduce stress (55%)** and strengthen trust (**52%**) indicating that frontline colleagues are often more optimistic about the cultural upside.

These findings are particularly relevant for retail, where stress-related turnover impacts the sector significantly. When employees report that AI could reduce their stress levels, they are pointing to one of retail's biggest pain points – keeping people. Every avoided resignation saves thousands of pounds in recruitment, onboarding and lost productivity – especially in busy stores where experience really counts.

## CONFIDENCE, CAPABILITY AND CULTURE

### 1 Employees feel shut out of AI decision making

Only **30% of retail employees** feel involved in decisions about how AI is used in their organisation, signalling a risk that AI is something done to them rather than with them.

For retailers implementing new scheduling systems, pay, or customer service tools, this lack of involvement can lead to resistance, poor adoption and ultimately, failed implementations. Frontline staff who aren't consulted may continue using workarounds or fail to embrace new tools that could make their jobs easier.

### 2 Confidence in leadership's AI skills is fragile

Just **43% of employees** are confident that senior leaders know how to use AI effectively, suggesting many frontline colleagues are unsure whether current AI strategies are truly fit for purpose.

In multi-site retail operations, where store managers, area managers and regional leaders need to cascade technology changes, this confidence gap can stall progress. If frontline teams don't trust that leadership understands the technology they're implementing, change management becomes significantly harder.

### 3 Trust in responsible AI use is not yet universal

Nearly half of employees (**48%**) feel confident that AI is being used responsibly and ethically in their organisation, leaving a significant proportion who remain unconvinced about how AI impacts their work.

Retail colleagues may worry that AI-driven scheduling could cut their hours, favour certain shifts or prioritise productivity metrics over fairness if it is not clearly explained.

### 4 Transparency about AI directly boosts trust and retention

Almost **40% of employees** say that when AI is used transparently, openly and explained clearly, it improves their trust in leadership, and 36% say it makes them more likely to stay with their employer.

Given that retail **staff turnover can exceed 60%** in some segments, any intervention that improves retention by even a few percentage points delivers substantial cost savings in recruitment, onboarding and lost productivity.

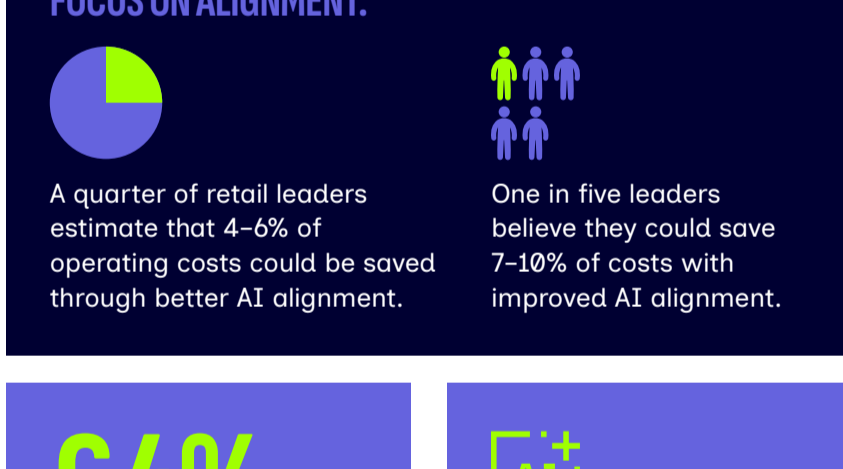
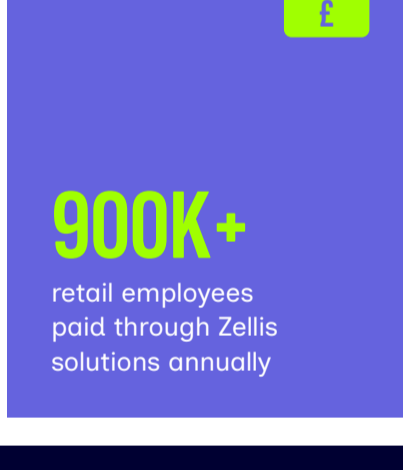
### 5 Confidence in leadership's AI skills is fragile

While **55% of younger workers report higher confidence** with technology, **only 35.5% of older colleagues feel the same**, underlining the need for targeted support to build AI skills and trust across generations.

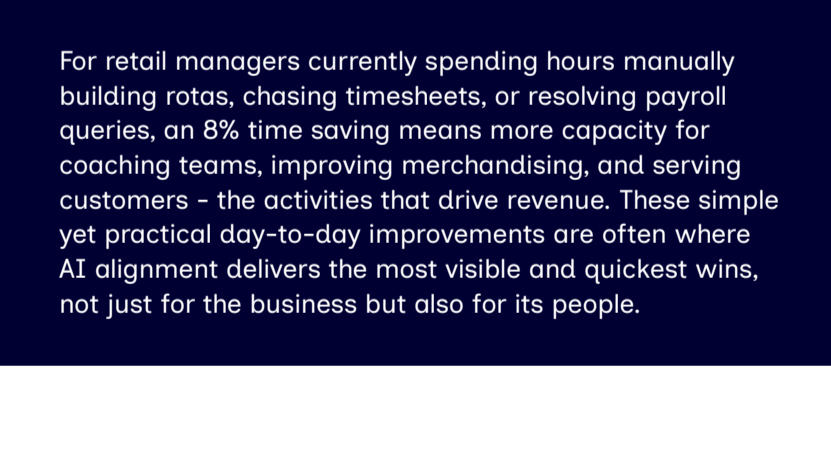
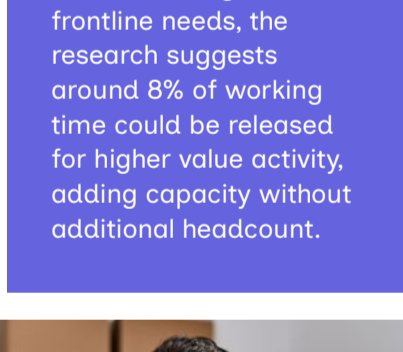
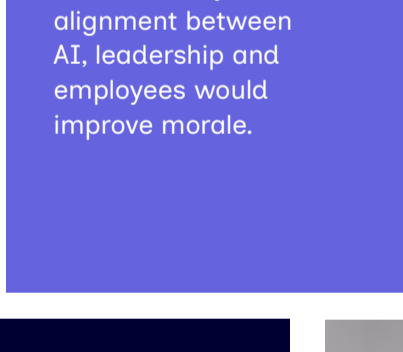
Retail workforces span multiple generations, from digital-native Gen Z seasonal workers to experienced store managers who may be less comfortable with new technology. Successful AI implementation requires training approaches that meet people where they are, not where we assume they should be. That could mean short, in-store coaching sessions or bite-sized e-learning that fits around shifts and peer 'super-user' roles to help build confidence among those on the shop floor.

## WHY RETAILERS CHOOSE ZELLIS

The research highlights how better AI alignment, supported by the right partners, can help retailers reduce stress, build trust and unlock measurable performance gains across their workforce.



In an industry where labour costs represent around 40%<sup>2</sup> of total operating expenses, even a 4% saving translates to millions of pounds for larger retailers – money that can be reinvested in customer experience, store improvements, or protecting jobs during economic uncertainty.



<sup>2</sup> Office for National Statistics (ONS)

## OUR MISSION – UNLOCKING RETAIL VALUE

Zellis' mission is to help organisations make every moment at work count by connecting leadership vision, frontline experience and AI-enabled technology so that investments unlock both commercial and human value. We've worked with leading retailers like **The Entertainer** and **The White Company** to streamline HR, Workforce Management and Pay, delivering measurable improvements in efficiency, accuracy and employee experience.

Retail leaders can make rapid progress by focusing on four practical actions:

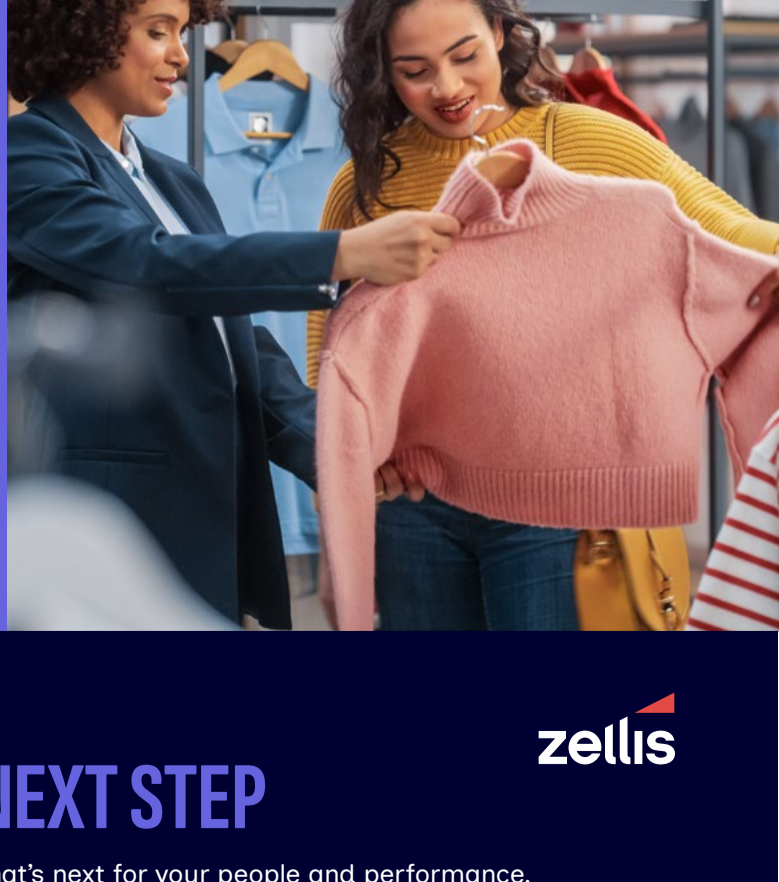
- Put frontline voices at the centre by piloting AI with representative stores, creating feedback loops and using workforce data to refine roll outs.
- Target AI on the work most people want to lose, such as inventory checks, rota building, time and attendance, absence and pay related administration.
- Invest in skills and confidence with training tailored to different generations and roles, positioning AI as an enabler of better work rather than a threat.
- Measure what matters by tracking customer metrics, stress levels, retention and engagement alongside productivity and costs.

In retail, the greatest gains from AI come from automating administrative tasks that consume management time without adding value such as building rotas, time and attendance, and other scheduling or pay-related processes, freeing leaders to focus on creating the conditions for great customer service, which starts with supporting their people. With automations designed around how stores really operate, taking into account trading patterns, contract types and preferences, true AI alignment becomes a reality.

## THE ALIGNMENT ADVANTAGE IN RETAIL

Organisations that align leadership ambition with frontline expectations and AI-enabled technology will be best placed to protect margins, retain talent and deliver standout customer experiences in an increasingly challenging market. As UK and Ireland retailers navigate rising labour costs, evolving employment legislation and persistent workforce pressures, the ability to do more with existing resources becomes a competitive necessity.

Zellis invites retail leaders to explore how AI-enabled HR, Workforce Management and Pay can help close the alignment gap and realise the full value of AI across their organisations – turning grey into great.



## TAKE THE NEXT STEP

Learn more about the ways AI can unleash what's next for your people and performance.

[Download the full report](#)

Our AI-enabled HR, Workforce Management and Pay platform is reshaping workplaces and our solutions work one in seven people working in the UK and Ireland.

[Book a demo](#)

