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Korn Ferry Research Shows Retail Executive Bonuses are Increasing as Industry Experiences Year-Over-Year Growth

- Percentage of Retail Execs Who Received Targeted Bonus Amounts Nearly Doubled in 2018 -

LOS ANGELES--(BUSINESS WIRE)-- New research from [Korn Ferry](#) (NYSE:KFY) shows an uptick in retail executive bonuses as the retail trade industry sees improved performance.

Korn Ferry conducted an analysis of 65 North American retailers, with median annual sales of approximately \$5.2 billion representing approximately 5.5 million employees. The study found that in 2018, nearly a third (29 percent) of retail corporate executives had bonus payouts of at least 100 percent of their targeted bonuses. In 2017, only 15 percent of retail executives received at least 100 percent of their target bonus.

Conversely, the percentage of retail executives who received *no* bonuses took a fairly dramatic drop year-over-year, with only 5 percent receiving no bonus in 2018, compared to 29 percent receiving no bonus the year prior.

2018 reverses a 5-year-trend of executives increasingly receiving no bonuses.

Retail Senior Executives

Year	Percent Who Receive No Bonus
2018	5 percent
2017	29 percent
2016	25 percent
2015	25 percent
2014	11 percent
2013	10 percent

The bonus increases correlate to better performance in the industry. The National Retail Federation predicts retail sales will increase approximately 4 percent in 2018 compared to 2017.

“Despite ongoing high-profile retail closures, the industry in general is continually evolving to attract customers and increase financial performance. That results in an increase in the size of bonuses retailers are able to award their executives,” said Craig Rowley, a Korn Ferry senior partner specializing in the retail industry. “Organizations are also widening performance ranges at which executives will be able to begin to earn their bonuses. This

allows them to reward executives for business improvement as they strive to achieve their business plans in a competitive market.”

To continue to strive for increased profitability, as traditional brick and mortar retailers continue to face competition in e-commerce -- and new increases in minimum wage take a huge chunk of retailer profits -- some retailers are innovating to curb costs.

“We’re seeing a trend toward retailers taking a hybrid approach, with sales associates having access to the company’s e-commerce site to order product not in the store. There is also experimentation with showroom stores where consumers can see, touch and experience merchandise, but can then make their orders online,” said Rowley. “This gives consumers a chance to interact with a retailer and a brand, and also allows for smaller stores with less need for inventory space and sales personnel.”

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.

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