



By: TA | AP Insight

Uncertainty in the economy, AI and tariffs are forcing retailers to hire fewer workers ahead of the main sales season



Uncertainty over the **economy** and **tariffs** is forcing retailers to pull back or delay plans to hire seasonal workers who pack orders at distribution centers, serve shoppers at stores and build holiday displays during the most important selling season of the year.

American Christmas LLC, which creates elaborate holiday installations for commercial properties such as New York's Rockefeller Center and Radio City Music Hall, plans to hire 220 temporary workers and is ramping up recruitment nearly two months later than usual, CEO Dan Casterella said. Last year, it took on 300 people during its busy period.

The main reason? The company wants to offset its tariff bill, which Casterella expects to be as big as \$1.5 million this year, more than double last year's \$600,000.

"The issue is if you overstaff and then you underperform, it's too late," Casterella said. "I think everyone's more mindful now than ever."

Holiday hiring could fall to 2009 levels

Online behemoth Amazon Inc. **said** Monday it intends to hire 250,000 full-, part-time and seasonal workers for the crucial shopping period, the same level as a year ago.

But job placement firm Challenger, Gray & Christmas forecasts overall holiday hiring for the last three months of the year will likely fall under 500,000 positions.

That's fewer than last year's 543,000 level and also marks the smallest seasonal gain in 16 years when retailers hired 495,800 temporary workers, the firm said.

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Among other companies cutting holiday

payrolls: Radial, an e-commerce company that powers deliveries for roughly 120 companies like Lands' End and Cole Haan and operates 20 fulfillment sites. It plans to hire 6,500 workers, fewer than last year's 7,000, and is waiting to the last minute to ramp up hiring for some of its clients, chief human resources officer Sabrina Wnorowski, said.

Bath & Body Works, based in Reynoldsburg, Ohio, said it plans to hire 32,000 workers, below the 32,700 a year ago.

"We saw real strong signals that there's been a cooling in the labor market, even beyond what our expectations were in the first nine months of the year," Challenger's senior vice president Andy Challenger said.

Challenger also noted companies are using artificial intelligence bots to replace some workers, particularly those working in call centers. And he's also seeing companies hiring workers closer to when they need them.

Meanwhile, the list of companies staying mum about their specific holiday hiring goals keeps growing. Target Corp., UPS and Macy's are declining to offer figures, a departure from years past.

Holiday hiring: the first clues to what's in store for spending

Retailers' hiring plans mark the first clues to what's in store for the U.S. holiday shopping season and come as the U.S. job market has **lost** momentum this year, partly because Trump's trade **wars** have created uncertainty that's paralyzing managers trying to make hiring decisions.

The Labor Department **reported** in early September that U.S. employers — companies, government agencies and nonprofits — added just 22,000 jobs in August, down from 79,000 in July and well below the 80,000 that economists had expected.

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In an attempt to exert more pressure on Democratic lawmakers as the government shutdown continues, the White House budget office said Friday mass **firings** of federal workers have started.

Analysts will be closely monitoring the shutdown's impact on spending. For now, many retailers say that consumers, while resilient, are selective. Analysts will also be watching how shoppers will react to price increases as a result of high tariff costs in the next few months, experts said.

Given an economic slowdown, holiday spending growth is expected to be smaller than a year ago, according to several forecasts.

Mastercard SpendingPulse, which tracks spending across all payment methods including cash, predicts that holiday sales will be up 3.6% from Nov. 1 through Dec. 24. That compares with a 4.1% increase last year.

Deloitte Services LP forecasts holiday retail sales to be up between 2.9% to 3.4% from Nov. 1 through Jan. 31. That's compares with 4.2% last year.

And Adobe expects U.S. online sales to hit \$253.4 billion from Nov. 1 to Dec. 31, representing a 5.3% growth. That's smaller than last year's 8.7% growth.

A more flexible approach

Companies are increasingly wanting to hire workers closer to when they need them, experts said.

"In today's environment, brands are really looking for us to be agile," Radial's Wnorowski said.

So for some of its clients, Radial will now be hiring two weeks before Thanksgiving weekend, the traditional start for the season, instead of four weeks before the kickoff. Radial is also training holiday hires faster with new technology that's simplifying their tasks.

It used to take a couple of days to train a worker, but now it only takes a couple of hours, she said.



There may be some seasonal hiring on a store-by-store basis, but most locations will dole out those hours to current workers - Walmart

Meanwhile, Target will offer current workers additional hours and then will tap into a separate pool of workers— 43,000— who pick up shifts.

The Minneapolis-based company also hires seasonal workers across its nearly 2,000 stores and more than 60 distribution facilities to meet demand, it said.

For the past few years, Walmart, the largest private employer, has been offering its workers extra hours available during the holidays, a Walmart spokesperson said, noting it's worked well and the feedback from customers and workers has been "overwhelmingly positive."

The Bentonville, Arkansas-based retailer said there may be some seasonal hiring on a store-by-store basis, but most locations will dole out those hours to current workers.

Economic data blackout could create challenges

Waiting until the last minute to hire could mean a mad scramble to find talent, but companies say that with the slowing economy, they don't anticipate having a hard time.

Meanwhile, the temporary halt of the release of economic reports leaves retailers in the dark about sales forecasts and the workers they may need.

"Certainly, for our customers not having access to data will put more of a challenge on their ability to forecast," Wnorowski of Radial said. "But we'll stay very close to them as we go into peak and we'll adjust as soon we see things changing."